

**The Mediating Influence of Leadership Style and Moderating
Impact of National Culture and Organisational Size on the Culture-
Effectiveness Relationship: The Case of Iran**



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L O N D O N

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Abstract

Organisational effectiveness has always been researchers' main concern and interest over a long period of the time. Also, organisational culture as the main contributor of organisational effectiveness and its impact has attracted many scholars in different disciplines including organisational studies. While there is an extensive body of literature on the relationship between organisational culture and organisational effectiveness, many of the previous studies in this field have explored the direct relationship between specific culture domains and specific effectiveness measures and researchers have paid inadequate attention to mediators and moderators of the link between organizational culture and effectiveness. In fact, there is an absence of a comprehensive conceptual model of the culture-effectiveness relationship in the literature that includes the impact of mediators such as leadership style or moderators such as national culture and organisational size.

Therefore, the purpose of this study is to investigate the mediating influence of leadership style and the moderating impact of national culture and organisational size on the culture-effectiveness relationship in private sector organisations in Iran. In order to achieve the research aim and objectives this study is preceded by a systematic review of the relevant literature that leads to the development of a comprehensive conceptual model. Data collected from different management levels of 40 private sector organisations in Iran by using a survey questionnaire with a design based on previous studies, and analysed using the statistical package for social sciences, SPSS V.18. A convenience sample of 1,000 respondents from various management levels of the organisations was established, in which 353 were returned on time to the researcher that create the response rate of 35.3 percent. This research in nature is quantitative, positivist and deductive and uses survey method by self-administered questionnaire because of its obvious advantages when it comes to versatility and speed.

The results of this study show that there is a strong relationship between organisational culture, leadership style and organisational effectiveness and, in fact, leadership style is a partial mediator between all four organisational culture types and organisational effectiveness apart from the adhocracy culture type. Moreover, the findings of this study confirm the importance and major impact of national culture and organisational size as moderators on the relationship between organisational culture, leadership style and organisational effectiveness.

This study makes several contributions one of which is the presentation of a comprehensive framework that explains the importance and impact of leadership style as a mediator and national culture and organisational size as moderators on the culture-effectiveness relationship. Moreover, this study provides a novel contribution to the growing literature on the culture-effectiveness relationship in private sector organisations, particularly for developing countries such as Iran. Furthermore, the result of this study provides meaningful managerial implications and can be used as a guide for implementing organisational change including cultural or managerial styles to improve organisational effectiveness.

Dedication

This doctoral research effort is dedicated to my parents and my sister, who believed in my ability to achieve this goal. For all your love, support and constant encouragement, this has enabled me to reach this milestone. I could not have imagined achieving this without you all.

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Without doubt the successful completion of my PhD would not be possible if I didn't have support and encouragement of many people in my life as I strongly believe that a project such as this is not entirely a personal and individual task. I would like to take this opportunity to extend my sincere appreciation to those who have provided me with help and encouragement, who have always been so helpful to me and without whom it would have been almost impossible for me to overcome the challenges of this project.

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Declarations

I declare that, to the best of my knowledge, no portion of the work referred to in this thesis has been submitted in support of an application for another degree, or qualification, to any other university, or institute of learning. The following publications have been produced as direct or indirect results of the research discussed in this thesis.

Journal Articles

Nazarian, A, Irani, Z, and Ali, M. (2013). The Relationship between National Culture and Organisational Culture: the Case of Iranian Private Sector Organisations. *Journal of Economics, Business and Management*, Vol. 1(1), pp. 11-16. (ISSN: 2301-3796)

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CHAPTER 1

Introduction and Background of Study

1.1 Introduction

This chapter provides a broad overview of this study including the scope of the study and presents those concepts and definitions, which have been used. This research investigates the factors that affect organisational culture implementation such as national culture and organisational size and how organisational culture and leadership style affect organisational effectiveness in private sector organisations in Iran. In the first part of this chapter, a brief description of the background of this study is provided. There is then a statement of the research questions and research problems. In the following section, the researcher explains the objectives of this study followed by the significance and scope of this study. This chapter also explains the methodology as well as the contribution of the study and finally the last section presents the organisation of the thesis.

Private sector organisations are those that are owned and controlled by private individuals, not by the government and usually exist to make a profit for their shareholders. These organisations are the most significant roots of success of any economy and especially so in developing countries such as Iran. The strategic importance of private sector organisations has been discussed in other studies in different academic disciplines including economics, social science and business and management. Private sector organisations can help to improve a country's competitiveness and economic expansion.

During the Islamic Revolution in 1979, the pro-West King, Shah Mohammad Reza Pahlavi, was overthrown and replaced by a fundamentalist Islamic republic under the leadership of Ayatollah Khomeini. This changed the nature of the Iranian economy dramatically. According to the Constitution of the Islamic Republic of Iran, the three main players in Iran's economy are the Public, Co-operative and Private Sectors. After the Islamic Revolution in 1979, almost all organisations, including all major and generative industries such as foreign trade, mining, banking, insurance, power generation, major water distribution networks, radio and television,

telecommunications, airlines, shipping lines and railways were nationalised (i.e. transferred to the Public Sector). The Private Sector, on the other hand, includes industries such as agriculture, animal husbandry, industry and commerce.

Iranian organisations in the post-war era have slowly come to understand the rationale for investing in organisational research, including studies looking at organisational culture and organisational effectiveness. Given the nature of previous failures and restrictions, this shift can be attributed to globalisation and competitive pressures both internally and externally. The Private Sector has been quicker to respond to the need for organisational learning than the Public Sector.

Noting the lack of research in the area of organisational culture, organisational effectiveness, and leadership style, in more recent studies scholars have investigated the relationship between these constructs (Denison and Mishra, 1995; Xenikou and Simosi, 2006; Cameron and Quinn, 2011). They all emphasise the importance of organisational culture and leadership style on organisational effectiveness. The majority of studies that investigate the impact of organisational culture and leadership style on organisational effectiveness tend to study the direct relationship between either organisational culture or leadership style and organisational effectiveness or, in a few cases, take organisational culture as a mediator in the relationship between leadership style and organisational effectiveness (Ogbonna and Harris, 2000; Xenikou and Simosi, 2006; Tojari, *et al.*, 2011).

On the other hand, some other scholars such as Steyrer, *et al.* (2008) although finding support for the mediating impact of organisational culture on the leadership style and effectiveness relationship, they also concluded that the relationship between organisational culture and organisational effectiveness also can be positively influenced by leadership style. Therefore, Hartnell, *et al.* (2011), Gregory *et al.* (2009) and Zheng, *et al.* (2010) found that while there is literature on the direct relationship between organisational culture and organisational effectiveness (Denison, 1990; Denison, *et al.*, 2004; Cameron and Quinn, 2011), there is a lack of studies of the mediators and moderators that link organisational culture and organisational effectiveness. Furthermore, there is an absence of a comprehensive framework, which clearly shows the relationships between those factors.

In summary, this research is going to be an investigation of the relationship between organisational culture and organisational effectiveness. The aim is to investigate the mediating impact of leadership style and the moderating impact of national culture and organisational size on the culture-effectiveness relationship. This research is an opportunity to make an original contribution to knowledge of the effects that leadership style, national culture, organisational culture and organisation size can have on the overall effectiveness of any organisation in the private sector.

1.2 Background of the Study

There is a general sense of agreement among scholars that “efficiency” refers to input output ratios, whereas effectiveness refers to organisational goal attainment (Pennings and Goodman, 1977; Denison, 1990). Organisational effectiveness has also been defined as the ability to create high performance and growth by increasing sales and manpower to generate higher profit margins.

Organisational effectiveness or, in other words, being effective has always been researchers’ main concern and interest over a long period of time. Researchers in organisational studies have defined organisational effectiveness in different ways such as: in terms of generating a higher profit margin; in terms of output (Etzioni, 1964; Cummings and Worley, 2005); in terms of resource acquisition and organisation performance (Yutchman and Seashore, 1967; Kontoghiorghes, *et al.*, 2005; Lee and Brower, 2006); in terms of productivity, flexibility (Georgopoulous and Tannebaum, 1957; Cummings and Worley, 2005; Sayareh 2007) or in terms of customer satisfaction and loyalty (Chang and Huang, 2010). According to scholars such as Taylor (1911), Fayol (1916), and Mayo (1949) effectiveness is the extent to which an organisation maximises production, minimises costs and achieves technological excellence through clear authority and discipline. In other words, effectiveness is the extent to which organisation achieves goals such as production maximisation, cost minimisation, technological excellence with having clear authority and discipline. Penning and Goodman (cited in Steers, 1977) argue that organisations are effective if they satisfy their constituencies. In this thesis, it has been decided to define efficiency as a measure of speed and cost, whereas effectiveness is a measure of overall organisational goal attainment, employees’ satisfaction and quality.

Organisational effectiveness models, which can be deduced from the definitions mentioned above, are limitless. The majority of the modern effectiveness models used by organisations measure effectiveness in terms of several criteria such as productivity, flexibility and stability since organisations in 21st century are more sophisticated and normally have multiple objectives. It is worth mentioning that a single criterion as a measure of organisational effectiveness such as profitability is still widely used in many organisations. Steers (1977) by looking at similar models of effectiveness introduced by researchers since 1957 to 1975 and grouping them together, summarised seventeen models or criteria of effectiveness. These seventeen models or criteria are, in fact, very close to the thirty criteria described by Campbell (1977). Similar to Campbell's findings, Steer's seventeen criteria also became the foundation for further development by other theorists such as Cameron and Quinn.

Scholars such as Cameron and Quinn (2011) and Robbins (1990) argue that in order to understand organisational effectiveness better, researchers need to have a good understanding of multiple models. Robbins (1990) categorised effectiveness approaches into four types:

- Some models that are based on how well organisations' goals and objectives can be achieved (Herman and Renz, 1997, 2004; Baruch and Ramalho, 2006)
- Some others are based on measuring inputs and outputs (system approach) according to external and internal environments (Cummings and Worley, 2005)
- The strategic constituencies approach is based on how well organisations' constituents are satisfied (Papadimitriou and Taylor, 2000; Papadimitriou, 2007)
- The Competing Value Framework approach which is the most comprehensive is based on three factors: flexibility-stability; internal-external and ends and means (Quinn and Rohrbaugh, 1983; Cameron and Quinn, 2011)

Each of these models has its own problems such as the goal attainment approach has a goal multiplicity problem or the system approach has a measuring validity and reliability problem not to mention that this approach concentrates on effectiveness itself rather than on organisational effectiveness (Robinn, 1990). The strategic-constituencies approach according to Robinn (1990) has two major problems: firstly, to separate strategic constituencies from the environment and secondly, it is difficult to understand what to expect from organisations' strategic constituencies.

The ultimate goal of researchers in organisational studies is to improve organisational effectiveness. However, measuring organisational effectiveness is a difficult task, since organisations differ in size, are diverse, and perform a variety of activities at the same time. Therefore, in recent years researchers have preferred to use contingency and multiple approaches rather than a single approach to increase validity and accuracy. The Competing Values Framework is the best example of this type of model and has been used by many researchers in a variety of organisational research areas such as organisational culture and leadership style.

It may be predicted that organisational structure is the main factor that influences organisational effectiveness. But, since organisational structure is itself influenced by other factors such as culture (national, organisational, occupational and individual), it could be argued that organisational culture can also have a huge impact on organisational effectiveness (Denison, 1990; Denison and Mishra, 1995; Cameron, *et al.*, 2006). According to Schein (2010), changing the structure of an organisation without adjusting its culture would not lead to successful change. Furthermore, he defined organisational culture as shared values, belief and basic assumptions among employees of any organisation.

For the purpose of this research, it was originally hoped to explore organisational effectiveness from two angles: financial and non-financial. Financial data would have been a good indicator of organisational effectiveness for private organisations whose prime goal is profit maximisation. However, for reasons explained elsewhere in this thesis, this proved impossible. The non-financial approach, which is used in this thesis, is based on the CVF.

In order to investigate organisational effectiveness, varieties of questions from technical, non-technical and moral perspectives were prepared. Questions about the attitude of the organisation towards change, management control, decision making, clarity of mission statement, communication, trust, and being part of the organisation have been asked to measure effectiveness as well as the consistency of respondents' answers.

1.2.1 Organisational Culture

As Schein argues (2010), when considering organisational change, the cultural aspect of change is probably the most difficult to gauge. Researchers in organisational studies all agree that culture is a very difficult word to define. For example, the culture of a large, for-profit

organisation in the Private Sector is quite different from that of a hospital in the Public Sector. Furthermore, he also adds that some level of an organisation's culture (he calls it the outer layer) is able to be understood through its physical appearance such as its buildings, offices, shops, and even the arrangement of its furniture and the people involved in the organisation while other levels are not easily understood from outside as there are beliefs so deeply embedded in a culture that members are not consciously aware of them. Seeking knowledge through these means is similar to getting a 'feeling' about someone's personality (Peters and Waterman, 1982; Hofstede, 1990, 2001, 2007b, Fang, 2010).

Organisational culture is considered by many scholars to be the glue that keeps the organisation united and gives employees a sense of belonging and commitment (Hofstede *et al*, 1990; Martin, et al., 2006; Hofstede, *et al.*, 2010; Alvesson, 2012). In another word, according to Hickson and Pugh (1995, p.90) culture 'shapes everything'. Schein (2010), Marin (2004) and Trompenaars and Hampden-Turner (1997), argue that organisational culture is basically a pattern of shared values, assumptions and beliefs that has been developed by a group of people who work in the same organisation. Organisational culture has also been defined as the organisation and employees' identity, sense of commitment, initiative, and method of communication and basis for stability (Lok and Crawford, 2004; Mathew and Ogbonna, 2009).

Scholars like Smircich (1983), Cameron and Ettington (1988) and Cameron and Quinn (2011) argue that those who investigate organisational culture can be divided into two groups: anthropologists versus sociologists. Anthropologists look at organisational culture as something that organisations are, whereas sociologists look at organisation culture as something that organisations have. The fundamental distinction between these two roots, as Smircich (1983) and Cameron and Quinn (2011) argue, is that one defines culture as a metaphor (anthropology) and the other defines culture as an attribute or variable (sociology). Within both of these groups, two main approaches have been developed: functionalist versus semiotic (see chapter 3).

Martin and Meyerson (1987) and Martin (2002, 2004) are among those that assume that organisations are cultures and introduced three main organisational culture paradigms:

- Paradigm 1 – Integration (emphasises homogeneity)
- Paradigm 2 – Differentiation (emphasises differentiation and diversity)

- Paradigm 3 – Fragmentation (emphasises loosely structured and incompletely shared systems).

They argue that paradigms sometimes work as ‘blinkers’ for researchers and scholars, i.e. if cultural change is viewed through only one paradigmatic perspective, it is likely that other sources of cultural change may not be considered.

Gordon and Ditomaso (1992) along with Legge (1995, 2001) and Cameron and Quinn (2011), argue that a strong culture in an organisation is an important factor for achieving short-term success. Many scholars, such as Weiss (1998), Brown (1998), and Cameron and Quinn (2011) describe organisational cultures as typologies. Some of those typologies, such as the Harrison typology, the Deal and Kennedy typology, and the Hofstede model will be explained in chapter three.

1.2.2 National Culture

Hofstede (1980, p. 25) defines national culture as “the collective programming of the mind which distinguishes the members of one human group from another”. According to the Global Leadership and Organizational Effectiveness (GLOBE) project, Iran, alongside India, Indonesia, Malaysia, Philippines, and Thailand is located in the Southern Asia cluster. This group has been identified as having a high level of power distance and group and family collectivism. According to their research, countries in this cluster look for much stronger future and performance orientation. In addition, this cluster values charisma, team orientation, and humane leadership.

On the other hand, from Hofstede’s results, Iran’s national culture was found to be highly ‘collectivistic’. This could lead us to the conclusion that Iranians cooperate well in a team. Tayeb (1979), on the other hand, who looks at the issue from an Iranian point of view, argues that team co-operation and group work do not fit well with Iranian culture. Rather, Iranian culture would be much better described as ‘individualistic’. Also, according to Hofstede’s findings, Iran scored highly in terms of power distance, indicating that its society has a highly unequal distribution of power. This can be traced back to the structure of the Iranian family, and particularly, ethnic minority families, where the father traditionally had ultimate power as the family leader. However, according to Thiebaut (2008), this has diminished as a result of mothers’ new relationship with their children.

Furthermore, according to Hofstede, Iran ranked as a country with a high level of collectivism and power distance. However, the new generation, as Thiebaut (2008) argues, has become more individualistic, more resistant to totalitarianism and more in favour of modernity, demanding cultural, social and political change. The best example of this is the presidential election in 1997 and the surprising victory of Khatami over his conservative rival, and also the last presidential election in 2009 where the re-election of president Ahmadinezhad gave rise to opposition and sparked the creation of the 'Green', anti-government movement in Iran.

Ali and Amirshahi (2002) argue that Iran has suffered greatly from the centralization of power and authority at the top. They explain that this centralisation has led to inefficiency in public institutions and lack of motivation, absence of participation, and centralization of management practices in the Private Sector. In addition, according to Ali and Amirshahi (2002) and Javidan and Dastmalchian (2003), Iranian and Arab management share many characteristics, such as being very formalistic, placing great emphasis on control and obedience, and making minimal plans for the future. Leadership in Middle Eastern countries tends to be authoritarian, with paternalistic handling of decision-making and little consultation with subordinates (Attiya, 1992). This study takes national culture as a moderator and investigates the impact of national culture on culture-effectiveness relationship.

1.2.3 Leadership Style

Leadership always plays a significant role in the growth and development of any organization (Ahn, *et al.*, 2004). The main reason behind this is that the leaders and managers of the firm usually take all the initiatives and business decisions and effective and timely decisions taken by the leadership of the organization can have a broad impact on the ultimate business results (Avolio, *et al.*, 2003). Furthermore, according to Schein (2010) both leadership of the firm and organisational culture are two sides of the same coin; neither can be understood on its own. He further argues that the only thing of real importance that leaders of any firms do is to create and manage culture (Schein, 2010).

On the other hand, other scholars such as Steyrer *et al.* (2008), Avolio and Bass (2004) argue that organisational culture also impacts organisational leadership and leadership style. Schimmoeller, (2010) among others argues that the survival of an organisation depends on the responsiveness

and adaptability of its leaders in selecting a leadership style by understanding the situation and members' emotion which is influenced by organisational culture (Block, 2003; Avolio and Bass, 2004; Schimmoeller, 2010; Acar, 2012). Therefore, it is very important to understand which leadership style is suited to which organisational culture type to improve organisational effectiveness. Therefore, there is no doubt that leaders of the firms are responsible for creating a workplace culture, which could result in improved employee satisfaction and organizational performance (Schein, 2010). However, the organisations' leaders are required to consider the important factors including employees' situation, beliefs, values and assumptions, which are influenced by organizational culture, before any particular style of leadership is selected (Alvesson, 2010, 2012).

Studies on organisational leadership style in Iran are very limited (Aslankhani, 1999). Generally speaking, Iranian employees prefer organisational leaders who can inspire and guide them and also provide support for subordinates like a father (Javidan and Dastmalchain, 2003; Tojari, *et al.*, 2011). This is close to the transformational style of leadership, which also shows why employees in Iran tend to prefer the transformational leadership style. According to Merhrabani and Mohamad (2011) autocratic leadership style is preferable in the public sector while the transformational leadership style shows a positive influence on organizational effectiveness in private sector organisations (Tojari, *et al.*, 2011). This study investigates the mediating impact of leadership style on the culture-effectiveness relationship (Gregory, *et al.*, 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*, 2011).

1.2.4 The Competing Values Framework

Quinn and Rohrbaugh (1983) developed this framework through which to understand organisational effectiveness by using Campbell's (1977) study on effectiveness criteria. The Competing Values Framework (CVF) has been widely used by scholars around the world in a range of studies (Cameron and Freeman, 1991; Howard, 1998; Al-Khalifa and Aspinwall, 2001), such as the study of organisational culture (Cameron *et al.*, 2006; Kokt and Merwe, 2009,a,b), the study of organisational effectiveness (Quinn and Kimberly, 1984; Øgaard and Marnburg, 2005; Gregory, *et al.*, 2009) or research on leadership style and effectiveness in for profit and non-profit organisations (Dastmalchian, *et al.*, 2000; Duygulu and Özeren, 2009; Marandi and Abdi, 2011; Acar, 2012)

The CVF gained its popularity and validity among organisational studies scholars through addressing three main issues in organisational culture studies: how to describe organisational culture, how to identify dimensions of organisational culture by looking at similarities and differences across cultures, and how to measure organisational culture (Cameron, *et al.*, 2006). It has been acclaimed as one of the forty most important models in the history of business and has been used in more than one thousand organisations to predict organisational culture (Cameron, *et al.*, 2006; Cameron and Quinn, 2011). The Organisational Culture Assessment Instrument (OCAI) is a tool to measure organisational culture developed by Cameron and Quinn (1985, 2011). Following the study by Quinn and McGrath (1985) on organisational culture, they developed the OCAI based on the CVF, in order to produce an overall profile of an organisation's culture.

1.3 Statement of Problem

All managers are aware of organisational culture and its impact on organisational effectiveness. In addition, there are large numbers of studies that investigate the relationship between organisational culture and organisational effectiveness, the impact of national culture on organisational culture and the relationship between organisational culture and organisational effectiveness or the relationship between organisational culture, leadership style and organisational effectiveness. However, there is a general lack of studies on the mediators and moderators that link organisational culture with organisational effectiveness (Gregory, *et al.*, 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*, 2011). Thus, a considerable bulk of organisational effectiveness studies focus only on the direct impact of organisational culture on organisational effectiveness (House, *et al.*, 2001; Trivllas and Dargenidou, 2009; Tojari, *et al.*, 2011) while scholars pay no attention to the fact that there are other factors such as leadership style, national culture or organisation size that also have a big influence on this relationship. This failure to address the influences of other factors such as those mentioned as moderators or mediators limits the potential value of the current literature. Although some recent literature has emerged to address this gap in knowledge, (Gray, *et al.*, 2003; Marković, 2012; Minkov and Hofstede, 2012) further information is required to close the gap in the literature (Gregory, *et al.*, 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*, 2011).

In management, there is a consensus that the contingency and multiple approaches to organisational effectiveness is the most appropriate (Denison, 1994; Denison and Mishra, 1995; Fey and Denison, 2003; Denison, *et al.*, 2004). Organisational effectiveness should be developed with the values and national culture of all employees at different levels (Hofstede *et al.*, 2010; Marković, 2012), organisational culture (Denison, *et al.*, 2004; Cameron, *et al.*, 2006), leadership style (Keller, 2006; Haakonsson, *et al.*, 2008; Timothy, *et al.*, 2011) and organisation size (Gray, *et al.*, 2003). In fact, the most widely dispersed management theories and techniques are based on western ideologies and values systems and their uncritical transfer to developing countries has in many ways contributed to organisational inefficiency and ineffectiveness' (Punnett, 2009; Leung, *et al.*, 2005). The challenge of this study is to reveal the role of national culture, leadership style and organisation size in shaping the management strategy of indigenous organisation leaders in mostly developing countries and helping them to achieve higher organisational effectiveness (Dastmalchian and Javidan, 2003; Baruch and Ramalho, 2006; Yeganeh, and Su, 2007; Tojari, *et al.*, 2011).

Therefore, the objective of this study, as well as the underlying goal of most researchers in organisational theory, is to analyse, and propose ways to improve, organisational effectiveness as well as provide a model that includes all these factors and shows the relationship between them. Therefore, for the purposes of this study and based on the nature of the problem mentioned above some general questions emerged: whether organisational culture has any impact on organisational effectiveness; whether leadership style plays any role in the culture-effectiveness relationship; whether the size of organisations can influence organisational culture implementation and change and whether the national culture has an impact on the relationship between organisational culture, leadership style and organisational effectiveness These questions need to be addressed.

The above questions were chosen to become the indirect research problems. Therefore, in general these research problems would like to address this question:

Due to significant changes since the Islamic revolution, what categorisation of organisational culture can explain the variance in effectiveness of different size organisations in the private sector and, moreover, how can managers influence the culture-effectiveness relationship through their leadership style?

And the research questions derived from the research problem as follows:

Research question 1:

Does organisational culture affect organisational effectiveness in private sector organisations?

Research question 2:

Is there any relationship between organisational culture types and leadership style?

Research question 3:

How does organisational culture influence organisational effectiveness through leadership style and whether leadership style mediates the culture-effectiveness relationship?

Research question 4:

Do national culture and organisation size moderate culture-effectiveness relationship?

1.4 Aim and Objectives of the Study

1.4.1 Aim

The aims are firstly to assess whether the impact of organisational culture on organisational effectiveness is mediated by leadership style. Secondly, to explore the moderating impact of national culture and organisational size on the relationship between organizational culture, leadership style and organizational effectiveness

1.4.2 Objectives

In relation to the research questions mentioned above there are seven objectives proposed for this study:

- To investigate the relationship between national culture, organisational culture, leadership style and organisational effectiveness
- To explore whether there is a relationship between organisational culture and organisational effectiveness
- To investigate whether there is a relationship between organisational culture and leadership style chosen by managers.
- To explore whether there is a relationship between leadership style and organisational effectiveness. To fulfil the first three objectives a detailed review of the prominent

theories and models in the culture, leadership style and effectiveness literature are inspected.

- Based on the first three objectives, to identify the extent to which leadership style serves as a mediator between organisational culture and organisational effectiveness relationship is explored
- Based on the first three objectives, to identify the extent to which national culture and company size serve as moderating variables relating to the association between organizational culture, leadership style and organizational effectiveness is explored.
- To select an appropriate methodology, relevant constructs with their dimensions for measurement, and operationalization of instruments and demonstration of their reliability and validity.
- Finally, based on empirically validated results, researcher identifies implications for practices and managers. In addition the limitations of the study are also highlighted which may help future studies.

1.5 Significance of the Study

The importance of this study lies in the fact that it will further the understanding of the nature of the relationship between organisational culture and organisational effectiveness by investigating the impact of mediators and moderators on this relationship in private sector organisations. In order to explore the first research question, this study plans to investigate the direct and indirect relationship between organisational culture type and organisational effectiveness. Also, the study will help researchers to identify important criteria of effectiveness in private sector organisations based on the Competing Values Framework (CVF) (Quinn and Rohrbaugh, 1983) and Cameron's (1986) study of effectiveness. Furthermore, it will help to understand the dominant organisational culture in different sized organisations in the private sector and its impact on organisational effectiveness through leadership style. Therefore, to fulfil the requirements for exploring the second and third research questions, researcher created three main steps. 1- Investigate the relationship between organisational culture and leadership style, 2- investigate the impact of leadership style on organisational effectiveness and finally 3- investigate the indirect impact of organisational culture type on organisational effectiveness through leadership style. The results clearly indicate that although both organisational culture and leadership style have

direct major impact on organisational effectiveness, it is crucial not ignore the impact of organisational culture of any organisations on choosing the leadership style by managers and consequently the impact of leadership style chosen on organisational effectiveness. The results confirm the proposed argument that leadership style plays as a mediator between the relationship of organisational culture and organisational effectiveness.

Also based on the existing literature there is no doubt about the impact of national culture on organisational culture, however, national culture is always taken for granted in the study of organisational culture, leadership style and even organisational effectiveness. This study intends to investigate the national culture dimensions and their impact on the relationship between organisational culture types, leadership style and organisational effectiveness. In order to do that as well as to investigate the fourth research question, this study proposed to take national culture dimensions as moderators of the culture-effectiveness relationship. The results indicate that national culture, generally speaking, has a big impact of the relationship which can be interpreted as the indirect impact of national culture on organisational effectiveness as national culture impacts organisational culture and organisational culture has a major impact on the choice of leadership style and consequently on organisational effectiveness.

Furthermore, this study also proposed organisational size as a moderator, which can have an impact on the culture-effectiveness relationship. Although, literature based on the impact of size on culture-effectiveness is very limited. What all those studies have in common is that they all confirm the impact of size on organisational culture. The results of this study on the moderating impact of organisational size on culture-effectiveness relationship indicates that, generally, organisational size plays an important role on establishing organisational culture and consequently on the culture-effectiveness relationship.

Therefore, this study makes a significant contribution to the culture-effectiveness literature by developing an integrative model that combines national culture, organisational culture, leadership style, organisational size and organisational effectiveness. To the best knowledge of the author, this study is the first of this kind that clearly indicates the indirect relationship between organisational culture and organisational effectiveness by taking leadership style as a mediator and national culture and size as moderators.

In addition, this research is the first empirical study that investigates the impact of mediator and moderators on the culture-effectiveness relationship in private sector organisations in Iran. Iran although is located in Middle East among all Muslim countries, according to GLOBE study from cultural perspective is not quite similar to any of these countries and whereas culturally is quite similar to and could be cluster with South Asian countries such as India, Malaysia. Therefore, this study would be interesting in terms of cultural differences between Iran and countries in that region for academics and also, it is hoped that managers of private sector organisations find this research and its results useful when they are planning to implement or change their strategy or strategies to improve organisational effectiveness by finding appropriate organisational culture and leadership styles based on the national culture of the employees and the size of their organisation.

The understanding of the connection among national culture, organisational culture, leadership style, organisational size and organisational effectiveness would help managers to be more successful in organisational change implementation to improve effectiveness. Also, an understanding of these features and their relationships would enable them to gain competitive advantage. Furthermore, another main contribution of this study is based on enriching the use of quantitative research methodology in studying organisational culture and organisational effectiveness as well as building a model that shows the relationship between national culture, organisational culture, leadership style, organisational effectiveness and organisation size in private sector organisations. Also, to generate knowledge based on the Competing Values Framework in terms of the impact and relationship of different cultural types with organisational effectiveness through leadership style.

In fact, this study's implication could help researchers to develop a model that can be used by either academics or practitioners to help them analyse organisational culture and leadership style based on the national culture of employees and size of organisation in order to change the organisation's strategy to increase organisational effectiveness. In other words, it can be argued that the significance of this study is based on identifying cultural types and their relationship with organisational effectiveness through leadership style with a high-level organisational effectiveness in private sector organisations, bearing in mind the national culture and the size of

the organisations. It can also be argued that identifying the most effective cultural type would help managers to decide whether there is a need for cultural change or not.

1.6 Scope of the Study

This study examines national culture, organisational culture, leadership style and organisational effectiveness using a variety of approaches including Dorfman and Howell's (1988) method of measuring national culture and the Competing Values Framework for organisational culture (Camron and Quinn, 2011), also the Competing Values Model (Quinn and Rohrbaugh, 1983) and Cameron (1986) for organisational effectiveness, and Avolio and Bass (2004) for leadership style. The sample used in this study includes organisations from the private sector in Iran; therefore, the findings are, to some extent, generalizable to all organisations in the private sector and, perhaps, to some degree to the public sector and not for profit organisations. The researcher tried to contact those organisations in the private sector that only have none or minimal relationship with the government. Many organisations, although run as private, are still in the hands of governors or elites who are either directly or indirectly related to the Revolutionary Guard or receive help from the authorities.

The researcher gathered a list of organisations in the private sector, published by the Iranian Ministry of Labour and Social Affairs (2010), although the list may not have included all organisations, as well as the Iranian Embassy in London. Around 150 of those organisations were chosen to be contacted for the study. The respondents of this study represent every level of management, from supervisors to chief executives.

Although there is a general agreement among scholars that self-administrated and postal questionnaires do not produce a good level of response, the percentage of responses received for this survey was relatively high due to the fact that organisations in the private sector are becoming more interested in organisational studies.

Data collection for the pilot study was done from June 2012 until July 2012. The pilot questionnaires were presented to three organisations one from each size category (small, medium and large) and followed up by phone calls. The main study started, after reviewing the pilot study feedback and changes to some questions, around the beginning of September 2012 by either presenting a hard copy or sending an electronic copy of the questionnaire to 1000 respondents in

40 organisations from six major cities in Iran. The total time for collecting the data from respondents was around five months.

1.7 Theoretical Framework of the Research

This research is based on a positivist approach and it is deductive, rather than inductive, in that the researcher used theories to propose and test hypotheses. Furthermore, in this research, the researcher at the beginning proposed to use mixed (qualitative and quantitative) research methods but, unfortunately, at a later stage the qualitative part was deleted, which included semi structured interviews, due to not being able to obtain co-operation for interviews.

In order to meet the goals and objectives of this study, the researcher tried to find the most appropriate research methodology. As Easterby-Smith *et al.* (1991) stated, research design considers first, what kind of information is gathered and from where and, secondly, how such information is analysed and interpreted in order to provide sufficient answers to the research questions. After careful consideration and analysing restrictions and limitations imposed by the government and the organisations, the researcher decided to use only quantitative data.

A set of questions was derived from the Dorfman and Howell's (1988) (study on national culture), the Organisational Culture Assessment Instrument (OCAI) for organisational culture, Avolio and Bass's (2004) study of leadership style (MLQ 5X), the Competing Value Framework and Cameron (1986) for organisational effectiveness and other literature.

The purpose of the first part of the questionnaire, based on Dorfman and Howell's (1988) national culture study was to investigate Iranian national culture at the individual level of analysis and compare the results with Hofstede's study of Iranian national culture. The second part of the questionnaire was based on the OCAI, and the purpose was to diagnose the dominant culture in Iranian organisations. The OCAI consists of six parts, with each part including four questions, which respondents were required to answer with regard to the current situation of their organisation. This instrument has been found to be useful and accurate in diagnosing important aspects of an organisation's underlying culture (Dastmalchian *et al.*, 2000; Cameron, *et al.*, 2006).

The leadership style section was based on the study of Avolio and Bass (2004) on leadership style (MLQ 5X) which consists of three sections that measure different leadership styles; transformational, transactional and laissez-faire. Finally, the organisational effectiveness questions, based on the CVF, Cameron's study (1986) and other relevant literature, were designed with the purpose of exploring organisations according to CVF's effectiveness dimensions (flexibility vs. control and internal vs. external).

1.8 Organisation of the Dissertation

The thesis was organised into seven chapters:

Chapter 1 provides the introduction and background of the research for the development of a theoretical framework and understanding of the problems of national culture, organisational culture and organisational effectiveness in private sector organisations.

Chapter 2 after providing a brief introduction to the research in Chapter 1, there is a critical literature review of the constructs and their relationship with each other. Therefore, chapter 2 is organised in four parts, which present the literature review based on national culture, organisational culture, leadership style and organisational effectiveness. After reviewing the literatures related to these constructs, the gaps existing in the literature were highlighted in relation to the aims and objectives of this research. Reviewing previous model enables the research to select an appropriate model and construct(s) to develop the conceptual framework in the next chapter.

Chapter 3's main aim is to fill the gaps reported in Chapter 2 by utilising what was discussed in the previous chapter to build a theoretical model of the culture-effectiveness relationship. Therefore, the researcher proposes a conceptual framework based on previous literature that explains the relationship between organisational culture and organisational effectiveness and the impact of leadership style as a mediator and national culture and organisational size as moderators. This chapter starts with the development of the theoretical framework of this research and is followed by a discussion of the theoretical linkage between constructs followed by proposing hypotheses related to that linkage.

Chapter 4 - having defined and proposed a theoretical framework in the previous chapter, Chapter 4 is devoted to describing and justifying the methodology used for this study, which includes a discussion of the study setting, the research design and method. Furthermore, in this chapter the sampling technique, design and administration of the survey as well as the data analysis method and the appropriate statistical techniques adopted for analysis are presented. This chapter includes pre-study and pilot study findings and their implications for the main study as well as the result of descriptive findings using SPSS 18.

Chapter 5 presents the analysis of an empirical assessment of the research model presented in Chapter 3. The main purpose of this chapter is to present a statistical analysis of the data collected as well as testing the hypotheses proposed in Chapter 3. Finally, the main study data analysis is presented including the descriptive statistics and hypotheses testing of the main study.

Chapter 6 describes the result of the study and interprets the findings in the light of implications for theory and practice. Therefore, in this chapter the detailed synthesis and discussion of the findings obtained in Chapter 5 is provided by relating the findings to the previous literature in order to rationalise the aim and objectives of this study.

Finally, Chapter 7 finalises and concludes this study's findings by discussing the theoretical, practical and methodological contribution as well as the study's limitations. Finally, the end this chapter presents the research novelty and future study and recommendations.

CHAPTER 2

Literature Review

2.1 Introduction

This chapter builds upon the last chapter, which presents the theoretical background of this study and provides support for the rationale and framework of this study. This chapter aims to review and explore the background perspective and importance of the relevant literature relating to the major constructs of this study including national culture, organisational culture, leadership style and organisational effectiveness in order to identify the domain of the research problem and gaps which exist in the literature as well as to build foundations for developing the conceptual framework presents in the next chapter. It includes definitions, criteria, and approaches of the constructs of this study. In addition, this chapter provides an overview of the CVF in relation to organisational culture and organisational effectiveness.

This chapter has been divided into four sections and in each section; there is a review of the prominent models related to the domain that are widely accepted. The first section concerns national culture literatures (2.2 to 2.5) including definition, perception about national culture, approaches, and national culture studies in Iran. The next section is dedicated to organisational culture (2.6 to 2.13) including definition, formation of organisational culture, approaches, theories and typologies of organisational culture, assessing the strength of organisational culture, and organisational culture and Iranian studies. The third section is concerned with organisational effectiveness (2.14 to 2.21) which includes definitions, criteria of organisational effectiveness, factor contributes to organisational effectiveness, models of organisational effectiveness, measuring organisational effectiveness, impact of organisational culture on effectiveness, and, finally, organisational culture and effectiveness using CVF. Finally, the last section of this chapter is dedicated to leadership style (2.22 to 2.27) which includes a definition, importance of leadership, situational theory, leadership style, leadership style and organisational effectiveness, and leadership style in Iran.

An examination of the previous theories and models would help researchers to select an appropriate theory or theories and model or models based on their strength and weaknesses to

reach better results. Also, this chapter discusses the various schools of thought in the organisation theory and provides a background and explanation of the theories that have been used in this study.

2.2 Definitions of Culture

The term “culture” has been derived from the Latin word *cultura*, meaning cultivation and also is allied with the past participle of *colere*, *cultus* meaning *to till* (Skeat, 2010). For many scholars such as Deal and Kennedy (1982), Peter and Waterman (1982) and Kroeber and Kluckhohn (1952), culture consists of the norms, values or beliefs of a group of people.

Culture is variously defined in terms of a number of commonly shared processes: shared ways of thinking, feeling, and reacting; shared meanings and identities; shared socially constructed environments; common ways of using technologies; and commonly experienced history, language and origins such as:

‘... the collective programming of the mind which distinguishes the members of one group or category of people from another.’ (Hofstede, 2001, p.9)

Or according to Trompenaars (1993, p. 13), “*culture is a shared system of meaning. It dictates what we pay attention to, how we act and what we value.*” Czinkota and Ronkainen (2007, p. 54) defined culture as “*...an integrated system of learned behaviour pattern that are distinguishing characteristics of the members of any given society.*”

2.3 Perceptions about National Culture

The literature acknowledges the importance of national culture for organizational development. Based on the literature there are different levels of culture, and national culture or societal culture is the highest level (Trompenaars, 1993) and corresponds to primary socialisation. Table 2.1 shows the perception of culture cited in the literature by different authors. What all these perceptions have in common are 1- people are exposed to culture at an early age by learning social behaviour, rules and regulations and 2- culture has different layers starting from individual culture to the societal layer.

Table 2.1: Perception of Culture

S. No.	Authors	Perception about culture
1	Barry, Bacon, and Child (1957)	People’s behaviours are rewarded or penalised from early childhood
2	Kroeber and Kluckholn (1952) and Triandis (1972)	Patterned ways of thinking, feeling and reacting, acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of cultures consists of traditional ideas especially of attached values
3	Triandis (1972)	An individual’s characteristic way of perceiving the man-made part of one’s environment. It involves the perception of rules, norms, roles, and values, it is influenced by various levels of culture such as language, gender, care, religion, place of residence, and occupation; this ultimately influences interpersonal behaviour.
4	Karahanna <i>et al.</i> (2005)	There are 5 layers named supranational, national, professional, organisational and group-level cultures
5	Hofstede <i>et al.</i> (2010)	Culture is the same as an onion where by peeling its layers, the core of it can be discovered

Beyond Karahanna, *et al.* (2005) there are also other studies, which recognize culture-related problems and study them using cultural levels in the context of information systems research. Normally, cultural issues are identified at the organizational level or national level. Although, there are countless studies on either national culture or organisational culture, there are only a few articles which highlight the significance of national culture (Ford *et al.*, 2003; Loch *et al.*, 2003; Rose *et al.*, 2003) or explain the significance of organisational culture (Doherty and Doig, 2003; Huang *et al.*, 2003).

2.3.1 Different Approaches to National Culture

Although culture became a central object of interest for scholars by the end of the 1970s, there are some examples of earlier works on national culture such as Hall (1960) and Kluchohn and Strodtbeck (1961). The majority of scholars have tried to introduce cultural variables in order to compare and contrast different societies.

It could be argued that national culture is representative of society’s idea of what is good or bad, right or wrong. These values may tell us in a given situation how people in that society might possibly respond. According to Harris and Moran (1991), these values will be communicated to people in the society through eight channels, namely kinship, education, economy, politics, religion, association, and health and recreation from generation to generation.

Based on these factors different theories of national culture and different dimensions of national culture emerged such those mentioned below.

Figure 2.1: Theories of National Culture



Although there are general differences among these researchers, there is a general agreement that national culture is the highest level of culture (Trompenaar, 1993) and is permanent and profound. Furthermore, all these studies and their dimensions derived from three main factors

which are all based on 1- relationship with people, 2- relationship with nature, and finally 3- relationship with time. The next section will discuss some of these theories in more detail.

➤ **2.3.1.1 Hall Model (1960)**

Hall introduced, as mentioned above, three main cultural dimensions:

Space (private/ public)

Time (monochronic/polychronic)

Context (high/low).

The essence of his cultural dimensions is based on the idea that people in different countries tend to interpret and create their own communications with regard to the context within which they are operating. Hall, in his framework, presented time as a continuum anchored by two temporal archetypes: monochronic versus polychronic. He defined monochronic as people who prefer to attend to and do only one thing at a time whereas polychronic people prefer to be involved in many things at once (Hall, 1983, pp.45-46). However, in a more recent attempt, he provided a more comprehensive definition of time by saying “in the strictest sense, a polychronic culture is a culture in which people value, and hence practice, engaging in several activities and events at the same time. Monochronic cultures are more linear in that people prefer to be engaged in one thing at a time” (Hall, quoted in Bluedorn, 1998, p.112). Hall strongly believes that an individual’s search for meaning is always influenced by the cultural values he or she was brought up with. He identified two categories of low context and high context to explain his theory. The table below shows some of his findings on low and high context countries’ characteristics.

Table 2.2: Components of Hall Theory

Communication			Time		
Components	Low	High	Components	Monochromic culture	Polychromic culture
Language and message	Direct and Explicit	Indirect and Implicit	Interpersonal Relation	Interpersonal relations are subordinate to present schedule	Present schedule is subordinate to interpersonal relations
Relationship among people	Short term and personal relationship not important	Long term and personal relationship very important	Activity Co-ordination	Schedule co-ordinates activity; Appointment time is rigid.	Interpersonal relations coordinate activity; appointment time is flexible
agreements	Written contract and very formal	Unwritten, Written contract only when there is no trust	Task Handling	One task at a time	Many tasks are handled simultaneously
Authority/power	Understood through out of social structure	Visible, superiors require respect and loyalty	Breaks and Personal Time	Breaks and personal time are sacrosanct regardless of personal ties.	Breaks and personal time are subordinate to personal ties.
communication	Less expressive and open	Very expressive and fast	Temporal Structure	Time is inflexible; time is tangible	Time is flexible; time is fluid
responsibility	Very difficult to find areas of personal responsibility	superiors hold responsibilities	Work/personal time separability	Work time is clearly separable from personal time	Work time is not clearly separable from personal time
foreigners	Very easy to fit	Very difficult to fit	Organisational Perception	Activities are isolated from organisation as a whole; tasks are measured by output in time	Activities are integrated into organisation as a whole; tasks are measured as part of overall organisational goal
Country examples	USA, UK	Iran, Latin America			

Source: created by researcher using Hall (1960)

Unlike Hofstede (1980), whose model is based on quantitative data collected from 116,000 people working at IBM in 60 countries, Hall’s model is based on qualitative methods. Although

Hall's model indicated countries and societies in each group, he did not attempt to provide scores for individual countries on dimensions similar to Hofstede.

➤ **2.3.1.2 Hofstede's Model (1980)**

Hofstede (1980) defined culture as 'the collective programming of the mind, which distinguishes the members of one group or category from another'. Therefore, according to his definition culture is a kind of collective programming of the mind which should be placed somewhere between human nature and personality. Before he introduced his cultural dimensions, he classified culture into four levels, which are: symbols, heroes, rituals, and values. Symbols, heroes, and rituals can be grouped under the term *practices* which are visible manifestations of culture, whereas *values* are the core of culture and not visible.

Based on this framework and using factor analysis of the responses received from the questionnaire, Hofstede (1980) introduced four dimensions (eventually five and later six) of National Culture:

- **Power distance:** the degree to which the less powerful members of society accept and expect that power is distributed unequally. In other words, it is the opinion of the lower level employees about the power difference between them and their bosses or it can also be the experience of employees relating to the power in an organization such as autocratic leadership, and fear of sharing and discussing issues with superiors, etc. (Hofstede, *et al.*, 2010)
- **Uncertainty avoidance:** deals with a society's tolerance for uncertainty and ambiguity; the culture, which likes to control the future. Hofstede *et al.* (2010, p. 166) explains Uncertainty Avoidance as "the extent to which the members of a culture feel threatened by ambiguous or unknown situations." Hofstede (1980) also identified that countries with high uncertainty avoidance do not have the same ability to tolerate as opposed to countries with low uncertainty avoidance. Further, countries with low uncertainty avoidance have a high level of tolerance and therefore would be willing to take risks.
- **Masculinity versus femininity:** refers to the distribution of roles between the genders. Masculinity is always associated with ambition, the desire to earn more while its

opposite, femininity is more related with inter-personal relationships and a consideration of service. (Hofstede, *et al.*, 2010)

- **Individualism versus collectivism:** Hofstede *et al.* (2010, p. 77) explains individualism as a dimension which “pertains to societies where the ties between individuals are loose: everyone is required and expected to look after themselves and their immediate family. On the contrary, collectivism pertains to the societies in which people are integrated into strong, cohesive in-groups right from birth; these groups protect individuals or family throughout their lifetime in exchange for unquestionable loyalty.”
- **Short-term and long-term orientation:** based on the degree the society embraces, or does not embrace long-term commitment to traditional, forward thinking values. An individual successful in a single culture often does not succeed in another. In the investigation of Chinese culture, Hofstede *et al.* (2010) presented a fifth dimension; namely, long- versus short-term orientation (LTO). LTO is not used in many studies, which could be a result of its unreliability (Spector *et al.*, 2001). In a recent publication from Minkov and Hofstede (2012), for the first time, Iran’s score on this factor has been presented. Iran is located in the 28th-29th position with the score of 36, similar to Zimbabwe, and is among those countries that have a short-term orientation, which is aligned with GLOBE findings. (Hofstede *et al.*, 2010)

Power Distance versus Individualism

Hofstede *et al.* (2010) identified a significant similarity between power distance and individualism, where he discovered that there is a relationship between the two indexes scores allocated for countries. The result was that countries with high power distance such as India, Japan, and Bangladesh have scored very low in individualism where they were identified to be collectivist. Further, countries with low power distance such as the US, Australia, Britain and Israel have scored high in the individualism index where they were identified to be individualist. In the conclusion, Hofstede *et al.* (2010) stated that power distance and individualism are negatively correlated where high power distance will result in low individualism and vice versa.

Masculinity versus Individualism, Power Distance, Gender

It also should be noted that even though masculine and feminine characteristics are not related to gender traits, there could be situations where both genders hold characteristics of masculinity or femininity (Hofstede, 1980). However, past studies have identified that more men tend to have masculine features whereas more women tend to have feminine features (e.g., Bem, 1981; Venkatesh *et al.*, 2004; Hofstede *et al.*, 2010). Furthermore, the scale named the Sex Role Inventory (BSRI) by Bem (1981) identified that most of the time; men tend to hold masculine characteristics such as assertiveness as opposed to women, who tend to be more feminine with characteristics such as nurturing.

In some other studies, age is also identified as related to masculine dimensions (Venkatesh *et al.*, 2004; Hofstede *et al.*, 2010). Furthermore, Hofstede (1980) identified a higher ratio of men in comparison with women in countries such as Japan and Australia with a high masculine index. Hofstede *et al.* (2010) points out that in masculine cultures, males are forced to work and achieve material success in life, whereas in feminine societies, men as well as women are made to be ambitious.

Uncertainty Avoidance versus Masculinity

In the study conducted by Hofstede *et al.* (2010), they identified the relationship between the masculinity and uncertainty avoidance dimensions. A graph was drawn by using masculinity in the X-axis and uncertainty avoidance in descending order on the Y-axis where countries with Low masculinity were identified to be low in uncertainty avoidance and examples were given of Sweden, Denmark, and Norway. In contrast, countries with low masculinity were found to be low in uncertainty avoidance. Hence, it is concluded that high uncertainty avoidance reflects high masculinity.

➤ 2.3.1.3 Trompennar's Model (1997)

Trompennar (1997) highlighted the importance of culture as being as important as water for fish. He illustrated that “fish only discover its need for water when it is no longer in it.” He further argues that culture is something that we live in and breathe. Trompenaars and Hampden-Turner with a book “Riding the waves of culture” (1997) emphasized how business is related to cultural

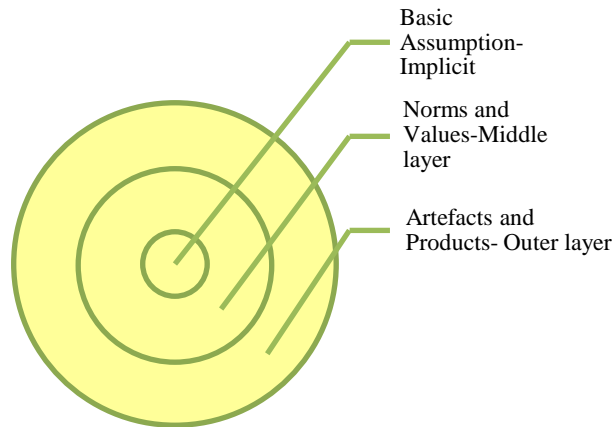
diversity. When examining the seven cultural dimensions proposed by Trompenaars we can notice their correlation with the five cultural systems dimensions by Parson and Shil (1951) including the orientations of values introduced by Kluckhohn and Strodtbeck (1961). Based on Trompenaars and Hampden-Turner's proposed structure (1997) these dimensions include the following:

- Universal vs. Particular values/orientations – refers to rules people universally accept as general versus relationships derived from the particular groups/cultures.
- Individual vs. Community values/orientations – refers to individual aspects and differences versus collective or public concepts and values.
- Neutrally vs. Affective values/orientations – refers to feelings kept under control versus feelings in cultures that are expressed openly and with no limitations
- Specific vs. Diffuse values/orientations – refers to involvement in specific situations and with particular people versus numerous opportunities being available at the same time, which is characteristic for diffuse cultures.
- Achieving vs. Ascription values/orientations – refers to statuses of people based on their achievements versus the ones based on ascriptions such as age, class, gender.
- Sequential vs. Synchronic values/orientations – refers to the perception of time based on sequence or series of events happening one at a time in an order versus simultaneous synchronic events at the same time.
- Internal vs. External Control values/orientations – refers to cultures based on imposing control over people versus cultures based on believing that people should control their environment.

Nevertheless, we have to say that these dimensions are not appreciated by all authors (Hooghiemstra, 2003). On the other hand, they are highly appreciated for business and practical use. Similar to Hofstede's levels of culture, Trompenaars also argues that culture has several levels from explicit to implicit in nature. The most explicit level of culture, or outer layer, which he termed as "artefacts" and includes products such as language, food, architecture and fashion. The second level, termed the "middle layer", is norms and values. Finally, in discussing the core assumptions about existence that provide reasons for why there are differences in values among

cultures, Trompennars (1993) states that historically, this goes back to the core of human existence in which civilisations were fighting daily with nature.

Figure 2.2: Three Layers of Culture



Source: Trompennars, 1993

➤ **2.3.1.4 Schwartz's Study 1999**

According to Schwartz's study, which is based on conclusions from his studies in 1992 and 1994, one additional comprehension of countries' cultural values was provided. For him the cultural values such as ideas about good, right, and positive for one society are essential for the introduction of norms required for people's behaviour regulation in different situations (Schwartz, 1999, p. 25). In addition, the institutions of our society such as family, schools, economy, religion, or politics are responsible for choices and setting up priorities among these cultural values (Schwartz, 1999). These values related to the culture can be chosen for both reasons to comply with the socially acceptable behaviour and to explain certain behavioural patterns to others (Schwartz, 1999). These values are structured into the seven types according to the three polarized dimensions based on Schwartz's survey of 56 values in 1992, which was conducted in 49 countries and with 35,000 participants. Additionally, these seven types are derived from three social dimensions associated with the following contradictions and issues:

- Conservatism (or Embeddness) vs. (Intellectual and Affective) Autonomy - refers to the relation between an individual and a certain group. The main issues associated with this dimension are:
 - 1) The issue over an individual or group's interests priority in certain situations.

- 2) The issue over the extent of an individual's autonomy within a certain group.
 - Hierarchy (difference of power) vs. Egalitarianism (social basis) – refers to the question of balance between the responsible behaviour and stable social structure. For this purpose, a minimum hierarchy level is absolutely necessary.
 - Mastery vs. Harmony – refers to the issues associated with the relationship between the social structures and nature. The main issues associated with this dimension are:
 - 1) The issue of successful mastery of people over the world around them.
 - 2) The issue of successful harmonization of people and nature.

Schwartz designed the structure of these values in a way that certain poles contradict each other such as conservatism and autonomy, while other poles are complementary in their nature such as hierarchy and mastery. According to House, *et al.* (2004, p. 141) Schwartz's study is actually assessing cultural values rather than practical behavioural aspects (House, 2004) although Schwartz tried to emphasize the effect of cultural values on practical issues (Schwartz, 1999, p. 40).

➤ **2.3.1.5 House, *et al.* (GLOBE, 2004)**

The Global Leadership and Organizational Behaviour Effectiveness Research Program (GLOBE) focuses on the culture's influence on leaders, organizations, social competitiveness, and the behaviour itself (House, *et al.*, 2004). For these purposes a substantial study was conducted which included 735 questionnaire forms for 17,370 managers from 951 organizations and 62 societies. The part of this research that examined the various leadership style preferences has a great relevance for the purpose of this study.

The results of this research include 62 scores and nine major attributes related to culture. Based on these results House, *et al.* defines culture as “Shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from the common experiences of members of collectives that are transmitted across generations” (House *et al.*, 2004, p. 15).

This project included the previous cultural studies of Kluckhohn and Strodtbeck (1961), and Hofstede (1980, 2001) with a new approach. This change refers to new elements (dimensions) that can be practically used in managerial situations. These nine dimensions of culture introduced by the GLOBE project include the following (taken from House *et al.*, 2004, p. 30): “Power

Distance, Uncertainty Avoidance, Assertiveness, Institutional Collectivism, In-Group Collectivism, Future Orientation, Performance Orientation, Humane Orientation, and Gender Egalitarianism.”

For House *et al.* (2004) it is important to evaluate both practical and value related cultural issues. Additionally, these issues are examined on both levels of nation and organization. Through all of these issues and levels, GLOBE research confirms that values and practices include different values on national (society) and organizational levels.

According to House *et al.* one of the greatest advantages of GLOBE research was the use or multiple methods for measurement in order to select the most appropriate methods, rather than to make assumptions about the measurement of cultural phenomena (House *et al.*, 2004). Based on these specific measurement methods House *et al.* emphasize the value of results obtained through the use of GLOBE research that have broader structural, societal and organizational cultural impact (House *et al.*, 2004). On the other side, Smith (2006, p. 915) points out that the GLOBE research compared to the previous cultural studies cannot be treated as flawless especially with consideration toward the denotation of national (society) culture. Regardless of this critic, the GLOBE project remains one of the most significant and relevant studies with over 150 research participants in 62 countries including over three decades of experience and work. The starting point for this research was the pioneering work of Hofstede in the area of cultural differences. Nevertheless, for some authors such as Javidan, *et al.* the work of GLOBE is more appropriate for the purposes of research that is to be “more comprehensive, cross-culturally developed, theoretically sound, and empirically verifiable” (Javidan, *et al.*, 2006, p. 899) compared to others such as Hofstede. This remark was particularly apposite in view of the recent criticism of Hofstede’s work.

➤ **2.3.1.6 Kluckhohn and Strodtbeck (1961)**

Kluckhohn and Strodtbeck proposed one very useful and intriguing analysis of cultural issues (1961). Their three main assumptions for cultural analysis included the following:

- 1) The assumption about a limited number of social problems, which require adequate solutions.
- 2) The assumption about the number of available solutions.

- 3) The assumption about the availability of these solutions through the time and societies, but with different preferences at certain periods (Kluckhohn and Strodtbeck, 1961).

Therefore, according to these authors the solutions proposed reflect the society's culture. Consequently, they offered a framework for cultural assessment that included six major orientation points for cultural evaluation:

- 1) Human nature – refers to good, bad or combined qualities.
- 2) Nature related issues – refer to mastery, compliance or harmonizing with nature.
- 3) Time frame – refers to perception of past, present and future issues.
- 4) Human activities – refers to our intentional actions with a certain purpose.
- 5) Human interactions – refers to individual, collective, and hierarchy relation among people.
- 6) Space issues – refers to private, public, and mixed concepts.

These orientation points proposed by Kluckhohn and Strodtbeck (1961) are very suitable to be used for the purposes of organizational research. According to Maznevski, *et al.* these orientation points correspond to the very essence of culture and can be found in almost all societies (Maznevski *et al.*, 2002). In addition, these orientations have been through numerous validations and examination processes (Maznevski *et al.*, 2002). Kluckhohn and Strodtbeck (1961) themselves influenced later researchers such as Hofstede (1980), Trompenaars and Hampden-Turner (1993) and Hall (1959, 1976), enabling the examination of their models and elements including the similarities proposed. One practical example of this statement includes “relationship orientations” which are also found in discussions of individual and power related issues (Hofstede, 1980) including Trompenaars’ individualism-communitarianism, achievement-ascription and equality-hierarchy dimensions (Trompenaars and Hampden-Turner, 1993).

➤ **2.3.1.7 National Culture in the Present Study**

Although, this study used Hofstede’s national culture dimension, the researcher intends to examine national culture at the individual level. Therefore, for that purpose this study adopts Dorfman and Howell’s (1988) scales, which were originally based on Hofstede’s national culture dimensions, but examines them at the individual level. There are many debates on the

practicality and conceptualisation of all those models explained above, as they are not designed to measure national culture at the individual level, which this study intends to measure. For example, Hofstede's model and scores based on the value survey module (VSM) raises concern among some scholars about the inadequacy of this model in explaining individual level cultural differences. One of the main criticisms of Hofstede's model is that he defined culture as "collective programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede, *et al.*, 201, p.5) and based on this definition representation of an individual's perception would be very difficult to justify. Furthermore, the VSM is based on the country level rather than the individual level, which he also warned readers about in the introduction of the VSM model pointing out that his score cannot be interpreted in terms of the individual level (McCoy, *et al.*, 2005). For instance in the case of power distance and its items, the correlations among three items of power distance were significant at the country level whereas, they were zero at the individual level (Hofstede, 1984, p.76). Furthermore, as mentioned before, apart from criticisms of the levels of analysis and the dimensions introduced, Hofstede's model has also been heavily criticised in terms of validity, reliability and appropriateness of the model due to time elapsed (McCoy, *et al.*, 2005). Moreover, other models such as House *et al.* or Kluckhohn and Strodtbeck mostly measure national culture from the organisational and societal level and not the individual level. Therefore, the researcher found that using Hofstede's model for the individual level of analysis required major theoretical and strong rhetorical justification as well as major changes and restructuring of the instrument. Thus, it was decided to use Dorfman and Howell's scales which analyse Hofstede's dimensions of national culture from an individual level.

2.3.2 National Culture: Studies on Iran

In Iran, more than 40 per cent of companies, mostly of a medium and large size, are in the Public Sector and are run by the government (Eqtesad newspaper, 2012). Management structures are highly biased towards political power and are often structured around external political factors like sanctions and relations with other countries. In Iranian organisations, affiliation and power are more influential than performance objectives and there is a low level of trust among organisations' members. The table below contains a summary of the studies undertaken by researchers in Iranian context.

In the study conducted by Hosseini-Safa (1999), different findings about the Iranian national culture when compared to Hofstede's findings were revealed where only the conclusion about power distance was similar to the findings of Hofstede. Further, in the study of Namazie (2003), he states that the current situation in Iran is similar to western countries in most of the cultural dimensions with the exceptions of collectivism and time orientation, where he further states that currently, Hofstede's (1984) findings are outdated after 20 years from the original research as a result of changes in lifestyle after the revolution and war. The cultural shift that Iran is experiencing is named the Cultural Revolution by prominent figures in Iran where the change is directed at attracting youth towards Islamic educational centres.

Table below (Table 2.3) shows some major studies of national culture in Iran and what all these studies have in common, in contradiction with Hofstede findings, is that they all emphasise the individualistic character of Iranian culture or in other words, Iranian culture is better viewed as individualistic rather than collectivistic.

Table 2.3: Studies of National Culture on Iran

Author	Brief details
Tayeb (1979)	Tayeb (1979) suggested that Iranian culture should be better viewed as 'individualistic' rather than 'collectivistic'. She further argues that team co-operation and group work do not generally fit well with Iranian culture.
Namazie (2003)	Iran consists of a younger generation representing more than 60% of the population where everyone is concerned about higher education and skills development. Individuals are more focused on their own academic progress leaving less/no motive for collective education in the traditional education system in Iran
Ali's (1996)	Middle Eastern countries were generally individualistic. As Iran is located in the Middle East and shares many cultural aspects with Arab countries, Iranian managers are included in this statistic. He concluded that the significant cause for individualism is government's interference in public expenditure
Ali and Amirshahi (2002) and Javidan and Dastmalchian (2003)	They stressed the government's interference in public expenditure. In the case of Iran, public services are financed by the income generated through national resources such as oil, and citizens do not contribute to the expenses to serve the general public. Thus, it has caused individuals to not experience a sense of belongingness in society where it has resulted in increased individualism, as

	they feel no connection with the general public. This feature combined with the individualistic education system in the country has resulted in high power distance culture in Iranian organizations with minimum teamwork.
Tayeb (1981)	Religious values and the family environment have significantly moderated Iranian's values towards power distance and trust. Power distance in Iranian culture starts at home where children are taught to obey the head of the family and when they enter school and are forced to obey their teacher. She argues that only God can differentiate positive things and negative things in life and can guide individuals by appointing prophets and his followers. Thus, it is believed that for a leader to be a good leader, he needs to be guided by god toward the right path.
Dastmalchian and Javidan (2003)	Iranians are very individualistic but for them being a member of a family or a close group of friends is equally important. Normally family and close friends have expectations from each other. Most importantly, trust, loyalty, and respect are the main factors of being part of a family or a close group of friends. In fact, trust and loyalty are so important for managers in their relationships with their subordinates in the Middle East that the majority of managers base their appraisal on these factors
Attiya (1992)	Highlighted that Iran is reliant on informal ways of conducting work and individual contacts, in the sense that personal interest and personal judgment are predominant factors in the workplace. There is also a concentration on the short-term rather than the long-term, with little or no planning for the future. On the other hand, Iranian managers, similar to those from Arab countries, favour bureaucratic management systems and place great emphasis on control and obedience. Leadership in Middle Eastern countries tends to be authoritarian, with paternalistic handling of decision-making and little consultation with subordinates

House and Javidan (2001), in the GLOBE Project research, categorised Iran within Southern Asia, alongside India, Indonesia, Malaysia, the Philippines, and Thailand. They argue that the distinguishable factors of this cluster lie in their high levels of power distance and group and family collectivism. According to GLOBE's result, Iran scored very high on group collectivism and relatively low on institutional collectivism, which may indicate that Iranians are very collectivistic when dealing with a family or a small close group of friends, but are considerably individualistic when dealing with businesses and the working environment.

Table 2.4: Hofstede National Dimensions Results:

Country	PDI	IDV	MAS	UAI	LTO
Iran	58	41	43	59	(36)*
Turkey	66	37	45	85	N/A
Malaysia	104	26	50	36	N/A
India	77	48	56	40	61
Arab World	80	38	52	68	N/A

Source: Hofstede website (Source: www.geert-hofstede.com)

*Minkov and Hofstede (2012)

According to GLOBE's (2001) findings, Iran scored very low on uncertainty avoidance (3.67) which is totally opposite of Hofstede's (1980) findings. Javidan and Dastmalchian (2003) argue that the main reason for scoring very low on this index can be traced back to Iranian society's mistrust of the rules and regulations imposed by the government. There is a general view among Iranians that these rules are written to protect the interests of those people who are in power and therefore, they will be ignored or not enforced when they are in conflict with those group's interests. Thus, the majority of Iranians have lost their confidence in the appropriateness and usefulness of rules and their enforcement. On the other hand, the GLOBE report states that Iranians scored very high on the desired (what they prefer) section of this index. This score shows the desire of Iranians for a high level of uncertainty avoidance. According to GLOBE's findings, all countries located in this cluster are looking for lower power distance, higher individualism, higher uncertainty avoidance, stronger and longer future and performance orientation. They argue that countries in this cluster also value charismatic, team orientated, and humane leadership.

Researchers such as Tayeb (1979), Javidan and Dastmalchian (2003), Ali and Amirshahi (2002), and Analoui and Hosseini (2001) argue that Iranian culture can be characterised by a moderate level of uncertainty, high rewards for loyalty, low participation and high consultation. This is due to the fact that the country has historically been characterised by a centralised government, constant changes to rules and regulations, closed information, and a high level of hierarchy. Additionally, what distinguishes Iran from other countries is its strong family and group orientation, manifested in strong loyalties towards family and close friends (Javidan and Dastmalchian, 2003). Some researchers believe that the lack of planning in Iran, and most other Muslim countries, is related to the Islamic belief that the future is best left to God. However, many researchers, especially those who are Muslims themselves, such as Ali and Amirshahi

(2002), argue that the lack of planning is due to political and economic instability. Generally speaking, in all Muslim countries, the political, religious and business leaders always preach loyalty and obedience.

Moreover, the results of Tayeb (1979), Ali and Amirshahi (2002) and Analoui and Hossini (2001) studies indicate that Iran scored very high on past and comparably low on both present and future. Past orientation can also be related to the short-term orientation of people in Iran, specifically in the public sector, which is very much politicised so managers can lose their jobs and position when governments come to an end. Also, the result is aligned with GLOBE findings that indicated that Iran is very much performance-orientated rather than future-orientated as a result of constant changes and low trust of rules and regulations.

In Nazemi's (2003) study, which has findings similar to Hofstede's, Iran scored high on collectivism and relatively low on individualism. This can be interpreted as the importance of family in Iranian society, which is associated with honour, social status, and wealth. It is worth mentioning that in Iranian society, family is not just your wife, children and siblings but it may also include people who have close ties with you, including close friends and acquaintances. The concept of collectivism and social networking is also visible in the behaviour of Iranian managers where informal channels and personal connection appears to be more practical, desirable and efficient compared to a formal system. This personal connection and less formal system can result in rule-bending and advantages being taken which the individual in question may not be entitled to have. The term that is used by Iranians for this favouritism is 'partibazi,' which is quite normal and acceptable in any organisation in Iran. It is not unusual in Iran for one manager to hire a relative for a vacancy even with a more competent person available but unknown to the employer (Yeganeh and Su, 2007; Namazie and Tayeb, 2003).

Other studies on national culture such as Tayeb (1981) found that Iran scores high on the hierarchy dimension, which is similar to Hofstede and GLOBE's power distance factor. Yegane (2007) argues that scoring high on power distance is not surprising as high hierarchical distance is rooted deeply in Iranian history, mythology and family structure. Iranian mythology collections such as Shahname (Book of Kings) or Great Civilisation clearly promote and exaggerate the reality of powerful kings and heroes. Furthermore, in Iranian family structure, a high degree of power distance is manifested in terms of patriarchy. The head of the family, be it

Table 2.5: GLOBE Dimensions

Country	Assertive	Institutional Collectivism	In group Collectivism	Future orientation	Gender Egalitarianism	Humane orientation	Performance orientation	Power distance	Uncertainty avoidance
Iran	4.04	3.88	6.03	3.7	2.99	4.23	4.58	5.43	3.67
Turkey	2.68	5.18	5.63	5.71	4.46	5.40	5.34	5.52	4.61
Malaysia	3.77	4.45	5.47	4.39	3.31	4.76	4.16	5.09	4.59
India	3.7	4.25	5.81	4.04	2.89	4.45	4.11	5.29	4.02
Arab World	3.73	4.59	5.63	4.3	2.97	4.83	4.62	4.3	4.27

Source: GLOBE Study (Global Leadership and Organizational Behaviour Effectiveness Project) of 62 Societies, 2004

the father or husband, demands respect from the other members of the family, but in return he provides support, security, and social needs (Chapin Metz, 1989).

In this study, national culture has been proposed as a moderator of the culture-effectiveness relationship. In order to understand the impact of organisational culture on organisational effectiveness in Iranian organisations there is a need for an explicit study and measure of national culture to investigate national culture of employees. Moreover, there are countless studies that explore the impact of national culture on establishing and creating the organisational culture in any organisation, also, there are many studies that provide literature on the impact of national culture on leadership style. However, generally there is a lack of empirical studies on the impact of national culture on the culture-effectiveness relationship and specifically in the context of this study, private sector organisations in Iran, which this study intends to fulfil by taking national culture as a moderator of the relationship between organisational culture, leadership style and organisational effectiveness. The next parts of this chapter intend to provide an in-depth knowledge of organisational culture, organisational effectiveness and leadership style and their relationship with each other.

2.4 Organisational Culture

As mentioned in the previous section this part of the literature review intends to investigate the organisational culture concept by looking at definitions, theories, approaches and studies which have been conducted. Burns and Stalker (1961) were considered pioneers in studying organisational culture. They divided organisations into two main forms, namely, Mechanistic and Organic. According to them, these two organisational forms are opposite in terms of a stable or unstable environment. Generally speaking, the mechanistic, which resembles a traditional bureaucratic form is suitable for a stable environment, and organic, with its main emphasis on specialised knowledge application, may be found in unstable environments.

Special emphasis has been given to the Competing Values Framework due to its importance for this study. The types of people who are employed, their careers and aspirations, their position in society, area of mobility, and their education levels are all cultural indicators. These are what members wear as 'battle dresses' which will be reflections of the culture in which they work. Tyrrell (2000) argues that to his mind when we use organisational culture there is a pre-

assumption that we are talking about culture that is generated at the level of an organisation like culture of IBM derives from IBM. Such assumption has been undermined by some scholars such as Trice and Beyer (1993) who argue the importance of occupational and subcultures. At the outset, they refused the equation of culture with values by pointing at specific cultural forms as components of ‘culture’. Then they introduced the concept of occupational and organisational sub-cultures by arguing that organisations are composed of different groups and each group may have its own community and culture.

2.4.1 Defining Organisational Culture

“Organisational culture” is a relatively new term, which first appeared around the 1970s in business studies. At the beginning, “organisational culture” was used as a substitute for “organisational climate” (Hofstede, 1994). However, since the 1980s, many scholars such as Schein (1984) have criticised this comparison and believe that the two terms should be kept separate. Also, other terms such as “corporate culture” have been used widely by many researchers as well during that period (Deal and Kennedy, 1982). Scholars in organisational studies such as Deal and Kennedy (1982), Hofstede (1980), Schein (1992), and Trompenaars and Hampden-Turner (1997) have attempted to provide a universally accepted definition for “organisational culture”, but none has been successful so far. However, there is some general agreement among scholars as to what organisational culture is.

Table 2.6 provides details about definitions of organizational culture by different authors. What all these definition have in common are 1- organisational culture is shared values, beliefs and assumptions which keep the company and employees together, 2- also organisational culture includes some written and unwritten rules and regulations that provide employees with guidance and direction and 3- more importantly it provides a sense of belonging and identity for employees.

Table 2.6: Definitions of organizational culture

Authors	Definitions
Morgan (1998)	The pattern of development reflected in society’s system of knowledge, ideologies, values, laws, and day to day rituals
Schein (2010)	Organisational culture as the shared values, beliefs, norms, expectations and assumptions

	which function like a glue holding employees and organisation's systems together and stimulating employees' performance and commitment
Trice and Beyer (1993)	Shared, relatively coherently interrelated sets of emotionally charged beliefs, values, and norms that bind some people together and help them to make sense of their worlds.
Alvesson (2010)	Organisations are typically unitary and unique characterised by a stable set of meanings in which organisations are looked at as mini-societies can be problematic in several ways.
Van Maane and Barley (1985)	Organisational culture is a set of unwritten and unspoken rules and regulations that affect the meaning and behaviour of employees
Denison (1990),	Organisational Culture consists of the underlying values and beliefs that provide a foundation to help management develop practices and behaviours that enforce the organisation's basic principles. Organisational Culture gives organisation members an identity, facilitates collective commitment, promotes system stability, provides direction, and shapes behaviour
Van den Berg and Wilderson (2004)	Shared perception of organisational work practice within organisational units that may differ from other organisational units
Kostova's (1999)	'...particular ways of conducting organisational functions that have evolved over time... [These] practices reflect the shared knowledge and competence of the organisation'

Deal and Kennedy (1982) argue that organisational culture is constructed of values, but also include in their definition the business environment, heroes, rites and rituals, and cultural networks.

- Values - there are non-specific feelings of good and evil, beautiful and ugly, normal or abnormal, and rational and irrational.
- Heroes - the people who control values; these are the people, alive or dead, real or imaginary.
- Rites/Rituals - routines of communication, which are identified as strong symbolic powers (Deal and Kennedy, 1982).
- The culture network or Symbols - informal local communication system or veiled hierarchy of power in the organisation

Evidently, values are always at the centre of researchers' attentions (White, 1998; Deal and Kennedy, 1982) when considering definitions of organisational culture. However, Hofstede (2001, 1999) argues that organisations are differentiated by their practices rather than values. He also mentions that there are differences in national culture, which relate to values. He further argues that values are something that people have learned and acquired from an early stage of

their lives mainly from their family when their personalities were being shaped. These values normally contribute to the national culture of every country. However, organisational culture is based on the behaviour of people involved in the organization in a later stage of their life. Although people working in organisations are being influenced by values formed in early life, organisational culture is also employees' attitude toward the organisation and vice versa. Hofstede believes that the organisational culture of organisations may not be visible to all employees. However, employees can learn from other employees within the organisation.

Researchers like Peters and Waterman (1982) argue that, in a strong organisational culture, employees would share the same set of values and basic organisational assumptions. Many scholars (Denison, 1990; Calori and Sarnin, 1991; Gordon and DiTomaso, 1992; Kotter and Heskett, 1992) suggest that there is a relationship between strong organisational culture and strong organisational performance. However, other researchers like Brown (1998), O'Reilly and Chatman (1996), and Wildeson, *et al* (2000) have criticised this idea, arguing that there is not enough evidence that shows a clear connection between the strength of organisational culture and organisational performance.

2.4.2 Organisational Culture and Organisational Climate

Before making differentiation between organisational culture and organisational climate it is crucial to explore the impact of both internal and external environment on the business. In the first instance the internal environment such as employees behaviour, dealing with customers or the relationship between managers and employees, could be argued that have a big impact on organisational behaviour in that it effect organisational structure, decision making and organisational performance. Both employees and managers could possibly have the same, if there are all from the same national culture, or different values beliefs and assumption, if there are from various national culture, which can have a big influence on their attitude inside the organisation. People are from high uncertainty avoidance background are more reluctant toward risk (they are mostly risk averse) and conservative compared with people from low uncertainty avoidance who are more open to risk, and more innovative. Therefore, as result organisations could be imposed to some certain characters and organisational culture and ignore the rest which might have an impact on their performance. Moreover, people with background of high power distance are more tolerated toward hierarchy and authoritarian leadership whereas people with

low power distance background preferred less authoritarian and more participate leadership. Therefore, organisations in high power distance culture may tend toward more bureaucratic and tall organisations whereas organisations in low power distance environment tend toward less bureaucratic and less hierarchy organisations. On the other front, the external environment also play a crucial role for any organisations in that even people with low uncertainty avoidance background who are more willing to take risk and being more innovative if being situated in tough economic environment, like sanction and restriction on trade, in order to avoid turbulence and survive it is likely to become more conservative than other people from higher uncertainty avoidance background.

According to Denison (1996) during the first appearance of organisational culture in the organisational studies literature, the difference between organisational culture and organisational climate was quite clear. As Schwartz and Davis (1981, p. 32) mentioned, “one way to understand culture is to understand what it is not”. Organisational climate was defined as a set of organisational attributes or main effects measurable by a variety of methods or as a set of perceptual variables which are still seen as organisational main effect (James and Jones, 1974). Whereas, organisational culture is defined as shared values, beliefs and assumption among employees or the glue that holds the organisation together and stimulate employees to commit to the organisation and to perform (Van den Berg and Wilderson, 2004).

Denison (1996) also argues that studying organisational culture requires qualitative methods whereas organisational climate studies require a quantitative method of research. Furthermore, as Denison (1996, p. 621) argues “organisational culture studies were more concerned with the evolution of social system over time, whereas climate researchers were generally less concerned with evolution but more concerned with the impact that organisational system have on groups and individuals”.

By defining organisational culture as a shared perception of organisational practice, the concept becomes similar to that of organisational climate, which has been typically conceived as employees’ perceptions of observable practices and procedures (Denison, 1996, p.622). Denison (1996) argues that there are some similarities between organisational culture and organisational climate. For instance, he argued that both look at the internal, social and psychological

environments as a holistic, collectively defined context. Therefore, there is a high degree of overlap between the concerns of organisational culture and organisational climate studies.

However, Denison (1996) later reported that these differences had disappeared in more recent studies. According to him, the most important distinguishing features are that climate focuses on the evaluation of a current state of affairs and culture relates to work behaviours.

2.4.3 Formation of Organisational Culture

It was not until the beginning of the 1980's that organisational scholars began paying attention to the concept of organisational culture (Pettigrew, 1979; Ouchi, 1981; Deal and Kennedy, 1982; Peters and Waterman, 1982; Hofstede, 1980). Organisational culture has been an area in which conceptual work and scholarship have provided guidance for managers as they have searched for ways to improve their organisational culture. There are some significant factors, which can affect a choice of culture and structure for an organisation:

- | | |
|-------------------------|--------------------------|
| 1. Goals and objectives | 4. History and ownership |
| 2. Environment | 5. Size |
| 3. People | 6. Technology |

(Handy, 1984, p.81-83)

Also, according to Deal and Kennedy, there are two fixed factors that have indirect influence on organisational culture:

- The degree of risk associated with the organisation's activities
- The speed at which organisations and their employees receive feedback on the success of decisions or strategies (Deal and Kennedy, 1982)

According to Handy (1980), organizational culture is affected by additional factors including ownership structure, company size and technology. However, although there is little literature on these factors, those few studies show a big influence of these factors on organizational culture (Smith, *et al.*, 1991, p. 41; Hofstede, 1991, p. 183; Thompson, 1993, p. 83; Sudarsanam, 1995, p. 13; Bennett, 1996, p. 33).

According to organizational structure theory, organizations are divided into two types; tall (Hierarchy) or flat organizations. As far as organizational structure and size of a company is

concerned, organizational culture would be different in these two types of organizations. (Thompson, 1993, p. 83). Tall (Hierarchy) organizations are looking to create a distinguishable division of labour and job specialization, and clear and well-defined internal procedures and policies, while in a flat structure organization, the company's main concern is to centralize control and leadership with strong authority and normally less complicated procedures (Greiner and Schein, 1989, pp. 16-19). As a result of structure, the main elements of culture, for example, leadership type, power or heroes, would be significantly different in the two types of organisation.

2.4.4 Approaches to Organisational Culture

This section examines different models of organisational culture introduced by researchers. Schein (2010) argues that cultural assumptions are not just about people and style, but are also about strategies, structures and systems. Therefore, in order to study organisational analysis, what is needed first is to understand organisational culture. There are numerous definitions given to describe organisational culture but not all are widely accepted by scholars.

Cross-cultural and organisational cultural studies use many different approaches, which sometimes cross over, including anthropology, sociology, social psychology and even economics.

➤ 2.4.4.1 Interpretive Versus Functionalist

Scholars such as Smircich (1983), Cameron and Ettington (1988) and Cameron and Quinn (2011) argue that organisational culture has been investigated from two different perspectives: an *anthropological* perspective versus a *sociological* one. Table 2.7 summarizes these similarities and differences.

The first group looks at organisational culture as something that organisations *are*, whereas the latter group sees organisational culture as something that organisations *have*. In other words, the fundamental distinction between these two roots, as Smircich (1983) and Cameron and Quinn (2011) argue, is that one defines culture as a metaphor (anthropology) and the other defines culture as an attribute or variable (sociology). Within each of these two roots, distinctive approaches have been developed: A *Functionalist* approach based on collective behaviour and a *Semiotic* approach based on individual interpretations and cognitions. Cameron and Ettington

(1988) suggest that the Anthropological perspective looks at culture as a dependent variable, whereas the Sociological perspective looks at culture as an independent variable.

Table 2.7: Organisational Culture Perspectives:

Organisational culture	
Anthropology	Sociology
1- Functionalist	1- Functionalist
Organisation is culture	Organisation has culture
Culture is a dependent variable in an organisation	Culture is an independent variable in an organisation
Treats culture as something	Treats culture for something
Focus on collective assumption	Focus on collective behaviour
Researcher interprets data subjectively	Researcher interprets data objectively
Outside observation by investigation	Outside observation by observer
2- Semiotic	2- Semiotic
Culture is everything and is reality	Culture helps to make sense of reality
Focus on individual assumption	Focus on individual cognition
Natively interpret data by participant involvement	Natively interpret data by participant observation
Immersion required for investigation	Immersion required for observation
Culture as dependent	Culture as an independent variable

Source: Cameron and Quinn 2011

The Functionalist approach was adopted by scholars like Ouchi (1981), Peters and Waterman (1982), and Deal and Kennedy (1982), in order to identify which culture would get the best results. The Semiotic approach, in contrast, has gained popularity among the majority of academics (Gregory, 1983; Smircich, 1983; Morgan *et al.*, 1983; Anthony, 1994; Meek, 1988). Their studies have explored how employees experience culture in an organisation and how this affects their behaviour toward the organisation (Broadfield *et al.*, 1998).

Based on Cameron and Quinn (2011) this study could be affiliated with a cultural view that looks at culture in terms of functionalist sociology in which culture is viewed as something that an organisation has rather than is. It is an independent variable in an organisation; it is based on the collective behaviour of employees and more importantly the culture measurement is based on a positivistic approach that interprets data objectively. Furthermore, this study intends to view

culture from a dynamic perspective that is changing due to changes in circumstances, situations, life-cycle and size of organisation.

Table 2.8: Culture as a Variable versus Culture as a Metaphor:

Culture as a Metaphor	Culture as a Variable
Phenomenological	Positivist
Anthropology/Biology	Sociology
Single agreed-upon culture	Several, parallel subcultures
Provides an adaptive regulating mechanism to maintain the status quo	Reproduced by all members in an on-going manner
Directed by actions of senior management, changing artefacts and espoused values.	Way members negotiate and share symbols and meaning

➤ **2.4.4.2 Martin and Meyerson’s (1987) Framework**

Martin and Meyerson (1987) are among those who assume that organisations *are* cultures and look at the culture from an anthropological perspective, and introduced three main organisational culture paradigms:

❖ **Paradigm 1 – Integration** (emphasises homogeneity)

The integration paradigm emphasises three main characteristics:

- Consistency
- Consensus among members
- Leaders as creators of culture

Consistency in Paradigm 1 refers to those cultural manifestations that are in harmony with each other. Consensus is where, regardless of which level of an organisation’s hierarchy employees come from, all members of the organisation share a similar point of view. Finally, the last characteristic emphasises the fact that most, but not all, paradigms share the point of view that leaders are the primary source of cultural content (Martin and Meyerson, 1987). This view of culture in some ways is very similar to the sociological view of culture (presented in table 2.7 and 2.8). If we need to distinguish this study based on Martin and Meyerson’s paradigms, our study would fit much better to this paradigm compared to the other two, specifically our study adopts a position, which is totally opposite of the paradigm 2, which is explained below.

❖ **Paradigm 2- Differentiation** (differentiation and diversity)

In contrast to Paradigm 1, this paradigm focuses on inconsistencies, lack of consensus, and non-leader-centred sources of cultural content. This theory of culture concentrates on the importance of subunits and sub-cultures as islands of consensus and clarity in a sea of ambiguity. Where Paradigm 1 is based on a closed-system concept of culture, Paradigm 2 is based on an open system perspective, in which both inside and outside influences have a significant impact on the culture's formation. This view of culture could be related to anthropology perspective (presented in table 2.7 and 2.8) where organisation *is* culture and not *has* culture.

❖ **Paradigm 3- Fragmentation** (loosely structured and incompletely shared system, web culture)

At first ambiguity was emphasised, with this then being replaced with fragmentation (Martin, 2002; Martin *et al.*, 2006). Culture in this system is continually changing. Both Paradigms 1 and 2 try to minimise ambiguity, whereas within Paradigm 3, it is believed that ambiguity can be healthy and accepted. Ambiguity in Paradigm 3 is treated as something inevitable in organisational life, and unlike Paradigms 1 and 2, clear consistencies and inconsistencies are rare. Moreover, in Paradigm 3, unlike Paradigm 1, ambiguity is not treated as a temporary stage in the process of attaining a new vision of clarity, but is considered to be the 'truth', or the way things really are. According to the fragmentation point of view, "the essence of any culture is pervasive ambiguity" (Martin *et al.*, 2006, p. 732).

2.4.5 Typologies of Organisational Culture

There are many scholars (Weiss, 1998; Brown, 1998; Cameron and Quinn, 2011) who describe organisational culture in terms of typology. Some of the main organisational culture typologies are discussed below.

➤ 2.4.5.1 Hofstede's Model

As mentioned before, Hofstede believes that scholars should clearly distinguish organisational culture from national culture. Therefore, he later defined dimensions of national culture and dimensions of organisational culture separately. He argues that the difference between organizational culture and national culture lies in the fact that national culture studies the people in a given country whereas organizational culture studies different organizations in a given country or countries. He believes that his research findings show the difference between organizational culture and national culture, being that organisational cultural differences are in an organisation's practice such as symbols, heroes, and rituals, while with regard to national culture, differences are at a deeper *values* level. In addition, he also explains that finding dimensions of organizational culture in any empirical study is a subjective process. His research on organisational culture, conducted by IRIC across 20 Danish and Dutch companies at the end of the 1980s, identified six independent dimensions of practice:

- **1 Process-Orientated versus Result-Orientated:** Dominated by technical and bureaucratic routines versus concern for outcomes. 'Process Orientated' is concerned with the means, avoids employees taking any risk and allows them to put limited effort into their job. 'Result Orientated', on the other hand, is concerned with goals and making employees feel comfortable in different environments and encouraging them to maximize their effort.
- **2 Job-Orientated versus Employee-Orientated:** Responsibility for 'job performance' versus responsibility for members' well-being. 'Employee Orientated' is concerned for people and, generally, the company is responsible for employees' welfare and retirement. 'Job Orientated' concerns getting the job done and therefore employees are under pressure, and feel the company is only interested in completing the task, not in their welfare.

- **3 Professional versus Parochial:** Identification of members with their profession versus identification with the organisation. ‘Professional’ is the unit in which people identify with their type of job. It means to separate employees’ private lives and business from each other and to give them the feeling that the company has hired them solely for their professional skills. ‘Parochial’ is the unit whose employees derive their identity largely from the organization. In this type of organizational culture, the organization considers employees’ backgrounds and has a strong influence on their employees’ behaviour.
- **4 Open System versus Closed System:** Openness versus closedness to internal and external communication and ease of admission for outsiders and newcomers. In ‘Open System’ culture almost everyone can be fitted into the organization, whereas in a ‘Closed System’ only special people can fit into the organization.
- **5 Tightly versus Loosely Controlled:** Formal and punctual versus informal and casual. Generally speaking, this refers to the amount of internal structuring in the organization. In a ‘Loosely Controlled’ company, employees only receive ‘impressions’ from supervisors, and higher-level managers do not think about costs or keeping meetings punctual and even make jokes about the company. In ‘Tightly Controlled’ culture, on the other hand, meetings are kept punctual; managers consider costs and jokes are rare.
- **6 Pragmatic versus Normative:** Flexible versus rigid ways of dealing with the environment and, in particular, customers. These two deal with the popular notion of ‘customer orientation’. ‘Pragmatic Culture’ is normally market driven while a ‘Normative Culture’ perceives its task toward the outside world as the implementation of inviolable rules and the implementation of strict procedures for employees. (Hofstede, 1990).

What is interesting about Hofstede model is that firstly what he introduced can be considered as characteristics that any organisational culture type may possess with different levels of intensity, which are difficult to measure. Moreover, he did not clearly define organisational culture type like CVF (explained below). Furthermore, all these dimensions or characteristics are visible to some extent in different organisational culture types introduced by CVF which means that we can relate all these dimensions to any of the organisational culture types. Finally he developed the organisational culture dimensions mostly from national culture dimensions and they simply do not work when applied to organisations.

➤ *2.4.5.2 Quinn Model*

Based on Quinn's (1988) argument, organisation could be characterised as a complex, dynamic or contradictory system which requires managers to fulfil many competing expectations. Based on these characteristics he categorised four different organisational culture types namely 1- Human Relation (HR), 2- Open System (OS), 3- Internal Process (IP) and 4- Rational Goal (RG) which are the basis of the Competing Values Framework (CVF) that he introduced later. He identifies these four cultural types along with two main dimensions of flexibility versus stability and external focus versus internal focus.

The Human Relation culture type emphasises internal focus and flexibility is concerned with human commitment, human resource, teamwork, cohesion and staff moral (Fig 2.3 and 2.4). However, the rational gold type emphasis on external focus and stability, which is on a diagonal with human relations type, is concerned with maximum output and productivity, efficiency, output orientation and planning and goal setting (Fig 2.3 and 2.4).

The open system type, which emphasises external focus with flexibility, is concerned with adaptation to the external environment, adaptability, growth and resource acquisition (Fig 2.3 and, 2.4). Whereas the internal process type, which emphasises internal focus and stability, is concerned with information management, communication, hierarchy and effective communication (Fig 2.3 and 2.4). As mentioned the Quinn model was the basis for CVF that was introduced by Quinn and Rohrbaugh, (1983) which this study is based on.

➤ *2.5.4.3 Competing Values Framework*

The CVF offers an integrative perspective (Quinn and Rohrbaugh, 1981, 1983) to study organisational culture and this study is based on this framework. The Competing Values Framework (CVF) proposes a model defined by two axes producing a quadrant: one axis represents flexibility versus control, and the other axis represents an organisation's focus on internal or external matters. The first, vertical axis reflects the extent to which an organisation has a control orientation. The second, horizontal axis is concerned with whether the firm is more focussed on the internal or the external, in other words, emphasis on the well-being and development of people in the organisation versus an emphasis on the well-being and development of the organisation itself.

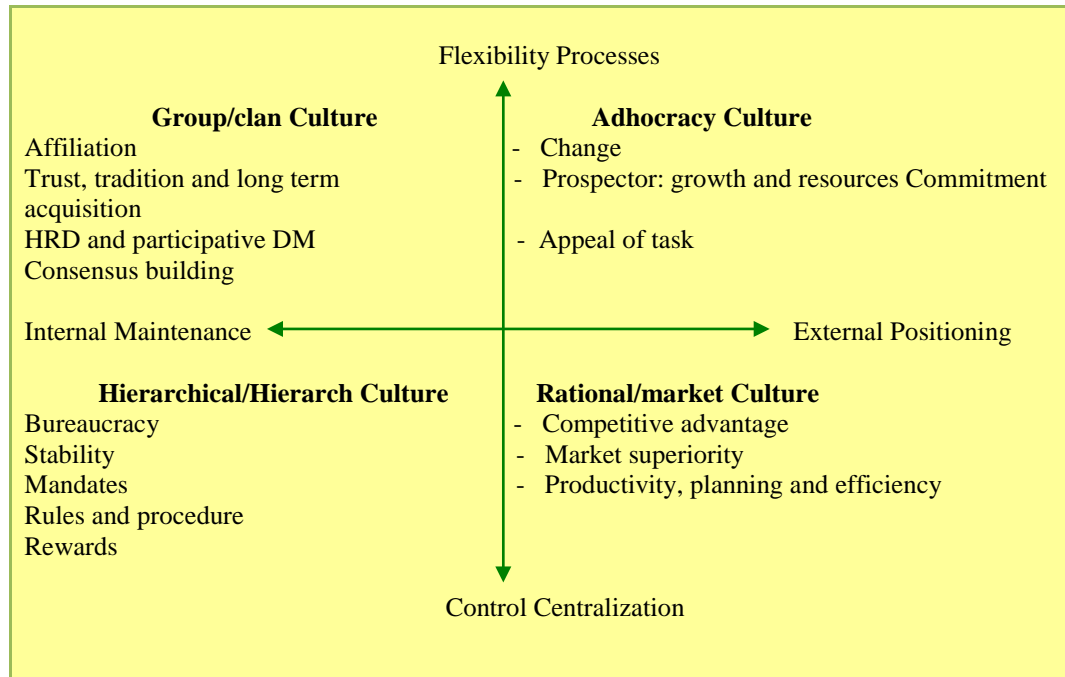
Although there are many differences among the approaches and viewpoints of organisational culture researchers, significant patterns and similarities have been found in their research findings. These include an emphasis on internal/external and control/stability factors in studies of organisational culture using values as a measurement of organisational culture rather than assumptions or artefacts. Also, values are more accessible in quantitative research compared with artefacts that are considered as organisation specific and need more qualitative research.

As seen in Fig 2.3, these axes make four quadrants, each representing a distinct organisational culture: Clan, Adhocracy, Market, and Hierarchy (Cameron and Quinn, 2011). These four quadrants define the core values upon which judgments about the organisations are made. Each quadrant represents basic assumptions, orientation and values – those elements that comprise organisational culture (Cameron, *et al.*, 2006).

Cameron and Quinn (2011) argue that CVF is the best organisational model available to help organisations plan and manage major change in organisational research. During the last three decades, researchers have used this framework for different purposes. Cameron and Freeman (1991), and Howard (1998), for instance, use it to introduce a model of organisational culture. On the other hand, Quinn (1984) used it to create a model of organisational design, and leadership. Other researchers, such as Buenger *et al.* (1996), used this framework to assess the relationship between culture and organisational structure and context. Stevens (1996) used it to assess relationships between culture and ethics.

‘Clan Culture’ or ‘Group Culture’ is characterised as having the feel of an extended family with a friendly atmosphere, where leaders are considered mentors. A ‘Hierarchical Culture’ is characterised as a formalised and structured place of work where people are governed by procedures and rules. Leaders of such an organisation are likely to consider themselves good coordinators and organisers. ‘Adhocracy Culture’ or ‘developmental culture’ is dynamic, with innovative leaders, and is a culture where people take risks. Finally, ‘Market Culture’ or ‘Rational Culture’ is characterised as being very customer orientated where leaders are tough, demanding and focussed on achieving good final results (Cameron, *et al.*, 2006; Cameron and Quinn, 2011).

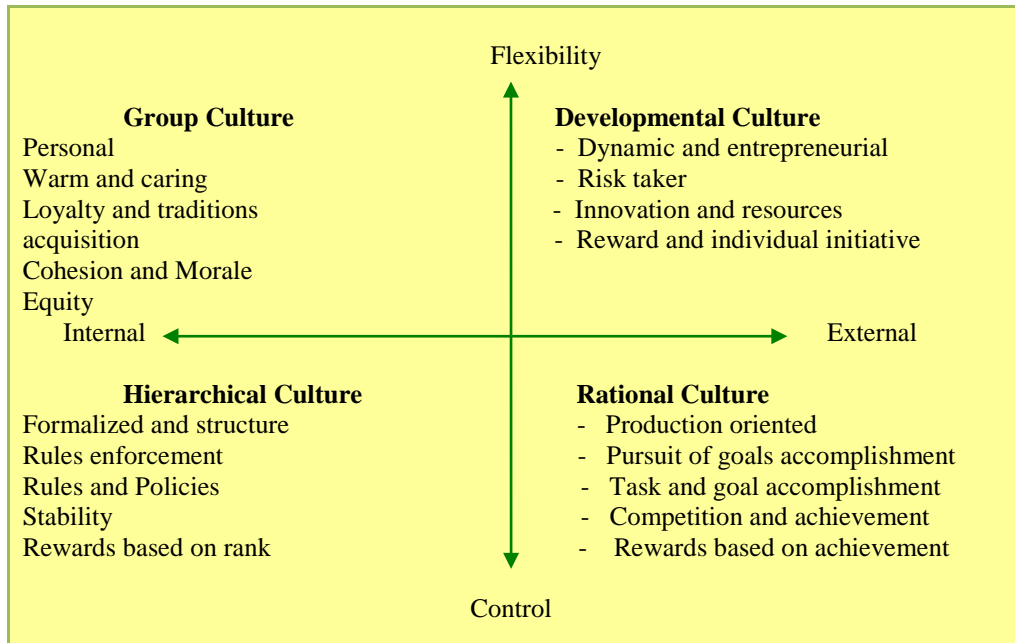
Figure 2.3: Competing Values Framework



According to Quinn and McGrath (1985) both rational and developmental culture are characterised by shorter time horizons than clan and hierarchical culture (Fig 2.3). There are many researchers in this field that also formed four types of culture based on CVF and all have some characteristics of each organisational type in common which are summarised in fig 2.4.

Every organisation has its own life-cycle and this will progress through common stages. It is crucial that an organisation makes sure they are using the most appropriate of the four models for the current stage of its life cycle (Quinn and Cameron, 1983; Robbins, 1990). For instance, an organisation in the first stage of its life cycle needs innovation, creativity and flexibility, values which are present in the Adhocracy culture. However, this culture would not be suitable when an organisation reaches the maturity stage of its life-cycle. For example, Apple, which when started 30 years ago as small firm, initially showed characteristics of an Adhocracy culture as it needed innovation and creation, but now it is more market and customer orientated, and therefore closer to a Market culture.

Figure 2.4: The Competing Values Framework:



This study adopts the competing values framework (CVF) as a method of organisational culture analysis based on comprehensiveness and popularity of the instrument, which provide much broader perspective for researcher in exploring organisational culture. Furthermore, the CVF is based on multiple constituencies' theory, which provides a much broader and deeper perspective of organisational culture in organisations. The next section shows studies that have been conducted in Iran on organisational culture and their result and also lists those studies of organisational culture that are based on CVF.

2.4.6 Organisational Culture and Iranian Organisations

Soon after the Islamic revolution, the government forced organizations to use Islamic leadership styles, which are characterized as justice, equality, and support and safeguarding employees. Furthermore, there is also a traditional management style that empathises traditional philosophies are maintained through adopting structures including hierarchies, family networks, and nepotism (Namazie, 2003). Also, since values and the structure of families are considered to be an important component of national culture, management and leadership style is influenced by the structure of families. Iranian families are organised with the father as the head of the family and the same culture and leadership style is adopted by organizations (Mortazavi and Karimi, 1990;

Mortazavi and Salehi, 1992). In organizational cultures where the organization is regarded as the family, employees tend to consider the manager to be like a father or sibling (Latifi, 1997). These elements can be crucial in human resource management as it defines the subordinate's expectations of his boss as well as the boss's expectations of his subordinate.

Table 2.11 shows some of the studies of Iran which included organizational culture and are based on the competing values framework. As can be seen from these studies of organisational culture in Iran it can be deduced that there is a lack of comprehensive studies of organisational culture and its impact on organisational effectiveness specifically in private sector organisations. As can be seen there is much emphasis in these studies on the relationship between organisational culture and leadership style, which could be related to the particular national culture of the country, as explained before, as well as employees' view of managers and leaders, being analogous to a father or close siblings, which see an organisations as an extended family.

Table 2.10: Organisational Culture studies in Iran

Mozafari et al (2007)	Study the relationship between organisational culture and leadership style among the deans of nine Iranian universities. They found that there is a lack of congruence between the current and desired professional culture of the faculty members. they found that the desired culture should be one that emphasizes flexibility, discretion, participation, human resource development, innovation, creativity, risk-taking, and a long-term emphasis on professional growth and the acquisition of new professional knowledge and skills
Marandi and Abdi (2011)	Looked at the effect of organisational culture and leadership style on management effectiveness in an Iranian auto company (Iran Khodro). He found that there is a positive relationship between perception of the managers' and their subordinates from their leadership style on management effectiveness and roles.
Mehr, Kenari, Emadi and Hoseini (2012)	Conducted research on staff of physical education offices of Mazandaran province in Iran and found no relationship between organisational culture and components of organisational effectiveness (job satisfaction, organizational commitment, work motivation, the amount of negative resistance against change, improving quality).
Tojari, Heris, and Zarei, (2011)	They argue the mediator impact of organisational culture on the relationship between leadership style and organisational effectiveness

Gholamzadeh and Yazdanfar (2012)	They found that consistency and mission cultural dimensions of Denison’s model have crucial impact on organizational culture nonetheless mission has significant relationship with culture
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As a result of the lack of studies on this subject in Iran, there are opportunities for researchers, specifically, on the subjects of Iranian national culture, organisational culture, and their effects on organisational effectiveness. So far, the most comprehensive research within this area has been conducted by Javidan and Dastmalchian (2003, 2009) as a part of the GLOBE project.

Based on the argument presented above, it can be stated that Iranian national culture has a significant impact on Iranian organizational culture. For instance, due to the close relationship between members of the family, Iranians tend not to trust people who are from outside the family, leading to trust issues at work when they deal with new people. Furthermore, it also has produced nepotism in cases where organizational activities are based on personal relationships such as friendship and family.

In the next section of the literature review the researcher intends to cover the two main points, 1- provides a definition of organisational effectiveness, theories and approaches, 2- and describes the relationship between organisational culture and organisational effectiveness.

2.5 Organisational Effectiveness

This section looks at some of the major approaches to organisational effectiveness, including definitions, criteria for its analysis and factors that have a major impact upon it. Later, the chapter reviews previous studies of organisational effectiveness, with special emphasis on the Competing Values Framework approach.

The concept of organizational effectiveness has gained significance over the last few decades because research has proved that it is helpful for the modern organisations to manage and improve their overall performance and achieve the desired results (Becerra-Fernandez and Sabherwal, 2001). In the modern world, organizational effectiveness emphasises more the development of employee’s skills because the knowledge, skills and capabilities of the employees are keys to business success and they are also very helpful in ensuring organizational effectiveness (Berson and Linton, 2005). Therefore, it requires firms to understand the necessity and importance of people and ensure their satisfaction at the workplace. It is particularly

important because the satisfied workers are more capable of ensuring the customer satisfaction and gain client loyalty (Christensen and Overdorf, 2000).

2.5.1 Definitions of Organisational Effectiveness

Early on in the development of theories of organisational effectiveness, there was little agreement on a universal definition of it, which made organisational effectiveness a problematic concept for scholars until the 1980's.

In the early stages, organisational effectiveness was viewed in terms of productivity. It was defined as the ability to create high performance and growth by increasing sales and manpower, leading to higher than average profit margins. Katz and Khan (1966), for example, defined organisational effectiveness as:

'...the maximization of return to the organisation, by economic and technical means (efficiency) and by political means (effectiveness).' (Katz and Khan, 1966:164)

According to scholars such as Taylor (1911), Fayol (1916), and Mayo (1933), effectiveness is the extent to which an organisation achieves goals such as maximising production, minimising costs, and attaining technological excellence by having clear authority and discipline. Later, effectiveness was viewed and measured in terms of an organisation's goals. Some defined organisational effectiveness in terms of output and the accomplishment of goals (Etzioni, 1964; Price, 1968; Campbell, 1977). Others defined it in terms of resource acquisition (Yutchman and Seashore, 1967), or in terms of human satisfaction (Bass, 1952; Kahn, 1956). Penning and Goodman (cited in Steers, 1977) argue that organisations are effective if they satisfy organisations' constituencies. They further argue that the organisational model being used can be influenced by the criteria chosen to assess effectiveness in that organisation.

Cameron and Whetten (1983) argue that as organisational effectiveness means different things to different people; it is like a theoretical concept that exists in people's minds. Therefore, there is no single best method of achieving organisational effectiveness. A study by Owens, *et al.* (1982) identified five distinctive features of the organisation, stating that organisations are systems with interrelated components.

Hall (1972) stated that organizational effectiveness is the measurement of the success of the organization in achieving its goals. Since the goals of some organizations are considered to be subjective and biased, measurements such as financial position and volunteer commitment can be used to evaluate organizational effectiveness, (Knoke and Wood, 1981). However, the significance of the measurement dimensions is based on the organizational model used (Goodman and Pennings, 1980). Therefore, sometimes this could be problematic as the models used can be chosen by employees who expect career growth and who may not be focused on organizational performance (Cameron and Whetton, 1983; Goodman and Pennings, 1980; Zammuto, 1982). Furthermore, Zammuto’s study identifies that time and environment are the main factors that affect organizational effectiveness.

2.5.2 Criteria of Organisational Effectiveness

Organisations in the twenty-first century have become more sophisticated and normally have multiple objectives. Therefore, the majority of contemporary models of effectiveness measure it in terms of several criteria, such as productivity, flexibility, and stability. However, using a single criterion as a measure of organisational effectiveness, such as profitability, is still widely used by many organisations.

Steers (1977) was among the first scholars to look at multiple criteria models in order to find common ground among them. He found that each model used several independent criteria such as productivity, adaptability, and flexibility, but there was very little consistency among the models.

Table 2.11: Organisational Effectiveness Models

Study and year	Primary evaluation of criteria	Type of measure	Generalise-ability criteria	Derivation of criteria
Georgopoulos and Tannenbaum (1957)	Productivity, flexibility, absence of organisational strain	Normative	All organisations	Deductive; followed by questionnaire study
Bennis (1962)	Adaptability, sense of Identity, capacity to test reality	Normative	All organisations	Deductive; no study
Blake and Mouton (1964)	Simultaneous achievement of high production-centred and	Normative	Business organisations	Deductive; no study

	high people-centred enterprise			
Caplow (1964)	Stability, integration, voluntarism, achievement	Normative	All organisations	Deductive; no study
Katz and Kahn (1966)	Growth, storage, survival, control over environment	Normative	All organisations	Inductive; based on review of empirical studies
Lawrence and Lorsch (1967)	Optimal balance of integration and differentiation	Descriptive	Business organisation	Inductive; based on study of 6 firms
Yuchtman and Seashore (1967)	Successful acquisition of scarce and valued resources, control over environment	Normative	All organisations	Inductive; based on study of insurance agencies
Friedlander and Pickle (1968)	Profitability, employee satisfaction, societal value	Normative	Business organisations	Deductive; followed by study of small businesses
Price (1968)	Conformity, morale, adaptiveness, societal value	Descriptive	All organisations	Inductive; based on review of 50 published studies
Mahoney and Weitzel (1969)	General business model: productivity- support-utilization, initiative R and D model reliability, cooperation, development	Descriptive	Business organisations R and D laboratories	Inductive; based on study of 13 organisations
Schein (1970)	Open communication, flexibility, creativity, psychological commitment	Normative	All organisations	Deductive; no study
Mott (1972)	Productivity, flexibility, adaptability	Normative	All organisations	Deductive; followed by questionnaire study of several organisations
Duncan (1973)	Goal attainment, integration, adaptation	Normative	All organisations	Deductive; followed by study of 22 decision units
Gibson <i>et al.</i> (1973)	Short-run: production, efficiency, satisfaction Intermediate: adaptiveness, development Long run: survival	Normative	All organisations	Inductive; based on review of earlier models
Negandhi and Reiman (1973)	Behavioural index: manpower acquisition, employee satisfaction, manpower retention, interpersonal relations, manpower utilization Economic index; growth in sales, net profit	Normative	Business organisations	Deductive; followed by study of Indian organisations
Child (1974, 1975)	Profitability, Growth	Normative	Business organisations	Deductive; followed by study of 82 British firms
Webb (1974)	Cohesion, efficiency, adaptability, support	Descriptive	Religious organisations	Inductive; based on study of religious organisations

Eventually, by looking at effectiveness evaluation criteria and grouping together similar models from between 1957 and 1975, Steers summarised seventeen models of effectiveness. These seventeen criteria of effectiveness are in fact very close to the thirty criteria developed by Campbell (1977). Similar to Campbell's findings, Steer's seventeen criteria also became the foundation for further development of other theorists like Quinn and Rohrbaugh (1983) who developed CVF. Steers listed the number of times that effectiveness criteria occurred in these models, as in the table below (Steers, 1975). As can be seen from the table 2.12, the highest frequencies of occurrence belong to adaptability-flexibility (10 times out seventeen) followed by productivity and satisfaction, which occur six and five times respectively.

Table 2.12: Frequency of Occurrence of Effectiveness Criteria

Evaluation of Criteria	No. of Times Mentioned
Adaptability-flexibility	10
Productivity	6
Satisfaction	5
Profitability	3
Resource acquisition	3
Absence of strain	2
Control of environment	2
Development	2
Efficiency	2
Employment retention	2
Growth	2
Integration	2
Open communication	2
Survival	2
All other criteria	2

Source: Steers (1975)

In another study, Campbell (1977) identified thirty different variables, which have a significant influence on organisational effectiveness (Table 2.13). These thirty variables were used by Quinn and Rohrbaugh (1983) as the basis for the Competing Values Framework, which will be explained in detail later in this section.

Table 2.13: Campbell's Effectiveness Criteria

1.	Overall Performance	11.	Motivation	21.	Management task skills
2.	Productivity	12.	Morale	22.	Information management and communication
3.	Efficiency	13.	Control	23.	Readiness
4.	Profit	14.	Conflicts-cohesion	24.	Utilisation of environment
5.	Quality	15.	Flexibility-adaptation	25.	Evaluation by external entities
6.	Accidents	16.	Planning and goal setting	26.	Stability
7.	Growth	17.	Goal consensus	27.	Value of human resource
8.	Absenteeism	18.	Internalisation of organisational goals	28.	Participation and shared influences
9.	Turnover	19.	Role and norm congruence	29.	Training and development emphasis
10.	Job Satisfaction	20.	Managerial interpersonal skills	30.	Achievement emphasis

Source: Campbell, 1977

2.5.3 Factors Contributing to Organisational Effectiveness

An important consideration is what factors can affect the organizational effectiveness both in profit and non-profit organizations. There are countless factors introduced by scholars but almost all of those studies emphasise several factors that have an influence on organizational effectiveness including organizational characteristics, environmental characteristics, employee characteristics and managerial policies and practices, which are presented in Table 2.14 (Berson and Linton, 2005). The characteristics of the organization, which can affect the effectiveness of the firm, include organizational structure and technology (Christensen and Overdorf, 2000). According to Zila (2001), the structure of the organization always has a great influence on the effectiveness because the structure in terms of size of the organization, functional specialization and centralization of decision making affects the performance, efficiency and productivity of the

organisation in a significant manner (Dunbar and Burgoon, 2005). If the employees are satisfied at their workplace then they will perform effectively and it will be helpful in enhancing organizational effectiveness (Davis, *et al.*, 2000).

The environmental characteristics are also crucial and this includes both the internal and the external environment. The organizations in the modern world need to make necessary adjustments in order to comply with the changes in the internal and external environments (Heffernan and Flood, 2000). The third important factor, which can affect organizational effectiveness, includes human characteristics (Kellogg, *et al.*, 2006). Research shows that the human factor can affect the achievement of goals of the firms in a very broad manner. If there is any link between the individual and organizational goals then the organization will be very highly effective (Kaplan and Norton, 2001). Similarly, if there is any clash between the individual and organizational goals then it will result in ineffective performance of the organization (Lawrence and Robinson, 2007). In his literature review Pfeffer (2005) has discussed some characteristics, which employees should have in order to help the organization to achieve effectiveness. It includes that employees should be satisfied with the organization; that they should be committed to the organisation; that the goals and motives of the employees should not be in conflict with the organisation's goals; that they should have the necessary knowledge in order to perform their jobs in an effective manner and, more importantly, that they should have a sense of belongingness.

The managerial policies and practices are also important factors, which can create an impact on organizational effectiveness (Ricardo and Wade, 2001). It is a fact that employees are not able to achieve inadequate and inappropriate goals that are set by management which affect their job satisfaction. Poor management could also result in wastage of the organisation's financial and human resources because the resources of the firm are deployed in those projects, which are not realistic and cannot be achieved (Steensman and Corley, 2000).

Table 2.14: Factors Contributing to Organisational Effectiveness

Organisational characteristics	Environmental characteristics	Employee characteristics	Managerial policy and practices
Structure Decentralisation Specialisation Span of control Organisation size Work unit size Technology Operations Material Knowledge	External Complexity Stability Uncertainty Internal (climate) Achievement orientation Employee centeredness Reward-punishment	Organisational Attachment Attraction Retention Commitment Job performance Motives, goals and need ability role clarity	Strategic goal setting Resource acquisition and utilisation Creating a performance environment Communicate process leadership and decision making Organisational adaptation and innovation

2.5.4 Models of Organisational Effectiveness

There are different approaches to organizational effectiveness, which have been discussed in the organizational effectiveness literatures. In this section of the chapter, the researcher has discussed some of the common approaches to organizational effectiveness. The approaches to organizational effectiveness are helpful in adopting different criteria in order to measure organizational effectiveness (Lawrence and Robinson, 2007).

➤ 2.5.4.1 Greatner and Ramnarayan’s Four Organisational Effectiveness Approaches

Greatner and Ramnarayan (1983) introduced four distinct types of approaches to Organisational Effectiveness:

- | | |
|--|--|
| 3- General Output Measures | 1- Process/Structure General Measures |
| 4- Organisation-Specific Output Measures | 2- Process/Structure Organisation-Specific |

(Greatner and Ramnarayan, 1983)

The first approach measures the general output of an organisation such as accounts, or organisational survival, whereas the ‘Organisation Specific’ approach measures output in terms of particular organisational goals and objectives. The other two approaches focus more on measuring organisational structure: The ‘Process/Structure General Measures’ are concerned with theoretical ideas and perceptions of management processes and organisational structure. On the other hand, the ‘Process/Structure Organisation Specific Measures’ are concerned with the organisation’s structure and the efficiency of its processes. They also remind us that in assessing

organisational effectiveness, political models play a crucial role. They believe that the political model defines effectiveness in terms of the relationship between coalitions that exist within an organisation.

➤ **2.5.4.2 Robbins' Four Organisational Effectiveness Approaches**

According to Robbins (1990), there is a unanimous agreement among scholars that the analysis of organisational effectiveness requires *multiple criteria*, through which to evaluate different functions. Therefore, both means (long-term goals) and ends (short-term goals) must be considered. He added that:

'the degree to which an organisation attains its short-term (ends) and long-term (means) goals, the selection of which reflects strategic constituencies, the self-interest of evaluator and the life cycle of the organisation' (Robbins, 1990, p.77)

Robbins eventually categorised the approaches into four types:

- | | |
|--------------------------------------|-----------------------------|
| 1- Strategic-Constituencies Approach | 3- Goal Attainment Approach |
| 2- Competing Values Approach | 4- System Resource Approach |
- (Robbins, 1990)

He also mentioned that these approaches are not problem-free. For example, the Goal Attainment Approach, according to Robbins (1990) and Warriner (1965) encounters the 'goal multiplicity problem', since an organisation's actual goal is not always the same as the one it officially announces. As Cameron (1984, 1986) argued, this approach works only when goals are clear, time bound and measurable.

This approach to organizational effectiveness views the organization as an open system. It also assumes that an organization consists of interrelated systems, which acquire the inputs, engage in the transformation process and generate the outputs, which are also considered as the final products of the organization. The organizational efficiency shows how effectively organizational inputs are transformed into the outputs. If any of the organizational systems perform inadequately then it affects the overall performance of the firm. The systems approach examines the different variables such as relationships with the environment, organisational efficiency,

employee satisfaction and level of conflict among the different groups within the firm. The system approach also has some major problems, as outlined below:

- 1- Whatever an organisation proposes as the reliable and valid measure, such as 'flexibility of response to environmental changes' can be constantly challenged
- 2- According to Robbins (1990) this approach concentrates the methods of achieving Organisational Effectiveness. Yet again, this approach is only useful in the situation when there is a clear connection between outputs and inputs.

The third approach, focussing on strategic constituencies, brings to the attention the point that the organisation is only effective if it can satisfy the demands of those constituencies in its organisational environment that require support for their existence (Pfeffer and Sadancik, 1978). The strategic constituencies' approach to organisational effectiveness reflects that every organisation has several constituencies with different degrees of power. Therefore, effectiveness is defined in terms of the degree to which the expectations and requirements of the strategic constituencies are satisfied by the management of the firm. In order to ensure the survival of the firm, it is first important to identify the constituencies, which can cause threats to the organisational survival (Pfeffer and Sadancik, 1978). Pfeffer (2005) believes that implementing the strategic constituencies approach could be helpful for organisations to minimize the impact of strategic constituencies on the organisational operations, which is ultimately helpful in enhancing organisational effectiveness. This approach is favourable where constituencies have a large amount of influence on the organisation, and the constituencies' demands must be responded to promptly by the organisation (Cameron, 1984). Robbins (1990) argues that there are two main problems with this approach: it is extremely difficult to segregate strategic constituencies from a large organisational environment, and it is almost impossible to identify what is expected from an organisation by its strategic constituencies.

The fourth and last approach, which this thesis has used as its foundation, is the Competing Values Framework (CVF), which offers an integrative perspective (Quinn and Rohrbaugh, 1981, 1983). This approach is based on assumption that:

'There is no best criterion for evaluating an organisation's effectiveness. There is neither a single goal that everyone can agree upon nor a consensus on which goal takes precedence over others. Therefore the concept of organisational effectiveness itself is subjective and the goals that an evaluator chooses are based on his or her personal values, preference and interest.' (Robbins, 1990:78)

The CVF was developed initially by Quinn and Rohrbaugh (1983) from research conducted into the major indicators of effective organisations (Campbell, 1977). The main premise behind the CVF is that organisational effectiveness depends on the organisation's ability to satisfy multiple performance criteria based on four value sets (Quinn, 1988; Cameron and Quinn, 2006). They argue that the CVF is the best model available in organisational research to help organisations plan and manage major change.

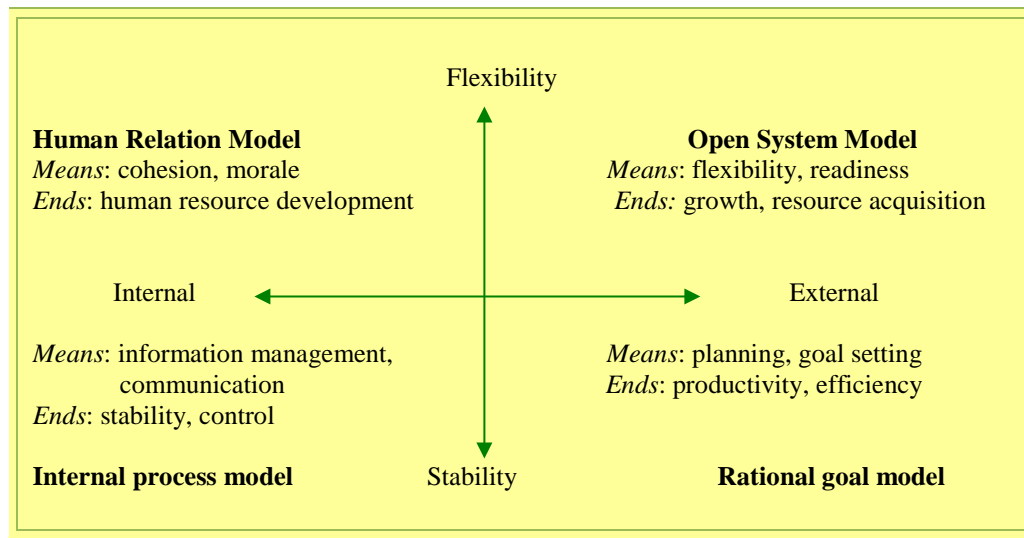
Researchers have used this framework for different purposes. The research conducted by Quinn and Rohrbaugh (1981), using Campbell's (1977) thirty organisational effectiveness criteria resulted in the formulation of three sets of competing values:

- 1- Control versus Flexibility
- 2- Organisation versus People
- 3- Means versus Ends (Quinn and Rohrbaugh, 1981)

The first axis reflects the extent to which an organisation has a control orientation, running from emphasis on control to emphasis on flexibility. The second, shown as the horizontal axis, concerns whether an organisation is orientated towards internal or external organisation or, in another words, emphasis on the well-being and development of people in the organisation versus emphasis on the well-being and development of the organisation itself. The final dimension is related to organisational means and ends, spanning an emphasis on an important process, for example, planning and goal setting, to an emphasis on final outcomes, for example, resource acquisition. This approach shows that people within the organization have different goals which are based on their preferences, personal values and interests, therefore, there is less chance that they can develop a consensus about which goal should be given preference over another.

This study adopted this framework to measure the organisational effectiveness of organisations from a subjective perspective in this study. Figure 2.5 shows how the three dimensions produce four quadrants, each representing a distinct model: the Human Relation Model, the Open System Model, the Rational Goal Model, and the Internal Process Model (Cameron and Quinn, 2011).

Figure: 2.5: Competing Values Framework



Source: Cameron and Quinn, 2011

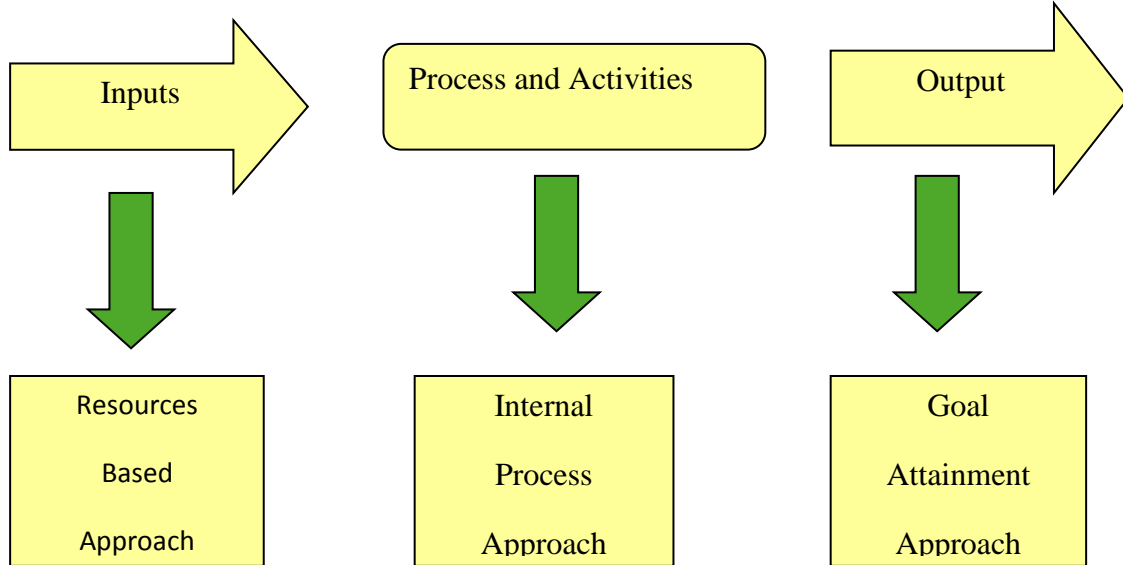
2.5.5 Measuring Organisational Effectiveness

As already mentioned, in order to understand organisational effectiveness what is required is first to understand an organisation's goals and objectives, since they are the means of an organisation's existence. As Daft (2001) mentioned, organisational effectiveness can be evaluated by looking at how an organisation is attaining its multiple goals, both official and operative. In general, it is managers who define the factors through which to measure the effectiveness of an organisation. While many organisations still use traditional effectiveness indicators such as productivity, many top managers in leading organisations are now using new factors such as customer satisfaction or employees' happiness. Some of these measurement methods are mentioned below.

➤ **2.5.5.1 Contingency Approaches (Daft, 2001)**

The contingency approaches have been viewed as one of the most comprehensive methods of measuring effectiveness introduced since 1957. The approach has gained popularity among scholars because effectiveness is measured in different stages and not only by final output or how the system works. They consist of three approaches, namely a ‘resource based approach’, an ‘internal process approach’ and a ‘goal approach’. These integrative approaches generally measure effectiveness by looking at an organisation as one united system, which encompasses several stages, bringing resources in from the environment, transforming them, and delivering them back to the environment.

Figure 2.6: Measure of Organisational Effectiveness by Using Contingency Approaches



Source: Daft, 2001, p64-65

Goal Attainment Approach

The goal attainment approach measures effectiveness by measuring an organisation’s output, which can be financial (profit and market share) or non-financial (customer satisfaction), and whether or not it has managed to achieve its desired goals and objectives. The approach measures effectiveness by comparing what has been achieved with what the organisation hoped to achieve. As mentioned before, it is difficult to measure effectiveness using official goals as they are normally very abstract, whereas using operative goals usually proves more productive. This approach has gained popularity among business organisations as it is easier in such

organisations to measure output goals by evaluating their profitability, growth, market share, and return on investment. As mentioned previously, however, there are some major problems with this approach such as goal multiplicity and the challenge of how to distinguish operative goals and measure goal attainment.

Generally speaking, business organisations use objective indicators such as profit or growth to measure effectiveness through goal attainment approach. Nonetheless, subjective indicators are equally important in order to measure other goals such as employees' welfare and corporate social responsibility. Sometimes, quantitative data is not easily available to measure effectiveness and therefore top managers rely on subjective perceptions of goal attainment such as information from customers, competitors, suppliers and employees (stakeholders). In the case of this study, financial data was not available, for reasons mentioned previously and therefore the researcher was forced to base the analysis of effectiveness on information received from people involved in the organisations in the sample. Therefore, for this main reason the researcher was not able to use the contingency approach for measuring organisational effectiveness.

The Resource-Based Approach

The resource-based approach evaluates effectiveness by looking at how an organisation obtains and manages its resources (inputs). It looks at the process of obtaining valuable and scarce resources such as financial and human resources, and raw materials. It also looks at how organisations manage them, including their ability to use tangible resources (people) and intangible resources (knowledge) on a daily basis, and the ability of an organisation to respond accurately and appropriately to changes in the environment. This approach is favoured where other indicators of effectiveness are unavailable or difficult to measure.

Internal Process Approach

The third of the contingency approaches is the 'Internal Process Approach' or 'Maintenance Model' (Bennis and Nanus, 2004; Nadler and Tushman, 1980) which is based on assessing internal factors such as efficiency and internal health, in order to measure effectiveness. According to this approach an effective organisation is one, which is smoothly run and has well organised processes where employees are working as a team and productivity is high. It also takes into account whether employees are happy and satisfied. In this approach, the external

environment does not play a role and therefore the main focus is what an organisation does with its resources in its internal processes in order to become effective.

Human relations play a crucial role in the Internal Process Approach, as there is a direct relation between human resources and organisational effectiveness. The approach is based very much on subjective, rather than objective assessments of organisational effectiveness.

In the internal process model outlined in his book, Daft (2001) draws up seven indicators of organisational effectiveness:

- 1- Teamwork, loyalty and team spirit.
- 2- Strong organisational culture and positive working climate.
- 3- Trust and open communication among employees.
- 4- Decision making according to information regardless of where the source of information is located in the organisation's chart.
- 5- Proper and undistorted vertical and horizontal communication and sharing relevant information among employees.
- 6- Systems of reward and punishment to show appreciation to those people who create an effective working group.
- 7- Finding solutions that serve an organisation's interests, as conflict may arise over a project, or through interaction among different parts of the organisation.

(Daft, 2001, p. 68)

Internal processes can be very important to organisations, for creating a harmonious use of resources and internal functioning in the organisation as a way of measuring effectiveness. According to Deal and Kennedy (1982), committed, conscientious and happy employees as well as a strong organisational culture can help an organisation to be more effective in the long run. However, this approach also has its own shortcomings. The main limitation being that it completely ignores the relationship between the external environment and the organisation's

total output. As mentioned before, evaluation in this approach is mainly subjective as many factors in an organisation's internal process are not quantifiable.

Overall, contingency approaches were very promising methods for measuring organisational effectiveness for this study and it was considered at the beginning of the research. However, due to many reasons including organisations' unwillingness to provide the researcher with solid information and data and as this approach at some level required objective data for analysis the researcher decided to use other methods of measuring organisational effectiveness, in particular the CVF. However, it is worth mentioning that some aspects of the internal process approach is quite clearly visible in the CVF method and this research makes best use of these elements in measuring organisational effectiveness and in that sense the researcher contributes to the strength of measuring organisational effectiveness.

➤ *2.5.5.2 Balanced Effectiveness Approaches*

Similar to the Contingency Approaches, 'Balanced Effectiveness Approaches' also measure effectiveness by looking at multiple aspects of an organisation rather than focusing on just one. However, contrary to contingency approaches, balanced approaches are very much based on subjective information, in particular the CVF, and that was why it was chosen for this study. In these approaches, various indicators of effectiveness are brought together and presented in a single framework. There are two main Balanced Effectiveness Approaches, namely the 'Stakeholder Approach' and the 'Competing Values Framework'.

The Stakeholder Approach

Stakeholders are groups of people who are either directly or indirectly related to an organisation, such as suppliers, managers, and customers. They can be divided into two groups: internal stakeholders (owners, managers and employees) and external stakeholders (suppliers, customers and government). As each group of stakeholders has different interests in the organisation, the criteria of effectiveness are different for each of them. Each group's satisfaction can be considered to be an indicator of an organisation's effectiveness to that set of people.

Daft (2001), in his research on ninety-seven small businesses in Texas, identified the different perceptions of effectiveness held by seven main groups of stakeholders.

Table 2.15: Stakeholder's Effectiveness Criteria

Stakeholder group	Effectiveness criteria
Owners	Financial return
Employees	Workers' satisfaction, pay, supervision
Customers	Quality of goods and services
Creditors	Creditworthiness
Community	Contribution to community affairs
Suppliers	Satisfactory transactions
Government	Obedience to laws and regulations

Source: Daft, 2001

The main advantage of the stakeholder approach is that it takes into account factors from the external environment as well as from within the organisation. According to this approach there is no single best measure of effectiveness. It views effectiveness from different perspectives by measuring criteria such as input, internal processing and outputs, and for that reason, the approach is gaining popularity. Nowadays, managers care about an organisation's reputation because, if it performs poorly with respect to certain stakeholders' interests, it may not be able to achieve its goals in the long run. They need to make sure that satisfying some stakeholders' interests does not result in others' interests being neglected.

The Competing Values Framework Approach

Since its introduction in 1983, the Competing Values Framework has been widely used by managers and researchers due to its comprehensiveness in measuring effectiveness (Helfrich, *et al.*, 2007; Kock and Merwe, 2009). The approach has been developed by taking into account the diverse performance indicators introduced by other researchers. Quinn and Rohrbaugh (1981, 1983) studied about the cultural type where they devised terminology and models to be used in identifying types of culture. (i.e. human relations model, open system model, rational goal model, and internal process model). The Competing Values Framework (CVF) is a method that can be utilized to evaluate the effectiveness in an organization by looking at cultural aspects of that organisation (Cameron and Ettington, 1988). It is considered that stability in an organization is a positive factor where, at the same time, organisations are expected to be flexible and adapt for change. Further, it is necessary to have growth and new resources for an organization to survive, however, it needs to be done with a significant level of communication and formality (O'Neill and Quinn 1993).

Additionally, CVF can be used as a method to evaluate organisations in different stages of the life cycle (Quinn and Cameron, 1983) as organisations in the modern era are changing from open system with human contacts to internal process and rational goals. Therefore, objective achievement and the results become basic criteria to evaluate the effectiveness of an organisation striving to achieve stability. CVF is a valid and concentrated way to evaluate effectiveness by examining the main values of an organization (Kwan and Walker, 2004; Cameron, *et al.*, 2006; Hartnell, *et al.*, 2011).

As mentioned before, Quinn and Rohrbaugh (1981, 1983) devised the CVF by studying 30 measurements that were used in identifying organizational effectiveness in past empirical studies. The outcome was the three dimensional model of organizational effectiveness comprising of focus, organizational structure, and ends-means. When carefully evaluated, there were four models identified in the three-dimension model namely open systems model, human relations model, internal process model, and rational goal model (Quinn and Rohrbaugh, 1981; Cameron, *et al.*, 2006).

The human relations model in the first quadrant in the upper left corner of the diagram values flexibility and internal focus and is concerned with employees and environment. In this mode the development of human resources is a major concern of management and normally managers try to provide equivalent opportunities to every employee to help them develop. The main elements in this model are cohesion, teamwork, morale and training (Cameron, *et al.*, 2006; Cameron and Quinn, 2011). The 'Open System' model in the upper right corner of the diagram values flexibility and external focus, which is similar to the 'System Resource Model'. In this model the main management goals are growth and resource acquisitions, achieved through emphasis on a good relationship with the environment. The main elements in this model are readiness, innovations and a positive external environment (Cameron, *et al.*, 2006; Cameron and Quinn, 2011).

The Rational Goal Model in the lower right part of the diagram values stability and external focus, which is very similar to the Goal Attainment Model outlined before. In this model the main priorities are productivity, efficiency and profit. The managers' main concern is how to achieve the optimum output in a controlled system. In order to achieve an organisation's optimum goals managers use tools such as internal planning and goal setting. Finally, the

Internal Process Model in the lower left part of the diagram values stability and internal focus. The main priority in this model is to maintain a stable organisation that is well established in its environment and can hold its position in the long run. In order to be a stable organisation managers need to make sure the organisation has a good means of communication (vertically and horizontally) as well as appropriate methods of decision-making and transferring information (Cameron, *et al.*, 2006; Cameron and Quinn, 2011).

In the CVF approach all four competing values exist simultaneously but some have more value and are prioritised over others. Another thing that marks out the CVF from other approaches is that it shows how organisations may change according to shifts in environment and leadership or depending on the position in their life cycle from youth to maturity to decline (Quinn and Cameron, 1983).

By utilizing CVF, questions in the organizations can be identified and answered based on different views (Quinn, *et al.*, 1990). This study adopts CVF as a measurement method for measuring organisational effectiveness in this study as well as using Camron's (1986) study, which is also based on CVF. There are several reasons for choosing the CVF as a base model for this study, one of which is that CVF helps measure organisational effectiveness by investigating the organisational culture of the organisations and as this study intends to investigate the impact of organisational culture on organisational effectiveness it proved the best and most suitable method for this study. Furthermore, CVF helps an organisation to identify the effectiveness of their objectives where the analysis can be done in a simple and easy to understand way (Cameron, *et al.*, 2006; Hartnell, *et al.*, 2011). Moreover, diagrams generated give a platform to address issues related to organizational effectiveness and performance (Quinn *et al.*, 1991; Hartnell, *et al.*, 2011).

2.5.6 Impact of Organisational Culture on Effectiveness

A benchmarked study in the field of evaluating the relationship between organizational culture and effectiveness was a conducted in 1982 with Peters and Waterman's *In Search of Excellence*. There are ample definitions for organisational culture where it was defined by Deal and Kennedy (1982) as a set of values of the organisation that are used in dealing with structures, people and motives of the organisation, which affects the behaviour of individuals within the organization,

and consequently influence organisation performance and success. Schein (2010) states that organisational culture is the answer for many organisational issues, where even newcomers to the organisation also need to be educated about the organisational culture to fit into the existing method of problem solving.

Frost (1985) identifies the organisational culture as the glue holding together several components and he defines culture as the way in which activities are carried out in organisations including decision-making. Moreover, investigations have proved that participatory decision-making improves the performance of the organisation. (Denison, *et al.*, 1995; Denison, *et al.*, 2004). Furthermore, organisational culture, consisting of the components strengths, adoptability and ability to respond, also act as a predictor of organisational performance. (Gordon and DiTomaso, 1992; Kotter and Heskett, 1992; Lejeune and Vas, 2009; Demir, *et al.*, 2011). Cultural strength according to Luthans (1995) totally depends on two main factors, namely, sharedness and intensity. Sharedness is generally related to homogeneity in which all members of the organisation share the same core values. On the other hand, intensity is related to organisation members' commitment to those values. A connection can be observed between an in-depth culture and the organisation's effectiveness.

Boggs's (2004) studied the results of 22 studies of organizational culture and effectiveness and concluded that there is a connection, which exists between the two phenomena. Strong cultures consist of members who hold shared values, traditions and beliefs and it act as an important need to retain the performance (Deal and Kennedy, 1982; Peters and Waterman, 1982; Demir, *et al.*, 2011). Furthermore, the culture-effectiveness concept has attracted many scholars and researchers (Cameron, *et al.*, 2006; Hartnell, *et al.*, 2011). Scholars such as Martin (1992), who introduced the three paradigmatic perspectives, namely integration, differentiation, and fragmentation, study culture-effectiveness in terms of these three perspectives. She notes that integration studies, 'make claims that culture characterised by consistency, organisation-wide consensus, and clarity will lead to greater organisational effectiveness, as indicated by greater cognitive clarity, commitment, control, productivity and profitability.' (Martin, 1992, p. 104). On the other hand, the other group of researchers, as Martin notes, are those who believe that a differentiation perspective can help organisations to improve effectiveness:

'some differentiation studies claim that, because of inconsistencies and a lack of organisation-wide consensus, supposed benefits do not occur. Other differentiation studies question the wisdom and ethics of values engineering for profit. Finally, some differentiation studies see conflict expression as constructive- a different approach to deciding what effectiveness might be.'
(Martin, 1992, p.104)

In the third perspective, fragmented studies' ambiguity plays a crucial role and varies from one organisation to another. This kind of study always encompasses different opinions on the effect of ambiguity on performance, whether positive or negative, and those who believe in the benefit of ambiguity are not agreed on whether it should be controlled, or not. Nonetheless, other types of fragmentation study try to avoid the argument about whether there is a link between ambiguity and effectiveness and, instead, try to look at ambiguity as an inevitable attribute of life. Eventually, Martin (1992) notes that this perspective is appropriate for analysing those public sector organisations that continually change.

However, generally speaking as Broadfield *et al.* (1998) argue, there is a shortage of empirical and academic evidence to support the idea that there is a strong relationship between culture and organisational effectiveness (Gregory, *et al.*, 2009; Zeheng, *et al.*, 2010; Hartnell, *et al.*, 2011). An illustration of such studies is the study of Peters and Waterman (1982), in which they did not find any logical and rational link between culture and performance. The two main problems in the Peters and Waterman study were, firstly, their measurement methods have been questioned by other researchers and, secondly, those companies used as an example of successful and prosperous companies were actually having serious financial problems (Broadfield *et al.*, 1998). Moreover, Gordon and DiTomaso (1992) note that having a strong culture in an organisation, as Deal and Kennedy argue, as the basis for long term success, is the important factor for achieving short term success (Denison, *et al.*, 2004).

2.5.7 Organizational Culture and Effectiveness Using the Competing Values Framework in the Present Study

CVF is a frequently used tool for identifying features of culture that affect organisational performance (Cameron, *et al.*, 2006; Cameron and Quinn 2011; Hartnell, *et al.*, 2011). Research

shows that different features of the organisational culture create a significant impact on organisational effectiveness, therefore, these features are given particular importance by the management of the organization in order to enhance and measure the organisational effectiveness (Yeung, *et al.*, 1999; Dension, *et al.*, 2004; Demir, *et al.*, 2011).

For analysing organisational culture and organisational effectiveness, Hatch (1997) introduced two perspectives, namely, Interpretivist and Modernist. Researchers in the Interpretivist perspective, by using ethnographic observation, study artefacts and symbols in the situation in which they occur and let organisational members use them in their own way. The modernist perspective, on the other hand, has a different view of culture. Researchers in the modernist perspective have an aim to provide general knowledge that can be applied across cultures, which in their view, would be more efficient and practical than the Symbolic perspective. (Hatch, 1997, p. 232). Quinn and Rahrbaugh's (1984) competing values framework also follows the modernist perspective, by saying that organisational effectiveness is subjective, and that goals preference is based on personal values and interests (Cameron, *et al.*, 2006; Cameron and Quinn, 2011). They identified as the basic sets of competing values: 1- Flexibility vs. Control, 2- People vs. Organisation, and 3- Means vs. Ends.

There are two common assumptions regarding the CVF model. One of the assumptions is that it believes that congruent cultures are necessary for organisational success and the other assumption is that organisations having consistent and supportive organisational cultures are better performing than other, which does not have such a culture. The Organisational Culture Assessment Instrument (OCAI), which was designed by Cameron and Quinn is based on CVF, and uses two out of the three dimensions that are used in CVF and it is used to identify the current organisational culture in comparison to most desired organisational culture type. Further the model uses two dimensions namely flexibility and discretion versus stability and control and internal focus and integration versus external focus and differentiation. The two axes are used to develop a matrix with four quadrants representing cultural subsystems namely hierarchy, clan, market, and adhocracy.

Furthermore, CVF states that the organisational effectiveness is dependent upon organisation's capability to reach desired results in every cultural type (Cameron, *et al.*, 2006). If the organisation is capable of achieving the desired results in every cultural type then it shows that it

is performing effectively (Christensen and Overdorf, 2000; Kock and Merwe, 2009, a, b). While developing an organisational development intervention, a diagnostic model needs to be used to visualize where the CVF can be utilized to evaluate the impact of the organisation's culture on organisational effectiveness (Kwan and Walker, 2004). By using this framework, organisational values and beliefs that are connected to the effectiveness of the organisation can be identified while developing strategies based on the culture types identified by the model (Hartnell, *et al.*, 2011). The CVF also indicates organisational stakeholders' views about the organisational effectiveness. The views of the key stakeholders are crucial because without ensuring the satisfaction of its stakeholders, the organisation cannot achieve effectiveness (Fedor, *et al.*, 2001).

This study adopts the CVF as its main methodological framework because of the methodological advantages that the CVF provides for the researcher to investigate organisational culture and organisational effectiveness from multiple perspectives rather than one perspective such as productivity or goal achievement only.. So far in this chapter the researcher has explained the concepts of organisational culture and organisational effectiveness as well as exploring the concept of national culture as the one of the major elements that has an impact on organisational culture. The next part is dedicated to the concept of leadership style as it plays an important role in the relationship between organisational culture and organisational effectiveness. Although, there are countless studies of the relationship between leadership style and other concepts including organisational culture and organisational effectiveness, there is a lack of empirical studies that show the impact of leadership style on the culture-effectiveness relationship as a mediator which this study intends to address. Therefore, the next section intends to review the leadership style literature in order to provide deeper knowledge of this concept.

2.6 Leadership Styles

This section of the literature review chapter is focused on discussing the different leadership styles and identifying the relationship between leadership styles, organisational culture and organisational effectiveness. It is important to know what is known and understood about leadership style before we can further analyse the relationship of leadership styles with other organisational components such as organisational culture and organisational effectiveness. There are many leadership theories some of which have existed since 100 years ago and these theories

include 1- Great man (1900), Behaviour-Triats theories (1960), Charismatic leader (1970), Contingency/Situational theories (1960-1980), Transactional/Transformational theories (1980) and System leaders (1990). However, this part of the literature review intends to examine only those leadership theories that are related to this study namely situational theories, and transformational and transactional theories. Furthermore, the different leadership styles including transformational, transactional and passive leadership styles have been discussed in this section.

2.6.1 Importance of Leadership for Modern Organisations

Leadership always plays a significant role in the growth and development of any organisation (Adamson and Dornbusch, 2004). The leaders in the professional business environments guide employees and closely monitor their performance in order to ensure that the employees are directed towards the achievement of specific organisational goals and objectives (Landrum, *et al.*, 2000). Lawler (2003) believes that there is a positive relationship between effective leaders and appropriate leadership styles, employee motivation and staff performance. The effective leaders are leading the employees especially during difficult times and guide their followers in order to overcome problems and challenges (Grojean, *et al.*, 2004).

Miroshnik (2002) stated that leadership is very important nowadays for business organisations because they are operating in an era where business environments are changing on a very rapid basis. This requires timely and accurate decisions, which can be taken by the leadership of the company considering the situation and business requirements (Avolio, *et al.*, 2003). The effective decisions taken by the leaders enable the organisation to cope with business challenges and perform effectively (Walumbwa and Lawler, 2003). However, it is essential that leaders be proactive and are capable of taking responsibility for their decisions (Landrum, *et al.*, 2000). It is a fact that nearly all the academic researchers and scholars are agreed upon the fact that effective leadership is crucial for the success of any business; however, the people from the world of academia are interested in identifying what are the leadership styles, which can be helpful to achieve the desired results (Jung, *et al.*, 2003). There are various opinions among researchers on this topic, which shows that leadership styles can be adopted and transformed according to the requirements of the organisation (Walumbwa, *et al.*, 2004).

Bass and Avolio (1995) believe that any organisation, regardless of its size or industry it operates in, which needs to achieve specific objectives and ensure the motivation and satisfaction of the employees requires effective leaders who can play their role in order to ensure the achievement of desired goals and objectives. However, in studies conducted in different industries it has been highlighted that the transactional style of leadership in industrial organisation is more effective than the transformational leadership style (Dasmalchian, *et al.*, 2001). However, in service based organisations, transformation leadership style is preferred because it enhances job satisfaction and encourages staff to make extra effort in order to achieve the specific objectives. The laissez-faire style is usually adopted by leaders with low education attainment and lack of management experience (Walumbwa and Lawler, 2003). These leaders can never ensure staff motivation and commitment in the professional working environment. The next section will contain detailed information regarding leadership style which will be helpful in understanding different styles of leadership.

2.6.2 Situational Theories

Situational theory assumes that the best leadership theory is the one that discusses the interaction between the leader's traits, the leader's behaviour and the situation that the leader is in. According to McGregor (1960), the theoretical models X and Y introduced two opposite perceptions of human nature: one positive designated as "theory Y" and other negative and designated as "theory X". The theory is based on the presumption that the behaviours of managers themselves are derived from their perception of employees. Therefore, theory X includes a negative presumption that not all employees like their work and that they will avoid it by any means possible. In this situation, the behaviour of managers is focused on control, guidance and influencing the employees within the scope of their tasks and assignments. On the other side, theory Y assumes a positive perception of human nature. Accordingly, the employees in this scenario are positively oriented toward their work duties. In addition, the managers' behaviour is filled with encouraging, positive and rewarding activities.

In situational leadership theory introduced by Guest, *et al.* (1977) it is argued that leadership behaviour normally falls into two main domains: 1- those leaders that are concerned about the task (Task orientated), and 2- those leaders that are concerned with relationships (employee or relationship orientated). This behaviour is labelled as delegating, participating, selling and

telling. Based on this theory it could be deduced that the life cycle of employees divides into 3 stages in which at the beginning and when employees are young there is a need for leader that is task orientated whereas when they grow older or become mature there is a need for a leader with a relationship orientation (socio-emotional support) and less task and structure orientation. Finally, beyond a certain level of maturity there is a need for a leader who combines both as a balance

This theory, in order to define leader effectiveness, considers two variables: 1- leadership style and 2- the degree to which the situation in which leaders are operating is favourable for influence (Fiedler, 1967). In fact, the concept of situational favourability or how a leader influences followers, introduced by Fiedler, was defined as a combination of leader-member relationship, task structure and power.

On the other hand, what path and goal theory, which is derived from the expectancy theory of motivation, suggests is that the leaders' behaviour will have a major impact on employees' motivation and satisfaction (House and Mitchell, 1974). House and Mitchell (1974) argue that in order to achieve higher employee satisfaction, leaders should clarify goals for employees as well as explaining the paths for achieving them. They further argue that the importance of followers emerged in leadership studies and leadership acts as a mediator or interaction between the goals of the followers and leaders. Furthermore, path and goal theory suggests that leaders themselves are to take responsibility for assisting their followers in developing certain behaviour, which will allow them to achieve planned objectives and desired results (House and Dessler, 1974). The influence that a successful leader can express through appropriate behaviour includes 1- The structure of the tasks; 2- The followers' autonomy; 3- The followers' motivation

Vroom and Yetton (1973) additionally developed the Vroom-Yetton leadership model. This is actually a model based on the decision making process and a presumption that a highly efficient leadership style when it comes to the decisions issue includes the choice between two goals: 1- making a decision of an appropriate quality, or 2- focusing on acceptance of the decision by subordinates. When it comes to the other theories about leadership, which are derived from this work, we have to mention the vertical dyad linkage theory or the leadership-exchange theory (Graen, 1976). With this theory, the relationship between leaders and followers is explained in such a way that these relationships actually influence the leadership process itself. It is worth

mentioning that the relationship between a leader and certain groups may influence the type of work, which is assigned to these groups. In addition, they have found its value in dealing with the relationship between followers and leader on the individual level.

Herzberg (1964) makes a differentiation among elements of the workplace, which can influence an employee's satisfaction or dissatisfaction. The elements that cause satisfaction include motivators due to the simple fact that the employees are motivated to reach them. The additional set of 25 elements Herzberg marks as hygiene factors, because they are essential in preventing employee's dissatisfaction. The connection of this theory to the leadership is in its potential to provide leaders with an insight into processes, which can reduce dissatisfaction and create an environment where employee's satisfaction and performance can be increased.

The situational theory is the root of transactional-transformational theory that was introduced by Burns (1979) and Bass (1985). Therefore, it was necessary to explain situational theories in order to understand the nature and root of transactional and transformational theory as well as how it is emerged from situational theory.

2.6.3 Transactional - Transformational Theory

Among all theories of leadership that relate to effective organisational change, the most prominent theory is transformational-transactional. In the study of leadership Burns (1979) conceptualised transformational and transactional leadership styles in order to differentiate between ordinary and extraordinary. Burns argues that transactional leadership is based on conventional exchange relationships, similar to a contract between two people, in which in one party, the follower, provides labour, productivity and loyalty in exchange for expected rewards, whereas, in transformational leadership the main concern of leaders is to improve followers' consciousness level about the importance of work and value of the outcomes as well as how to achieve them. Furthermore, leaders try to motivate followers to exceed their self-interest in the work in order to achieve higher outcomes for the sake of the mission and vision of the organisation.

Leaders are hoping that by engaging followers emotionally, intellectually and even morally to encouraging them to develop their skills they will perform beyond expectation (Bass, 1985).

According to Burns (1979) leaders in transformational leadership in order to achieve the organisation's objectives and strategies engage in the process of promoting influential and major changes in organisational attitudes. On the other hand, Bass (1985) argues that in transactional leadership leaders create the organisational culture for the organisation based on existing rules and procedures while transformational leaders change the culture based on a new organisational vision and create new assumptions, values and norms. For example, if an organisation requires an adaptation of the new technology, the role of leaders is critical in the success of the changes required. Bass (1985) based on Burns's (1979) argument developed a model of transformational and transactional leadership which since the introduction of the model has gained major popularity among scholars.

➤ 2.6.3.1 Leadership Styles

In this section, the information about the different leadership styles that are derived from the transactional-transformational theory of leadership and used in this study has been provided. It would be more appropriate for the organisational leaders to adopt the leadership style that can help them to lead the people effectively and ensure improvement of employees' motivation and commitment essential to achieve the desired level of performance (Cable and Judge, 2003). According to Smith (2004) leaders should adopt the leadership style that helps them to gain the trust and confidence of the followers and reform their attitudes and behavior at the workplace. The leadership style should also encourage effective communication among all levels of employees in order to minimize misunderstanding and improve the overall efficiency of the business operations (Jandaghi, *et al.*, 2009). Research shows that when trust is established among all levels of employees they are ready to act according to the instructions and guidelines of their leaders (Denison, *et al.*, 2004).

The most commonly discussed leadership styles include transactional, transformational and passive/avoidant (Bass, 1985; Avolio, 1999; Avolio and Bass, 2004; Jung *et al.*, 2003). They are presented through the relationship between transactional and transformational leadership theory. This practically means that transactional leadership assumes more traditional perceptions of employees and organisations. In addition, this leadership includes the power elements of the leadership. Nevertheless, it investigates the models, which can contribute to motivation of the

followers through the satisfaction of the higher positioned needs and including them in the working processes (Bass, 1985).

Transactional Leadership Style

The transactional leadership style is widely discussed and research shows that transactional leaders in business organisations motivate their employees with different kinds of rewards in a relationship based on exchange (Dale and Marilyn, 2008). So the relationship between a leader and members is entirely based on rewards. The rewards are given to the employees on the basis of their performance by leaders as described in a formal contract. Employees only perform effectively and demonstrate the desired level of performance when they are getting the rewards and the relationship expires when the defined contract has expired. (Zacharatos, *et al.*, 2000; Schimmoeller, 2010). If the leadership is not able to deliver the promised rewards then it will negatively affect the performance of the staff members (Adamson and Dornbusch, 2004). These relations are terminated according to the contract's regulations analogy where the structure of rewards is jeopardized by the delays of rewards themselves. The transactional leaders are usually communicated to their followers in order to explain that how desired tasks can be done and what kinds of rewards they will receive after the completion of the tasks.

Transformational Leadership Style

What distinguishes transformational leaders from transactional leaders is the very idea which is created by transformational leaders with the purpose of motivating their subordinates (Burns, 1978). Transformational leaders create a vision which motivates and inspires the followers and encourages them to perform according to expectations (Bass and Avolio, 1994; Jandaghi, *et al.*, 2009). The transformational leadership style within the organisation increases the motivation and confidence of the followers, which is essential in order to obtain the desired level of performance from them (Howell and Avolio, 1993; Bass and Avolio, 1994; Jung, *et al.*, 2003). The transformational type of leadership influences teams through the positive movements on Maslow's Hierarchy of Needs where the basic needs are transformed to the higher level needs such as achievement and confirmation (Bass, 1985). These leaders are genuine generators of transformation of their own and the organisation's visions on the membership level (Howell and Avolio, 1993). Transformational leaders can have long-lasting positive influences on the

organisation's structure and effectiveness in comparison to the transactional leaders, because their influence is strictly determined by the contract relations with the members (Yukl, 2002).

Passive Leadership

Passive leadership can be defined as a combination of passive management by exception and laissez-faire leadership (Bohn and Grafton, 2002; Avolio and Bass, 2004). There are some researchers who believe that passive leadership can hurt the organisation significantly (Landrum, *et al.*, 2000) and that it is the least satisfying and least effective of the three leadership styles (Bass, 1990; Avolio and Bass, 2004). The laissez-faire style of leadership results in interpersonal conflicts among the staff members, role ambiguity, role conflict and psychological distress at the workplace (Bass, 1990, a, b; Lok and Crawford, 2004).

2.6.4 Leadership Styles, Organisational Culture and Organisational Effectiveness

Research shows that in the changing business environments, organisations are trying to achieve competitive advantage through the effective utilization of resources (Grojean, *et al.*, 2004; Dension, *et al.*, 2004; Cameron and Quinn, 2011). The effective utilization of financial and human resources enables firms to achieve operational efficiency and ensure customer satisfaction (Zacharatos, *et al.*, 2000; Desphande and Farley, 2004). It is generally accepted that human resource is the most important asset which any organisation possesses and if this resource is rightly utilized it helps a great deal in order to enhance the effectiveness of the organisational performance (Dale and Marilyn, 2008). Visionary and competent leaders are an important part of the organisational human resource (Denison, *et al.*, 2004; Schein, 2010).

According to Hennessey (1998), in order to identify the link between leadership and organisational effectiveness, it is first important to understand how organisational effectiveness can be achieved and what factors can play an important role in order to enhance it. Riketta (2002) mentioned that organisational effectiveness can be achieved through the implementation of innovative systems and processes, effective monitoring and evaluation of business strategies and management decisions and the introduction of the sound people related strategies. Research shows that organisational leadership in professional organisations is directly involved in the implementation of the internal systems, measuring the effectiveness of the organisational

decisions, creation of the effective culture and formulation of the human resource strategies for the employees working within the company (Walumbwa, *et al.*, 2004). Leadership also provides the necessary guidelines for employees that enable them to perform to meet customer demands and the requirements of the business. (Barling, *et al.*, 2000).

The effective style of leadership motivates team members and results in a high level of commitment, trust and motivation which impacts the overall performance of the firm in a significant manner (Landrum, *et al.*, 2000; Lok and Crawford, 2004; Cameron and Quinn, 2011). Ricketta (2002) has presented an important point of view and mentioned that effective leadership style results in motivation of the team members which is also helpful in enhancing customer satisfaction level and achieving improved financial and business performance.

2.6.4 Leadership Styles in Iran

In this section, the researcher discusses the studies undertaken in relation to leadership styles in Iran. The previous studies which have been conducted on leadership style in Iran show that understanding is quite limited (Aslankhani, 1999).

Iran is a Muslim country and as part of the Islamic culture, the employees working in Iranian organisations expect their leaders to be honest, visionary and generous (Bass, and Avolio, 1994). The national cultures of Iranian give value to moderately low uncertainty avoidance, power distance and societal collectivism (Dastmalchian and Javidan, 2003; Namazi, 2003; Ogunlana and Limsila, 2007; Yeganeh and Su, 2007). Charismatic leaders can help a great deal in order to reduce uncertainty; therefore, the preference is always given to the modest, concerned and self-effacing leaders (Dastmalchian, *et al.*, 2001; Yeganeh and Su, 2007; Mehrabani, and Mohamad, 2011; Marandi, and Abdi, 2011; Tojari, *et al.*, 2011). Iranian employees prefer leaders who can inspire and guide them and also provide care and affection to subordinates like a father (Javidan and Dastmalchian, 2003; Tojari, *et al.*, 2011). This is close to the transformational style of leadership which also shows why employees in Iran tend toward transformational leadership style. The research findings of many studies, which have been conducted on Iranian organisations, show that visionary and charismatic leadership is preferred by Iranians (Aslankhani, 1999). However, according to Mehrabani and Mohamad (2011) in the Iranian

public sector the autocratic leadership style is more predominant as power and authority is very centralized.

In a more recent study conducted by the students of the Islamic Azad University (IAU) in Iran, the results show that the transformational style of leadership is preferred by the majority of the employees working in the organisations in Iran (Bikmoradi, *et al.*, 2010). This study was conducted with more than 100 small and medium size organisations in Iran and it reflects that bureaucratic style of leadership is also common in some organisations mostly medium in size. This result indicates that the employees and managers working in Iranian organisations expect their leaders to be inspirational, visionary and willing to make sacrifices.

In a study to investigate, the effects of leadership styles and organisational culture on effectiveness in sport organisations in Iran Tojari *et al.* (2011) argue that the transformational leadership style shows significant positive influence on the effectiveness and organisational culture of those organisations. Whereas, transactional leadership style had indirect negative influence on organisational effectiveness and had indirect significant positive influence on organisational culture. This shows that the leaders who are ready to lead from the front and guide their followers in an appropriate manner are more likely to be successful in Iranian organisations (Golabi, 2003). Furthermore, that also shows that the motivation from the leader and his or her guidelines creates a positive impact on the performance level of the employees (Parsaju, *et al.*, 2009; Tojari *et al.*, 2011).

2.7 Theories of Organisation

So far in this chapter the researcher has tried to provide the background for all constructs that are involved in this study. In this section it was felt that it would be necessary to provide a brief background of the theories associated with the constructs used in this study. According to Shafritz, *et al.* (2011) the organisational theories classified into eight schools. The main criterion for this selection was the development level and type of approach of these theories.

2.7.1 Classifying Process of Organisational Theories

The table 2.15 emphasizes the key elements and background of those theories which are being used for this study. These elements include the organisational issues, results and methods of

research for the every school and its most distinguished representatives. Among them the two schools which had the most significant influence on the organisational theory itself: HR (Human Resource)/OB and Organisational/Environmental Theory. These two theories perceived the organisation as a structure based on rational and utilitarian elements. Additionally, HR/OB Theory puts a strong emphasis on correlation between the organisation and its employees.

The very first school, which examined the organisation as a primarily non-rational phenomena, was the School of Multiple Consistency. This point of view was integrated into Organisational Culture/Organisational Change School as well. This school treats the organisation as an entity with dominant legal, interests and negotiating elements. The HR/OB School provoked humanistic and optimistically oriented organisational theories. The results and conclusions of System/Contingency theory including Institutional School were heavily dependent on the objective, quasi-experimental approaches and analysis orientated toward quantity. However, later they evolved new concepts including the logical and pragmatic perception of the research results (Table 2.15).

The study of organisational effectiveness and organisational culture in this study by using the competing value framework (Quinn and Rohrbaugh, 1981, 1983; Cameron and Quinn, 2011) has its roots in the multiple constituencies' school of thought which has emerged from organisational culture and change theories. Moreover, the CVF adopts cultural definitions based on the functional, sociological tradition. The study of leadership style in this study is based on transformational and transactional leadership theories which have emerged from HR/OB and organisations and environment theories, situational and institutional theories in particular (Howell and Avolio, 1993; Bass and Avolio, 1994; Avolio, *et al.*, 2003; Avolio and Bass, 2004). The national culture part of this study has explored in general (Dorfman and Howell, 1988) and specifically through studies on Iranian management culture (Analoui and Hosseini, 2001; Dastmalchian and Javidan, 2003; Yeganeh and Su, 2007; Soltani and Wilkinson, 2011).

2.8 Gaps in the Existing Literatures

After revising and reviewing the literature related to the constructs of this study in this section the researcher has highlighted the gaps existing in current literatures related to concepts including organisational culture, organisational effectiveness and leadership style and this thesis

aims to tackle them. The identification of the gaps will also be helpful in highlighting the contributions of this study. First, as it was mentioned before generally there is a lack of studies focusing on the relationship among organisational culture, leadership style and organisational effectiveness particularly in different sized organisations in private sector.

Although, there are some very important studies on the subjects of leadership style, organisational culture and organisational performance and effectiveness (Ogbonna and Harris, 2000; Lok and Crawford, 2004; Schimmoeller, 2010; Tojari, *et al.*, 2011), but there is an absence of a comprehensive conceptual model that clearly shows the relationship between these concepts as well as taking into consideration national culture and organisational size (Gray, *et al.*, 2003; Baruch and Ramalho, 2006; Papadimitriou, 2007; Alvesson, 2010).

Secondly, there is no doubt that leaders are responsible for creating a workplace culture which could result in improved employee satisfaction and organisational performance (Schein, 2010), however, the leaders are required to consider the important factors including employees' situation, beliefs, values and assumptions, which are influenced by organisational culture, before selecting any particular style of leadership (Alvesson, 2010, 2012). Therefore, there is a need for study that explores which leadership style works best in different organisational cultures (Alvesson, 2010, 2012) and also the relationship of leadership style with the organisational culture-effectiveness relationship (Block, 2003; Schimmoeller, 2010; Parboteeah, *et al.*, 2005; Srite, and Karahanna, 2006; Tojari, *et al.*, 2011).

Furthermore, while there is extent body of literature and researcher on the relationship between organisational culture and organisational effectiveness (i.e., Cameron and Freeman, 1991; Denison, 1990; Quinn and Spreitzer, 1991), researchers pay inadequate attention to mediators and moderators that link organisational culture with performance and effectiveness (Denison 1990; Yilmaz *et al.* 2005; Gregory *et al.* 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*, 2011). Although, there are few studies which investigated the potential mediators, such as employee attitudes (Gregory *et al.*, 2009), customer and learning orientation (Yilmaz *et al.*, 2005) and knowledge management (Zheng *et al.*, 2010) with performance and effectiveness, this researcher has found no empirical studies focusing on the mediating impact of leadership style on the relationship between organisational culture and organisational effectiveness. Finally, there is a

lack of empirical studies on the moderating role of national culture and organisational size on the relationship between organisational culture, leadership style and organisational effectiveness.

Knowledge about the relationship among these factors would gain from this study would enhance the managers' ability to understand the complex phenomena encountered while doing business in this competitive market. This is vital for managers in both private sector and public

Table 2.15: Theories of Organisations (Adapted from Shafritz et al., 2011)

	Modern theories (leadership, cultural and effectiveness)					
Schools	Human Resource Theory/Organisational Behaviour Perspective	Theories of Organisations and Environments		Transformational/ Transactional	Multiple Contingency	Theories of Organisational Culture and Change
		Systems/ contingency (Situational)	Institutional theory			
Representative Theorists	Minzterberg (1913-22) Mayo Team (1933) Maslow (1943) McGregor (1957) McClelland (1966) Argyris (1970)	Katz and Khan (1966) Weick (1969) Bakke (1959) Albrecht, (1983) Robbins (1990)	Bass (1985) Bass (1990) Avolio (1999) Burns (1978)	Cyert and March (1963) Connolly, Conlon and Deutch (1980) Keeley (1983) Jensen and Meckling (1976) Day and Day (1977)	Cyert and March (1963) Connolly, Conlon and Deutch (1980) Keeley (1983) Jensen and Meckling (1976) Day and Day (1977)	Deal and Kennedy (1982) Peters and Waterman (1980) Pondy (1983) Schein (1985) Sergiovanni and Corbolly (1984) Sathe (1985) Kilmann, <i>et al</i> (1985)
View of Organisation	Rational Utilitarian. In co-depend relationship With employees	Rational Utilitarian. Complex organic system. Contingent approaches are needed	Non rational. inter-related with the environment	Non rational. Legal entity. Market of coalitions with negotiated order	Non rational. Legal entity. Market of coalitions with negotiated order	Non rational Made up of human assumptions, values and beliefs
Methods	Empirically derived observations. Normative/prescriptive assumptions	Qualitative analytical. Logical-positivist (cause-effect). Objective, quasi-experimental.	Empirically derived observations. Quantitative studies	Perceptual studies. Qualitative studies	Perceptual studies. Qualitative studies	Perceptual studies. Observation Qualitative and Quantitative studies
Result	Humanistic/Optimistic Organisational assumptions and theories	Contingency theories. Population ecology views. System theories. Comparative studies Statistical analysis	Relationship and management theories	Normative perceptual analysis.	Normative perceptual analysis.	Narratives and case studies.

sector, especially managers of private sector organisations in developing countries such as Iran who are trying to gain market share. In order to find the answers to these problems, the researcher has developed a comprehensive conceptual framework that explains the relationship between different types of organisational culture and leadership style and, consequently with organisational effectiveness in the context of private sector organisations. Moreover, the importance of national culture comes from its impact on managers' behaviour, which affects organisational culture and leadership style. In sum, revising and analysing the literature review revealed gaps in research in terms of framework, relationship among factors and additional factors that can help to better explain the relationship between these factors in private sector organisations.

The main aim of this study is to investigate the mediation impact of leadership styles and the moderating impact of national culture and organisational size on the culture-effectiveness relationship in private sector organisations in Iran. Although, this study is focused on private sector organisations operating in Iran, the findings from this study may be generalized to other developing countries especially countries in the same region.

2.9 Conclusions

In this chapter, the researcher has presented a review of the literature relevant to the research issues. It has outlined the theories underlying concepts of this research including national culture, organisational culture, leadership style and organisational effectiveness. The chapter has been divided into four sections and each section provided a brief history and definition of the concepts as well as different approaches related to the concepts. In addition, each section provided previous studies conducted related to the concept in the context of Iran.

In the above chapter, there are various concepts related to leadership style, organisational culture and organisational effectiveness have been discussed. The researcher has highlighted the importance of leadership in organisational studies. The effective leadership styles are helpful in cultivating quality in the organisational culture, which results in improved business performance and staff commitment. The discussion shows that leaders are responsible for creating an effective workplace culture and the leaders who are not successful in creating a quality culture can never achieve success in a changing business environment. The impact of leadership style on organisational effectiveness also has been identified through this research. The discussion reflects that organisational effectiveness is something which every leader wants to achieve but it requires commitment and devotion of the leaders.

Discussion of the culture-effectiveness relationship, leadership style, national culture and organisational size has led this researcher to identify the research issue that needs to be considered. Therefore, the gaps have been identified in the discussion of the literature. The first issue identified was that there is an absence of a comprehensive framework that clearly identifies the relationships among national culture, organisational culture, leadership style and organisational effectiveness. In order to fulfil this gap there was a need for investigating many different theories that explore the culture-effectiveness relationship. Most studies investigate the direct relationship between organisational culture and organisational effectiveness or impact of leadership style on organisational effectiveness or, even, the direct relationship between national culture, organisational culture and leadership style. However, there is a lack of a comprehensive model or study that attempts to bring all these constructs together and clearly identifies the relationship among them.

Secondly, there are many studies that look at the direct impact of organisational culture and organisational effectiveness but there is a lack of studies on the mediating and moderating impact of different factors such as leadership style, national culture and organisational size on the culture-effectiveness relationship. Therefore, in this chapter, the researcher has tried to investigate the nature and background of each construct as well as the relationship among them in order to be able to highlight the gap existing in the literature and also to be able to propose a comprehensive model based on previous literature to act as a guide for this study to achieve the research objectives. Finally based on those gaps the contributions of this study also have been highlighted.

Chapter Three

Model and Hypotheses

3.1 Introduction

In this chapter, the researcher develops the research hypotheses, which are conceptually related to each other by describing the dependent and independent variables used in this study. Based on the discussion in the previous chapter related to organisational culture, leadership style, and organisational effectiveness, the main issues that the researcher addresses in this study are: 1- The lack of conceptual models that show the relationship and effect of different organisational culture types on leadership styles and consequently on organisational effectiveness. 2- How the different organisational culture types could be connected to leadership styles by considering national culture and organisational size. 3- A surprising lack of knowledge regarding the effect of different organisational culture types on leadership styles and consequently on organisational effectiveness within different organisational sizes in private sector organisations in developing countries.

The main purpose of this chapter is to develop a general and comprehensive conceptual model that explains the relationship between the various types of organisational culture (Clan, Adhocracy, Market and Hierarchy), leadership styles (as a mediator) and organisational effectiveness by considering the moderating effect of national culture and organisational size. Its additional purposes are to present hypotheses based on this conceptual framework and finally to investigate the relationship between organisational culture type, leadership styles and organisational effectiveness in private sector organisations.

This chapter has been divided into twelve sections, which begin with the development of the framework for this study. Following this, the theoretical link between each of those constructs and the proposed conceptual framework and their relationships are discussed. Based on these associations and proposed conceptual framework the main research hypotheses are discussed and conclusions are drawn in the final section.

3.2 Framework Build-Up

The relationships between organisational culture types, leadership style and organisational effectiveness have their origins in the literature of organisational studies, organisation

behaviour (OB), and organisational change, which was first studied in the early 20th century. However, despite the growing number of studies in the field of organisational culture, leadership styles and organisational effectiveness, there has been very little empirical work done on the relationship between all of these factors (Van den Berg, and Wilderom, 2004; Schimmoeller, 2010; Tojari *et al.*, 2011). More specifically, there is a lack of studies on the mediating or moderating impact of different factors on culture-effectiveness relationship (Yilmaz, *et al.*, 2005; Gregory, *et al.*, 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*). There are very few studies that investigate potential mediators that have an impact on culture-effectiveness relationship, mediators such as employee attitude (Gregory *et al.*, 2009), knowledge management (Zheng, *et al.*, 2010) or learning orientation (Yilmaz, *et al.*, 2005). Also, other studies have attempted to investigate the mediating impact of organisational culture on the relationship between leadership style and performance (Ogbonna, and Harris, 2000), how the relationship between transformational leadership style and the climate for organisational innovation is mediated by organisational culture (Sarros, *et al.*, 2008), the relationship between transformational leadership style and organisational culture and their effect on business unit performance (Xenikou, and Simosi, 2006) or the effect of leadership style and organisational culture on job satisfaction and organisational commitment (Lok, and Crawford, 2004).

Therefore, this study aims to improve on prior research by providing empirical validation of the cultural model by determining its influence on leadership styles and organisational effectiveness focusing on national culture and organisational size as moderators. Moreover, this study includes the mediating role of leadership styles in its model. This study proposes that the different organisational culture types will promote different leadership styles based on organisational size and the national culture of employees, which also affects organisational effectiveness. Additionally, it shows how leadership style mediates the relationship between organisational culture type and organisational effectiveness.

3.3 Conceptual Framework

The conceptual framework provides a guide and a foundation on which the research is to be based (Sekaran, 2003). The conceptual framework describes the proposed relationship between the variables which are included in the research problems. Furthermore, it explains how the problem or problems under study generate testable hypotheses. The conceptual framework of this study has its roots in national culture (NC) (Dorfman and Howell, 1988;

Hofstede, 1980; Dastmalchian and Javidan, 2003), organisational culture (OC) (Cameron and Quinn, 2011; Hofstede, *et al.*, 2010), leadership style (LS)(Bass, 1985; Bass and Avolio, 1995; Avolio, *et al.*, 2003; Avolio and Bass, 2004), and organisational effectiveness (OE) (Quinn and Rohrbaugh, 1981, 1983; Dension, 1990) literature.

The study of organisational effectiveness and organisational culture in this study uses the Competing Value Framework (CVF) (Quinn and Rohrbaugh, 1981, 1983; Cameron and Quinn, 2011) and has its roots in the multiple constituencies' school of thought which has emerged from organisational culture and change theories. Moreover, the CVF adopts a definition of culture which is based on the functionalist sociological tradition.

Furthermore, to some extent it could be also argued that the understanding of power and politics could be helpful in gaining further understanding of the culture of private sector organisations. Private sector organisations which include a variety of occupational and professional cultures require a balance of power to be achieved among different functional units of the organisation regardless of its size and type (Pfeffer and Salancik, 1978; Hofstede, 2007; Hofstede *et al.*, 2010). The study of leadership style in this research is based on transformational and transactional leadership theory which has emerged from situational and behavioural theories (Howell and Avolio, 1993; Bass and Avolio, 1995; Avolio, *et al.*, 2003; Avolio and Bass, 2004). Finally, national culture is explored in general terms (Dorfman and Howell, 1988) and in specific terms through studies on Iranian management culture (Analoui and Hosseini, 2001; Dastmalchian and Javidan, 2003; Yeganeh and Su, 2007; Soltani and Wilkinson, 2011).

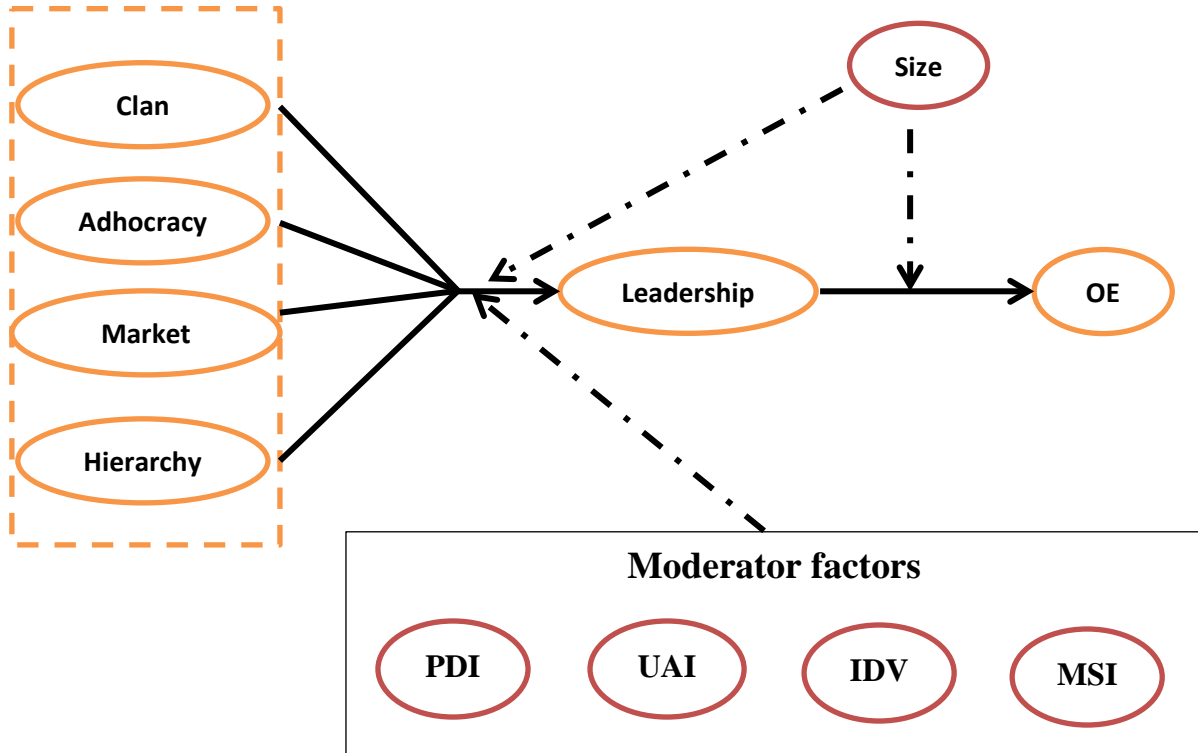
The conceptual framework for this study contains six major constructs with national culture and organisational size as moderating variables. The six major constructs are

- Clan Culture
- Adhocracy Culture
- Market Culture
- Hierarchy Culture
- Leadership Styles
- Organisational Effectiveness

The independent variables (IV) for this study are 1- Clan Culture, 2- Adhocracy Culture, 3- Market Culture, and 4- Hierarchy Culture while Leadership Style and Organisational Effectiveness are included as dependent variables (DV). Also, National Culture and

Organisational size are being analysed as moderating variables. The basic conceptual framework for this study is proposed in Figure 3.1 below.

Figure 3.1: Conceptual framework proposed



3.4 Organizational Culture as an Independent Variable

In order to measure organisational culture in this study, the Competing Values Framework (CVF) was utilised. The CVF was used as an instrument for measuring organisational culture because it has been used by many researchers and scholars in many different countries (Dastmalchian *et al.*, 2000; Al-Khalifa and Aspinwall, 2001; Helfrich, *et al.*, 2007; Kock and Merwe, 2009; Yu and Wu, 2009; Acar, 2012). However, the CVF framework has not been used in studying private sector Iranian organisations of different sizes either in published journals papers or in theses.

The advantage of the CVF model is that it is the most comprehensive instrument which could be used in any organisation that provides research with the opportunity of investigating organisational culture from various perspectives (Cameron and Quinn, 2011). This study will use the CVF as a basis to study organisational culture in the context of Iranian firms in the private sector. For this purpose the organisational culture assessment instrument (OCAI), which is based on the CVF, was used. This instrument has been found to be useful and

accurate in diagnosing important aspects of an organisation's underlying culture (Dastmalchian *et al.*, 2000; Dastmalchian, *et al.*, 2001; Cameron and Quinn, 2011). The six crucial dimensions of culture examined in this study are:

- Dominant characteristics (structure and control)
 - Organisational leadership (leadership style)
 - Management of employees (motivation and training)
 - Organisational glue (relationships)
 - Strategic emphases (goal and values, mission statement)
 - Criteria of success (communication styles)
- (Cameron and Quinn, 2011)

Figure 3.2: Dimensions of Organisational Culture



3.4.1 Dominant Characteristics (Structure and Controls)

Mintzberg (1979) defined organisational structure as “the sum total of the ways in which an organisation can divide its labour into distinct tasks and then achieves coordination between them” (p.8). According to Handy (2007), organisational culture is influenced by organisational context, including the company’s structure, strategy, and style. He mentions that organisational culture reflects the structure of the firms (Handy, 2007) and has an impact on the level of formalization, centralisation, standardisation, control, and flexibility in firms.

According to Meyer and Scott (1983), national culture impacts organisational structure in terms of the degree of formalization and the centralisation of structure. He further argues that organisations that are ‘prospectors,’ which are based on a less formalised and less centralised structure, are more likely to look at events as opportunities; therefore, these organisations respond in a more proactive manner.

Centralisation in organisations refers to the degree of involvement and influence of key position members, such as managers and CEO’s, on the organisation’s main activities, such as decision-making and programming. A higher degree of centralisation in an organisation means higher involvement and greater influence of individuals or groups of people in key positions on the organisation’s activities, as well as less delegation of power. In contrast, minimal centralisation or decentralisation means less involvement and less influence of individuals or groups in key positions on the organisation’s activities, as well as greater delegation of power and authority (Hofstede, 2007; Hofstede, *et al.*, 2010).

Control has always been one major factor of organisational analysis and one major contributor to organisational culture (Cameron and Quinn, 2011). Schneider (1990) introduced the controlling versus adapting approach to formulate strategy in organisations based on the different cultural assumptions about the external environment and the internal relationships within organisations. Thus, an organisation with strict controls is an example of a bureaucratic configuration. In this type of organisation managers believe that, in order to survive, the organisation needs to develop an organisational culture which is based on strict hierarchical authority (Ouchi, 1980; Schein, 2010). In this type of organisation, controls are normally well-defined and practiced, and there is no room for flexibility in the decision-making process. Organisational culture, in this kind of organisation, is always the result of predictability and control strategy (Smircich and Stubbart, 1985; Schein, 2010; Cameron and Quinn, 2011). Similarly, according to Hofstede (1980, 2010), countries that are high in

uncertainty avoidance generally tend to follow and implement strict rules and regulations in order to gain control and minimise the unknown.

3.4.2 Organisational Leadership and Strategic Emphasis

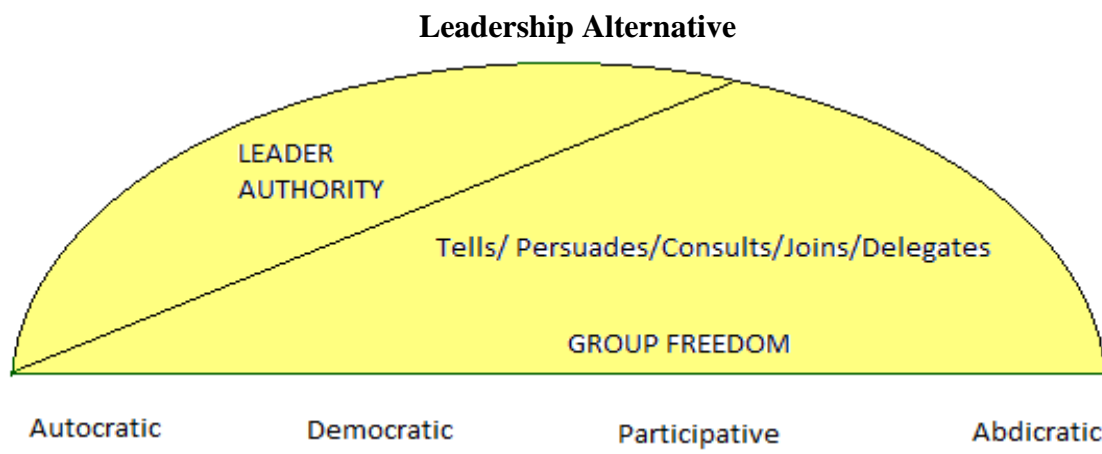
Schein (2010) argues that organisational culture is something that cannot easily be totally changed, but can evolve by eliminating dysfunctional and undesired elements and by enhancing the strengths of the existing culture and by building new culture on the strengths of those elements. Trust has a major influence on the success of organisational culture change (Fairholm and Fairholm, 2000; Song, *et al.*, 2009). Trust in leaders, what they do and how they do it is the key to success and is always being encouraged among employees (Schein, 2010). Leaders, in order to achieve the success of their mission, need to gain employees' trust and confidence and must earn their respect and support to achieve organisational goals and objectives. If that has been achieved, conflict and resistance to change will be dramatically reduced and this lack of conflict helps to simplify and smooth the integration of new culture with old culture (Trompennars and Hampden-Turner, 1997; Song, *et al.*, 2009; Schein, 2010).

The literature on organisational change emphasises the role of the leader and managers in change from the very basic, such as a change in office layout, to more difficult changes like organisational culture change. For example, Kanter (1984) argues that managers should make sure that subordinates are involved, clearly understand the organisation's vision, share information with them, clarify what managers expect from them and, more importantly, offer positive support and reinforcement in order to build commitment to change among employees.

There are different schools of thought on studying leadership in the literature: the power and authority approach, and the behavioural approach are two of these. The power and authority approach, as discussed by French and Raven (1969), defines successful leadership in terms of the level of authority and power that leaders hold. They argue that leaders who use their authority and power appropriately can reduce employees' uncertainty significantly during the transitional process (Halpin and Winer, 1957; Hemphill and Coons, 1957). For example, using coercive power such as threats and manipulation in an organisation which is employee-orientated may backfire in the future, whereas in another organisation which is based on close hierarchical authority, it may work perfectly. However, in the same organisation that exhibits resistance to coercive power, the use of referent power by individuals who are trusted and liked by others may create greater satisfaction and smoother transitions.

The behavioural approach, unlike the power and authority approach, focuses on the leader's behaviour rather than the level of authority which they hold (Bass, 1990; Yukl, 2002). Palich and Hom (1992) propose that managers, in order to gain more social power and influence over their subordinates, need to provide behavioural and power enhancement training to supervisors to gain their support. However, Cartwright and Cooper (1993) argue that even with appropriate training for supervisors, managers may still be distracted as a result of worries about their position, overloading of work and responsibilities, and excessive demand in different situations, such as a merger with another organisation (Bartels, *et al.*, 2009). Sayles (1993) based his argument on situational theory and argues that leadership style should be situational and based on situation, time, place, culture and the type of people involved in the organisation (Sims Jr, *et al.*, 2009). Sayles (1993) also introduced the leadership alternatives continuum which is shown below:

Figure 3.3: Leadership Alternative



Source: Adopted from Sayles (1993)

As can be seen from the model, there is a different level of involvement of managers from issuing dictate to total delegation (from autocratic to abdicatic). Also, there is a diagonal line which is representative of the balance between the leader's authority and employees' freedom. It can be seen that the balance shifts according to change in level of authority. For example, leaders with an autocratic leadership style dictate policies and tell people what to do and employees simply follow him or her, whereas in abdicatic leadership, which involves more freedom, the leader completely shares his or her authority and abdicates control to gain total delegation.

3.4.3 Criteria of Success (Communication Style)

In management studies, the literature is full of information about the importance of communication in organisations and how miscommunication can create failure. Gertsen, *et al.* (1998) have emphasised the importance of the role of communication in the cultural identification process. They found that the behaviour of organisational members as well as the result of organisational change is significantly influenced by the interpretation of communication.

Communication can be verbal and nonverbal, using signs and symbols to create understanding (Vecchio and Appelbaum, 1995). Miscommunication and misunderstanding are the main reasons for organisational failure. In the case of miscommunication, distrust and confusion are inevitable and remain unresolved until the communication is handled properly (i.e., being open and truthful in communication with subordinates) (Daniel, 1999; DeVoge and Spreier, 1999; Morosini, 2004). Another major issue in miscommunication in organisations is cultural differences among employees (Tietze, *et al.*, 2003; House and Rehbein 2004; Morosini, 2004), namely whether they are from a high context or low context society (Hall, 1960). People from a high context culture are implicit in language and messages, with nonverbal communication being preferred, and communication heavily dependent on the context of meaning, whereas people from a low context culture are very explicit and verbal, with written communication being codified. When there is a need for change in an organisation, managers should not assume that employees understand why these changes are required. It is the manager's responsibility to make sure that details of changes are well-communicated to employees and that employees can clearly see the evidence that these changes are beneficial. There are many other barriers to communication that can create conflicts, clashes and eventually failure in organisations. Such barriers include language, time, and organisational culture. For instance, language is one of the main indicators of culture (Adler *et al.*, 1986; Aguilera, *et al.*, 2008) which helps to maintain the dominant culture and facilitates shared knowledge in the organisation. As Hofstede (1980, 2010) argues, values, symbols and terms in any language are value-laden and culturally specific.

3.4.4 Organisational Glue (Relationship)

The essence of this dimension in organisational culture is how firms deal with and treat their stakeholders, including employees and shareholders. For example, Hofstede (1990) introduced an organisational dimension, employee versus job orientation, which shows the

organisation's concern for people or getting the job done. Furthermore, Reynolad (1986), similar to Hofstede, introduced a task versus social focus dimension, which presents the organisation's view of employees either as human capital or as a means to increase productivity. This dimension also implies organisational trust and conflict. As Brown (1998) argues, organisational culture normally promotes politics in the organisation as the gateway to becoming a member of the organisation. Therefore, at the beginning, members of any organisation try to manipulate the situation to gain personal or group advantage (Sun, 2008).

Also, this dimension represents organisational commitment, which involves psychological attachment of employees to the organisation (Martins and Terblanche, 2003, Sun, 2008). In some cultures, like in Japan, people commit themselves to the organisation and strongly believe in their long-term relationship with it, and in return, the organisation guarantees them a job for life. People in this culture commit themselves to contribute to organisational success. On the other hand, in other cultures, like most Western cultures, the employee and employer relationship is purely based on mutual interest and the benefit they can gain from each other. Normally, people from this type of culture tend to focus on their personal career path, and then commitment to the organisation. As Schein (2010) argues, the main point of this dimension is the nature of the organisation and its relationship with the external environment.

As Scholz (1987) argues, many organisations put too little emphasis on the physical workplace and too much attention on processes. These organisations normally work like a closed system, and organisational culture is very much based on internal affairs (Weber and Camerer, 2003; Yarbrough, and Morgan, 2011). On the other hand, other types of organisation tend to give more attention to the external environment, such as customers and competitors (Denison, 1990, Denison *et al.*, 2004). This type of organisation identifies the importance of external stakeholders and pays attention to satisfying their demands, as well as paying attention to completion deadlines and other external factors. Hofstede, in his model, refers to this as an open versus closed system.

3.4.5 Management of Employee (Motivation)

As Detert *et al.* (2007) argue motivation utilizes reward and incentives to make employees work effectively toward the organisation's desired performance. Many scholars, such as O'Reilly (1989), argue that motivation has a great impact on organisational culture and defines it in terms of collective action, which can affect motivation. In fact, organisational

culture values, beliefs, and norms are the foundation of motivation in any organisation that has a great impact on initiation and the direction of 'employees' behaviour. Likewise, Berger and Luckmann (1971) argue that organisational culture can be affected by the socio-cultural fabric of the firm, which has a large impact on individual development and motivation in any organisation.

3.5 Organisational Effectiveness as a Dependent Variable

As mentioned in chapter two, factors that contribute to organisational effectiveness can be categorised into four primary domains: (1) Organisational characteristics (structure and technology); (2) Environmental characteristics (internal and external); (3) Employees' characteristics (organisational attachment and job performance); and (4) Organisational policies and practices (Steers, 1977). The dimensions of organisational structure consist of decentralisation, specialisation, formalisation, span of control and organisational size, while the dimensions of technology consist of operation, material, and knowledge. Additionally, the dimensions of the external environment consist of complexity, stability, and uncertainty, whereas the dimensions of the internal environment consist of achievement orientation, employee centeredness and reward and punishment. The constituent dimensions of organisational achievement are attraction, retention, and commitment, while the dimensions of job performance are motives, goal and need, ability, and role clarity. Finally, the dimensions associated with organisational policy and practice dimensions are strategic goal setting, resource acquisition and utilisation, communication process leadership and decision-making and organisational adaptation and innovation (Steers, 1977).

For the purpose of this study, the criteria of organisational effectiveness used by the researcher are based on a combination of the Competing Value Model (CVM) (Quinn and Rohrbaugh, 1981, 1983) and a modified model of 9 dimensions of organisational effectiveness for institutions of higher learning which is developed from the CVF (Cameron, 1986). There are two main reasons for choosing CVM for this study: (1) this model has been used as an analytical framework in many organisational and management studies, and (2) the validity of the study has consistently been shown by many researchers (Kaiath *et al*, 1999; Cameron and Quinn, 2011; Hartnell, *et al.*, 2011).

The dimensions of organisational effectiveness that were used in this study have been borrowed and modified from the Competing Values Model (CVM), Cameron (1986) and other literature including Organisational Effectiveness Questionnaire (OEQ) (Steele, 1988)

and are concerned with: (1) employee job satisfaction, (2) employees' job development and customers' satisfaction, (3) employees' personal development, (4) supervisor and managers' satisfaction, (6) professional development and quality of department, (6) system openness and community interaction, (7) the ability to acquire resources, (8) organisational health and reward and punishment, (9) teamwork, group loyalty, trust and communication, and (10) organisational change and technology (Hartnell, *et al.*, 2011, Cameron and Quinn, 2011). In order to gain a comprehensive view of organisational effectiveness, other approaches such as the Bass model (1962), Yuchtman and Seashore's model (1967), the Goal model and the system approach model (Evan, 1993), were also considered in this study's development of the definition of effectiveness.

The organisational effectiveness questionnaire (OEQ) has also its roots in the CVF and was developed from organisation management development and change programs, as well as the literature on developing superior-performing organisations. The main purpose of this questionnaire is to help managers assess overall organisational effectiveness from various dimensions and activities of the organisation. Bass's (1952) model for developing the definition of organisational effectiveness includes many organisational effectiveness criteria, apart from productivity which uses a single criterion, which is the value of the organisation to its individual members and the value of both individual members and the organisation to society (professional development and quality of department). In the case of the Yuchtman and Seashore (1967) model, this model views organisation effectiveness in terms of how successful the organisation is in acquiring scarce resources (for example, for small organisations with limited financial resources, skilful employees are valuable).

3.6 Leadership Style as the Mediating Variable

The criteria of leadership style in this study are based on Avolio and Bass's (2004) transformational, transactional and passive model of leadership styles which is derived from the transactional- transformational theory of leadership. Avolio and Bass's concept was selected for a number of reasons. First, this model and its derivatives have been used as an analytical framework for organisational and management studies. Second researches continue to validate transformational, transactional and passive styles in theory (Avolio and Bass, 2004). Third, Avolio and Bass (2004) claim generally paradigmatic status for this model.

The dimensions of leadership style borrowed directly from Avolio and Bass (2004) are: 1- transformational leadership style which is divided into 5 sections: Idealised Attributes (IA),

Idealised Behaviours (IB), Inspirational Motivation (IM), Intellectual Stimulation (IS), and Individual Consideration (IC); 2- transactional leadership style which has divided into 2 sections, Contingent Reward (CR), and Management by Expectation Active (MBEA), and finally 3- Passive/ avoidant leadership style which has divided into 2 sections as well, Management by Expectation Passive (MBEP) and Laissez-Faire (LF).

3.7 Relationship between Organisational Culture, Leadership Style, and Organisational Effectiveness

Many researchers have explored the relationship between organisational culture and leadership style and argue that there is a strong relationship between the two concepts. However, there is a considerable debate among scholars about where culture originates and whether leaders have any influence on organisational culture (Ogbonna and Harris, 2000; Avolio and Bass, 2004; Tojari *et al.*, 2011; Acar, 2012). Many scholars such as Smircich (1983), who believe that culture is something that an organisation is rather than something that it has, argue that leadership has some limited influence on organisational culture. The origin of this reasoning can be traced back to an anthropological view of culture where it is viewed as something that an organisation is and as something that can be manipulated, therefore, leaders should be able to manipulate and manage culture to some degree (Smircich, 1983). In contrast, other scholars such as Denison (1990) and Schein (2010) argue that leaders and founders of organisations have great influence on the shaping of organisational culture since leaders are the main source of shaping and creating an organisation's purpose, values, beliefs and vision.

On the other hand, other researchers such Avolio and Bass (2004) argue that although it is true that an organisation's culture develops in large part from its leadership, it is also true that organisational culture would also affect the development of the organisation's leadership. So, it could be argued that thinking, feeling and the responses of leaders could be determined by a vision which is formed by the culture of organisations (Bryman, 2012; Avolio and Bass, 2004). In other words, an effective leader is a leader who understands and is attentive to the beliefs, values and assumptions which is called "culture". Schimmoeller (2010) argues that leaders who have a higher level of emotional intelligence are in a better position to understand the impact of followers' emotions and organisational culture on the situation in hand (Barling *et al.*, 2000), and an understating of culture and members' emotions would help them to select an optimal leadership technique for the situation.

Furthermore, organisational culture can be considered to be a means to organisational effectiveness (e.g., Schein, 2010), with empirical evidence supporting an association between the organisation's culture, the organisation's performance, and employees attitudes (e.g., Cameron and Freeman, 1991; Denison and Mishra, 1995; Denison *et al.*, 2004). Cameron and Freeman (1991) find that clan culture is generally more effective than other cultures in terms of students, administrators, and faculty satisfaction. In another study in universities, Zammuto and Krakwoer (1987) found that there is a negative relationship between hierarchical and market culture with trust, morale, equity rewards, and leader capability and a positive relationship with conflict and resistance to change. Also, Quinn and Spreitzer (1991) argued that, in their study on public utility companies, companies with strong group and adhocracy cultures scored much higher on satisfaction with work and promotion compared with those companies having a strongly hierarchical culture. They further argued that generally, organisations with stronger hierarchical cultures are less pleasant and satisfying to work for. Goodman, *et al.* (2001) also used the CVF framework in their study to find the relationship between some job-related variables. They found that the group culture values (clan) are negatively related to intention to turnover, while being positively related to organisational commitment, job involvement, and job satisfaction. On the other hand, hierarchical cultural values are negatively related to organisational commitment, job involvement and job satisfaction, while being positively related to intention to turnover.

Quinn and Kimberly (1984) argued that the CVF has been extended to explore the deep structure of organisational forms. Also, Dellana and Hauser (1999) argue that the CVF, as a model of organisational culture, can be regarded as a meta-theory which has been developed to explain differences in the values underlying various organisational effectiveness and leadership models. Paulin *et al.* (2000) argue that the CVF is a comprehensive and widely accepted framework ideal for analysing and understanding organisational culture, organisational effectiveness and, to some extent, level leadership. In another study by Dastmalchian *et al.* (2000), which used the competing values framework in order to compare national culture and organisational culture in South Korea and Canada, results indicated that there is a strong relationship between organisational culture and leadership regardless of the national culture and the country of operation. Moreover, other more recent studies (Tojari *et al.*, 2011; Acar, 2012) show that transformational leadership style and, to a lesser extent, the transactional leadership style has a positive influence on organisational culture and

organisational effectiveness while the passive/avoidant leadership style has a negative impact.

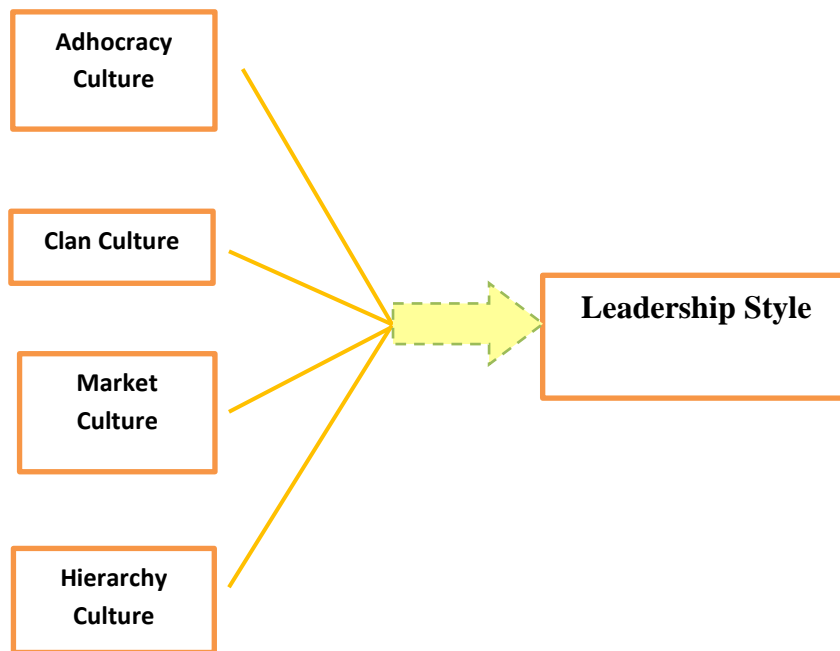
Lok and Crawford (2000, 2004) argue that leaders behave differently in the context of different cultural types and traits. Therefore, it is very important to understand which leadership style is suited to which organisational culture type. It could be argued that leadership style is the dependent variable and organisational culture is the independent variable and the purpose is to find which leadership style is found in each organisational culture type. Based on transformational and transactional theory the leaders who tend to be transactional normally operate within the confines and limits of existing culture or, in other words, they are 'instrumental' and frequently focus on an exchange relationship with their subordinates. On the other hand, leaders who tend to be transformational constantly work towards changing culture to be consistent with their vision or in other words, they tend to be visionary and enthusiastic, with an inherent ability to motivate subordinates (Bass, 1985; Ogbonna and Harris, 2000; Avolio and Bass, 2004; Tojari *et al.*, 2011; Acar, 2012).

The relationship between the organisational culture and leadership style shows a constant interplay in which organisational culture impacts the selection of leadership style and also leaders have an impact on shaping organisational culture (Ogbonna and Harris, 2000; Xenikou and Simosi, 2006) The survival of an organisation depends on the responsiveness and adaptability of its leaders in selecting a leadership style by understanding the situation and members' emotion which is influenced by organisational culture (Block, 2003; Avolio and Bass, 2004; Tojari *et al.*, 2011; Schimmoeller, 2010; Acar, 2012). Figure 3.4 presents the general relationship between organisational culture and leadership style. Figure 3.5 is the expansion of figure 3.4 by showing the relationship between the different types of organisational culture and leadership style in this study.

Figure 3.4: The Relationship between Organisational Culture and Leadership Style



Figure 3.5: The Relationship between Organisational Culture Type and Organisational Effectiveness



So based on the literature reviewed in chapter 2 and arguments provided in this section, this study would propose the following hypotheses in relation with organisational culture and leadership style

H1 There is a relationship between organisational culture and leadership style

H1.1 There is a relationship between Clan Culture and Leadership Style

H1.2. There is a relationship between Adhocracy Culture and Leadership Style

H1.3. There is a relationship between Market Culture and Leadership Style

H1.4. There is a relationship between Hierarchy Culture and Leadership Style

3.8 Relationship between Leadership Style and Organisational Effectiveness

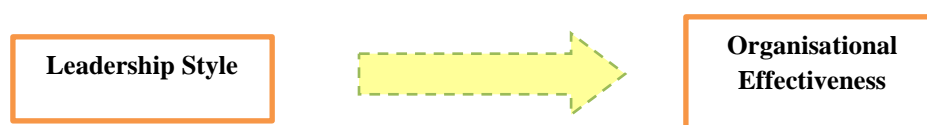
There are many reasons to support the contention that there is a relationship between leadership style and organisational effectiveness. Factors such as globalisation, intensive and dynamic markets, price/performance, and competition are all indicators of the importance of leadership and leadership style on organisational effectiveness. From a practical point of view, the extent of differences between two cultures can be considered to be the main reason

for the complexity of cross-national negotiation, mergers, assignments, and leadership in those two cultures.

Studies have shown that organisational effectiveness is influenced by many factors, one of which is leadership style which contributes significantly to the success or failure of any organisation (Avolio, 1999; Bass, 1998; Lok and Crawford, 2004; Rowe 2001; Robinson, *et al.*, 2008; Wang, *et al.*, 2010) and may be considered as the main driving force for improving organisational performance (de Poel, *et al.*, 2012). Many researchers such as Judge, *et al.* (2004), Purcell *et al.* (2003) and Keller (2006) have studied the strategic role of leadership and how it can help improve organisational performance. These researchers view leadership style, culture, skill, motivation and competence as intangible assets that create added value and strength in organisations and can help to combine people and processes to achieve better organisational performance.

Obiwuru *et al.* (2011) in their study of small enterprises, found that transactional leadership style had a significant positive effect on performance whereas; transformational leadership style had positive but insignificant effect on performance. Another study by de Poel, *et al.* (2012) on 258 employees working for a large Dutch employment agency found that both transformational and participative leadership styles were independently related to organisational outcomes and performance. Wang *et al.* (2010), in their study of owners, executors and operators of Kaohsiung's Nanzi Export Processing Zone in south Taiwan found that a transformational, charismatic and visionary leadership style has a significant positive influence on organisational performance. Moreover, Peterson *et al.* (2009), in a study of 49 start-up and 56 established firms in high technology found that transformational leadership style in start-up firms is more strongly related to organisational performance than in established firms. Figure 3.5 illustrates the relationship between leadership style and organisational effectiveness.

Figure 3.6: The Relationship between Leadership Style and Organisational Effectiveness



Therefore, based on the evidence from the literature provided in chapter 2 and arguments presented here which confirm the relationship between leadership and organisational effectiveness, this study proposes the following hypothesis:

H2. There is a relationship between Leadership Style and Organisational Effectiveness.

3.9 Leadership style as a Mediator in the Relationship between Organisational Culture Type and Organisational Effectiveness.

There is much research that shows there is a harmonious relationship between leadership styles and certain organisational culture types that can have a positive influence on employees' performance (Hickman and Silva, 1984; Lim, 1995; Ogbonna and Harris, 2000; Wang *et al.*, 2010).

Hsu's (2002) study of 822 fulltime employees of a Taiwanese sport/fitness club shows that leadership styles, both transactional and transformational, have a positive and strong influence on organisational effectiveness via organisational culture. Furthermore, Ogbonna and Harris (2000) find that leadership style is not directly related to organisational performance but is merely indirectly associated. They argue that organisational culture mediates the relationship between leadership style and organisational performance. They also find that a participative and supportive leadership style has a significant indirect effect on organisational performance through the type of organisational culture and an instrumental leadership style has a negative indirect effect on organisational performance.

Another study by Xenikou and Simosi (2006) supports Ogbonna and Harris's (2000) findings by showing that organisational culture could be a mediator between leadership and organisational outcomes. They found that organisational culture mediates the effect of transformational leadership on performance and that leadership styles have a positive indirect impact on performance via organisational culture. In another study on public sector organisations in New Zealand the results indicate that there is both an indirect and direct effect of transformational leadership style on organisational outcomes through its influence on culture and climate for innovation (Parry and Proctor-Thomson, 2003).

Tojari *et al.* (2011), in their study of 341 sport experts in a physical education organisation in Iran, found that that transformational leadership style has an indirect but significant and positive influence on organisational effectiveness, whereas, the transactional leadership style has a significant direct and negative influence on organisational effectiveness. Their results also showed that a passive/avoidant leadership style has a direct significant and negative influence on organisational effectiveness and has no indirect significant effect on organisational effectiveness.

Although Steyrer, *et al.* (2008) found support for Xenikou and Simosi's (2006) conclusion that organisational culture mediates the relationship between leadership style and organisational performance, nonetheless they also found that the relationship between organisational culture and organisational performance or effectiveness can be positively influenced by leadership style. Moreover, Avolio and Bass (2004) argue that although there is no doubt of the role of leaders in creating organisational culture, the impact of organisational culture on selection of leadership style cannot be ignored. Also, as mentioned before Lok and Crawford (2000, 2004) argue that leaders, in order to improve effectiveness and organisational performance, behave differently in the context of different cultural types and traits. Therefore, it is very important to understand which leadership style is suited to which organisational culture type to improve organisational effectiveness. Schimmoeller, (2010) among others argues that the survival of an organisation depends on the responsiveness and adaptability of its leaders in selecting a leadership style by understanding the situation and members' emotion which is influenced by organisational culture (Block, 2003; Avolio and Bass, 2004; Schimmoeller, 2010; Acar, 2012). Thus, based on the literature provided in chapter 2 and arguments presented here, the model for this study's hypotheses is that: organisational culture will influence organisational effectiveness, which is affected by leadership style, and that leadership style will mediate the relationship between organisational culture and organisational effectiveness.

Figure 3.7: The Relationship between Organisational Culture, Leadership Style, and Organisational Effectiveness



For the purpose of this study the following relationships are hypothesised

H3. Leadership Style will mediate the effect of organisational culture on organisational effectiveness

H3.1. Leadership Style will mediate the effect of Clan Culture on organisational effectiveness

H3.2. Leadership Style will mediate the effect of Adhocracy on organisational effectiveness

H3.3. Leadership Style will, mediate the effect of Market on organisational effectiveness

H3.4. Leadership Style will mediate the effect of Hierarchy on organisational effectiveness

3.10 National Culture and Organisational Size as Moderators

Hair, *et al.* (2010, p. 750) stated that “a moderating effect occurs when a third variable or construct changes the relationship between two related variable/constructs”. In this study two sets of moderating variables are expected to show a significant impact on the relationships proposed in the previous sections on organisational culture, leadership style, and organisational effectiveness. The first group includes four dimensions of national culture suggested by Hofstede (1980): power distance, (PD), Masculinity and femininity (MS), individualism-collectivism (IDV) and uncertainty avoidance (UA). The other moderator variable in this study is organisational size.

Although the author strongly believes that the national culture of every country is more powerful and stable (Hofstede, 1994) than organisational culture, and therefore is more difficult to change, national culture is not static and can change over time (Myers and Tan, 2002; McCoy, 2002; McCoy *et al.*, 2005a). National culture not only has implications with regard to choosing organisational culture but can also have major influences on organisational effectiveness. For the purpose of this study, the researcher used four dimensions of national culture (Hofstede, 1980; Trompenaars, 1993) which are derived from three broad factors that the vast national culture literatures are based on, those three main factors are: (1) relationship to people: power distance, masculinity vs. femininity, individualism vs. collectivism; (2) relationship with nature: uncertainty avoidance; and (3) relationship with time: time orientation (past, present and future).

3.10.1 Relationship with People

➤ 3.10.1.1 Power Orientation or Power Distance

Generally speaking, countries which are high in power distance place high value on individual achievement in either society or organisations (Hofstede, 1980) and the head of the family or an organisation normally controls everything as an ultimate power, with members or subordinates looking up to him or her. In countries that are low in power distance, leadership is based on the leader’s knowledge and skills. Although decisions are made by the

head of the family or organisation due to the democratic nature of society, members or subordinates could challenge the leader’s decisions based on rules and regulations.

Table 3.1: Key Dimensions of National Culture

Classification	Dimensions of NC	Key Points	References
Relationship with people	Power orientation	Power distance; Doing vs. Being; Autonomy	Hofstede (1980), Trompennars (1993), GLOBE (2002)
	Masculinity vs. Femininity	Universalism vs. Particularism Masculine vs. Feminine	Kluckhohn and Strodtbeck (1961), Hofstede (1980), Trompennars (1993), GLOBE (2002)
	Individualism vs. Collectivism	Specific vs. Diffuse Friendship Individualistic vs. Collectivistic	Hofstede (1980), Trompennars (1993), GLOBE (2002)
Relationship with nature	Tolerance to Uncertainty and other culture	Uncertainty avoidance; Internal vs. external	Hofstede (1980), Trompennars (1993), GLOBE (2002)
Relationship with time	Time orientation	Past-present-future Short term; long term horizon Monochronic/polychronic	Kluckhohn and Strodtbek (1961), Hall (1960), Hofstede (1980), Schein (1986), GLOBE (2002)

➤ **3.10.1.2 Masculinity vs. Femininity**

Countries that are masculine are generally more assertive in nature, and similarly value rules, regulations and honour words and contracts, whereas countries that are more feminine than masculine are generally more concerned with quality of life and modesty. Relationships are more important than rules in these countries.

➤ **3.10.1.3 Individualism vs. Collectivism**

Individuals in countries that are high in individualism are generally more concerned about themselves and immediate family as well as efficiency relating to their daily responsibilities and duties, while achievement and status in their personal lives are also valued. Individuals in countries high in collectivism are more concerned about family and being part of a group, valuing loyalty and helping other people. Within these countries, people value friendship and relationships more highly as part of their responsibilities and duties.

3.10.2 Relation with Nature

➤ 3.10.2.1 Uncertainty Avoidance

Countries that are high in uncertainty avoidance generally tend to follow strict rules and regulations in order to control uncertainty (GLOBE, 2002). On the other hand, countries that are low in uncertainty avoidance are generally more flexible and more willing to accept uncertainty and are also more open to cultural differences.

3.10.3 Relationship with Time

Generally speaking, according to Kluckhohn and Stradtbeck (1961), people who are past-oriented, like Iranian individuals, tend to have a short-term horizon and neglect plans and settings. Managers from past-orientated countries are normally impatient and make decisions based on a short-term horizon. Being spontaneous and ad hoc behaviours are considered normal in these countries. Moreover, the political situation of a country can also enhance this as managers are uncertain about their future in the organisation and look for short-term achievement rather than long-term plans. Therefore, managers tend to avoid risk and try to preserve the status quo.

3.10.4 National Culture as a Moderator

As mentioned before in chapter 2, the definition of national culture used in this study is based on the Dorfman and Howell model (1988), which itself was derived from the Hofstede's national culture model, which measures national culture on the individual level. The main reason for choosing the Dorfman and Howell model is that this model measures culture on the basis of every individual member of society. As opposed to earlier investigations based on Hofstede's conceptualisation, the current investigation broadens its scope to investigate the cultural differences that occur at the individual level by utilizing the Dorfman and Howell's (1988) scale. It has been shown that Hofstede's conceptualization and VSM is inappropriate to define differences at the individual level. The reasons behind this are stated by Hofstede as culture constituting "collective programming of mind that distinguishes the members of one group or category of people from others" (Hofstede *et al.*, 2010, p. 5) which ignored dimensions of individual perceptions. Also, Hofstede's (1980) scores were derived from the mean value while ignoring individual responses. When the researcher examined Hofstede's work it was seen that it would not be appropriate since it reflects the country level of analysis and is not, therefore, suitable for use at the individual level (McCoy *et al.*, 2005a,

b). Additionally, there have been three relevant criticisms levelled at Hofstede's work, firstly, about the scale used (e.g., Dorfman and Howell, 1988) and, secondly, about the limited number of dimensions (McSweeney 2002) and, thirdly, about the out datedness of the data which was used in Hofstede's original study (McCoy *et al.*, 2005). For example, in the study of McCoy *et al.* (2005a) who re-evaluated the dimensions proposed by Hofstede, they find that Hofstede's dimensions in the US and Uruguay at national level are totally different from what was reported in the original study. Thus, it can be stated that using Hofstede's model to evaluate the cultural dimensions at the individual level is inappropriate and significant modifications are needed.

The dimensions of national culture that will be focused upon in this study consist of: (1) power distance which is the extent to which the less powerful members of institutions and organisations expect and accept that power is distributed unequally; (2) uncertainty avoidance which is how much members of a society are anxious about the unknown, and as a consequence, attempt to cope with this anxiety by minimizing uncertainty; (3) individualistic versus collectivistic which is how much members of the culture define themselves apart from their group memberships; and (4) masculinity versus femininity which is the value placed on traditionally male values such as assertiveness or female values such as concern about quality of life and modesty (as understood in most western cultures).

In this study the impact of national culture dimensions (PD, UA, MS, and IDV) introduced by Hofstede (1980) are conceptualised in the framework are proposed as moderators. The rationale for integrating national culture dimensions into this study are twofold: 1- the first intention is to revalue Hofstede's national culture dimensions and his findings with special concentration on Iranian culture and changes since his original study; 2- incorporating national culture dimensions into the proposed model to understand the impact of these dimensions on the relationship between organisational culture, leadership style and organisational effectiveness. As it was argued in the literature review chapter, Hofstede's dimensions have been widely accepted and used in many studies in different fields, however, we should not neglect criticism of his work including the lack of in-depth examination, poor measurement and, more importantly, an assumption that culture is static and stable and the time elapsed since his findings. Incorporating national culture dimensions for this study is also consistent with the literature reviewed in the previous chapter which reveals that organisational behaviour studies largely applied national culture dimensions in the studies of

organisational culture, leadership style and organisational effectiveness, but not many studies actually have measured these dimensions specifically within the same country.

Based on arguments and discussion in this chapter and the previous chapter on national culture and its impact on organisational culture, these hypotheses are proposed for testing

H4. The relationship between organisational culture and leadership style is moderated by the national culture dimensions (PD, UA, IDV, and MS)

H4.1. The relationship between clan culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)

H4.2. The relationship between adhocracy culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)

H4.3. The relationship between market culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)

H4.4. The relationship between hierarchy culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)

3.11 Organisational Size as a Moderator

The impact of organisational size on the relationship between organisational culture, leadership style and organisational effectiveness cannot be undervalued. There is scant literature showing the impact of organisational size on any of the constructs (OC, LS and OE) proposed for this study (Gray *et al.*, 2003; Khan *et al.*, 2009; Fazli and Alishahi, 2012). There are some studies that show the indirect effect of size on organisational culture by showing the relationship between organisational size and structure and the impact of organisational structure on organisational culture (Amis and Slack, 1996; Safari, *et al.*, 2012).

Vadi and Als (2006) argue that the behaviour pattern of any organisation is moulded by organisational size and area of operation. They further argue that metaphorically there are some genes that create a certain organisational culture type and size could be considered to be such a gene for organisational culture. They conclude that organisational culture depends on organisational size and industry. Another study by Aidla and Vadi (2007) of 558 personnel from 60 secondary schools in Estonia finds that organisational culture and performance are related depending on size of school and, in fact, size has a direct impact on both organisational culture and school performance.

Reino and Vadi (2010) study the impact of size on organisational values. If organisational culture is defined as shared values then Renio and Vadi's study indirectly looks at the impact of size on organisational culture. They argue that although the industry has great impact on organisational values, the size of organisation is also a significant predictor of organisational values. Schein (2010) also argues that there is a positive relationship between the existence of sub-culture and size of that organisation. Moreover, he further argues that the existence of subculture is much more likely in more mature organisations, which are in a later stage of life cycle development compared to younger organisations where leaders' influence is stronger, especially if the leader is the founder.

Gray *et al.* (2003) in their study of 1,918 members of the Institute of Management in Australia found that smaller organisations are perceived to be more supportive, competitive, innovative and performance orientated than large organisations. In other words, they argue that smaller organisations can have a stronger organisational culture, which consequently contributes to them being more effective and efficient organisations.

Another study by Hermalin (2001) argues that the importance of organisational culture in an industrial organisation should be calculated through the impact derived from the costs and benefits of a particular culture. He further argues that the variation among firms in terms of size depends on how the benefits and costs of a culture vary with size. Wah (2001) argues that there is a dynamic relationship between organisational culture and organisational size. He provides an example of a Chinese family company that has grown from a smaller to a larger size where the culture worked well at the small size but showed disadvantages as the company grew.

In the study of Australian workplaces by Connell (2001) the results show that organisational size has a positive impact on organisational culture and management style. She argues that organisational size also has a direct relationship with the stage of the company in its life cycle since the smaller companies were also the youngest. As organisations move through their life cycle, the primary challenge of management is to recognise when the management style and structure need to change and, therefore, it is not surprising to find that there is a relationship between organisational size and organisational structure. Furthermore, she found that there is a correlation between the management decision making process and organisational size. She also found that in smaller organisations the decision making process is more participate/consultative and the management style is more democratic. Also, in a study of 80

employees of the General Office of Sport and Youth of Mazandran Province in Iran the results show that organisational culture through its relationship with organisational structure has a direct significant impact on enhancing organisational performance (Safari *et al.*, 2012). They further argue that there is a great deal of interrelationship between organisational structure and size of organisations and that organisational size is one of the main factors that contribute to the development of organisational structure. On the other hand, there is a tendency toward adopting a more autocratic management style by large size organisations as they are more likely to be in the mature stage of their life cycle which requires a more hierarchal organisational structure.

Moreover, in another study of 296 managers from the telecommunication sector in Pakistan the results show that organisational size significantly moderates the relationship between all facets of transformational leadership and organisational innovations (Khan, *et al.*, 2009). They found that organisational size moderates the relationship among all facets of transformational leadership, apart from idealised influence, and that attribute charisma, inspirational motivation, intellectual stimulation and individualised consideration have an impact on organisational innovation.

Therefore, based on the literature review and arguments provided in this section in relation to the importance of size in influencing the relationship among organisational culture, leadership style and organisational effectiveness this study proposes the following hypotheses for testing:

- H5.** The relationship between organisational culture and leadership style is moderated by organisational size
 - H5.1.** the relationship between clan culture and leadership style is moderated by organisational size
 - H5.2.** the relationship between adhocracy culture and leadership style is moderated by organisational size
 - H5.3.** the relationship between market culture and leadership style is moderated by organisational size
 - H5.4.** the relationship between hierarchy culture and leadership style is moderated by organisational size
- H6.** The relationship between leadership style and organisational effectiveness is moderated by organisational size

Table 3.2 provides all hypotheses proposed for this study to be tested and figure 3.8 shows the relationship among constructs in this study as well as presenting hypotheses related to the model proposed.

Table 3.2: Research Hypotheses

HN	Description
H1.1	There is a relationship between Clan culture and Leadership Style
H1.2	There is a relationship between Adhocracy Culture and Leadership Style
H1.3	There is a relationship between Market culture and Leadership Style
H1.4	There is a relationship between Hierarchy culture and Leadership Style
H2	There is a relationship between Leadership style and Organisational effectiveness
H3.1	Leadership Style will mediate the effect of clan culture on OE
H3.2	Leadership Style will mediate the effect of Adhocracy culture on OE
H3.3	Leadership Style will mediate the effect of Market culture on OE
H3.4	Leadership Style will mediate the effect of Hierarchy culture on OE
H4.1	The relationship between clan culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)
H4.2	The relationship between adhocracy culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)
H4.3	The relationship between market culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)
H4.4	The relationship between hierarchy culture and leadership style is moderated by national culture dimensions (PD, UA, MS, IDV)
H5.1	The relationship between clan culture and leadership style is moderated by organisational size
H5.2	The relationship between adhocracy culture and leadership style is moderated by organisational size
H5.3	The relationship between market culture and leadership style is moderated by organisational size
H5.4	The relationship between hierarchy culture and leadership style is moderated by organisational size
H6	The relationship between leadership style and organisational effectiveness is moderated by organisational size

The conceptual framework proposed was a tool to investigate the issue related to this study as well as fulfil the aim of the research. This study addressed the following issues: *Due to significant changes of Iranian National culture since the Islamic revolution establishment, What type of Organisational Culture can explain the variance of effectiveness of different*

size organisations in private sectors and moreover how manager can influence the culture-effectiveness relationship through leadership style. Therefore, based on the above issue the aim for this study is defined as follows.

The aims of this research are that firstly to investigate some mediating and moderating influences on culture-effectiveness relationship and secondly to propose a framework based on the literature available on culture-effectiveness relationship by taking leadership style as a mediator and national culture and organisational size as moderators which can be implemented in any research regardless of the context of the study.

Furthermore, the proposed conceptual framework will investigate the following research questions which were presented in chapter 1.

Research question 1:

Does organisational culture affect organisational effectiveness in private sector organisations?

Research question 2:

Is there any relationship between organisational culture types and leadership style?

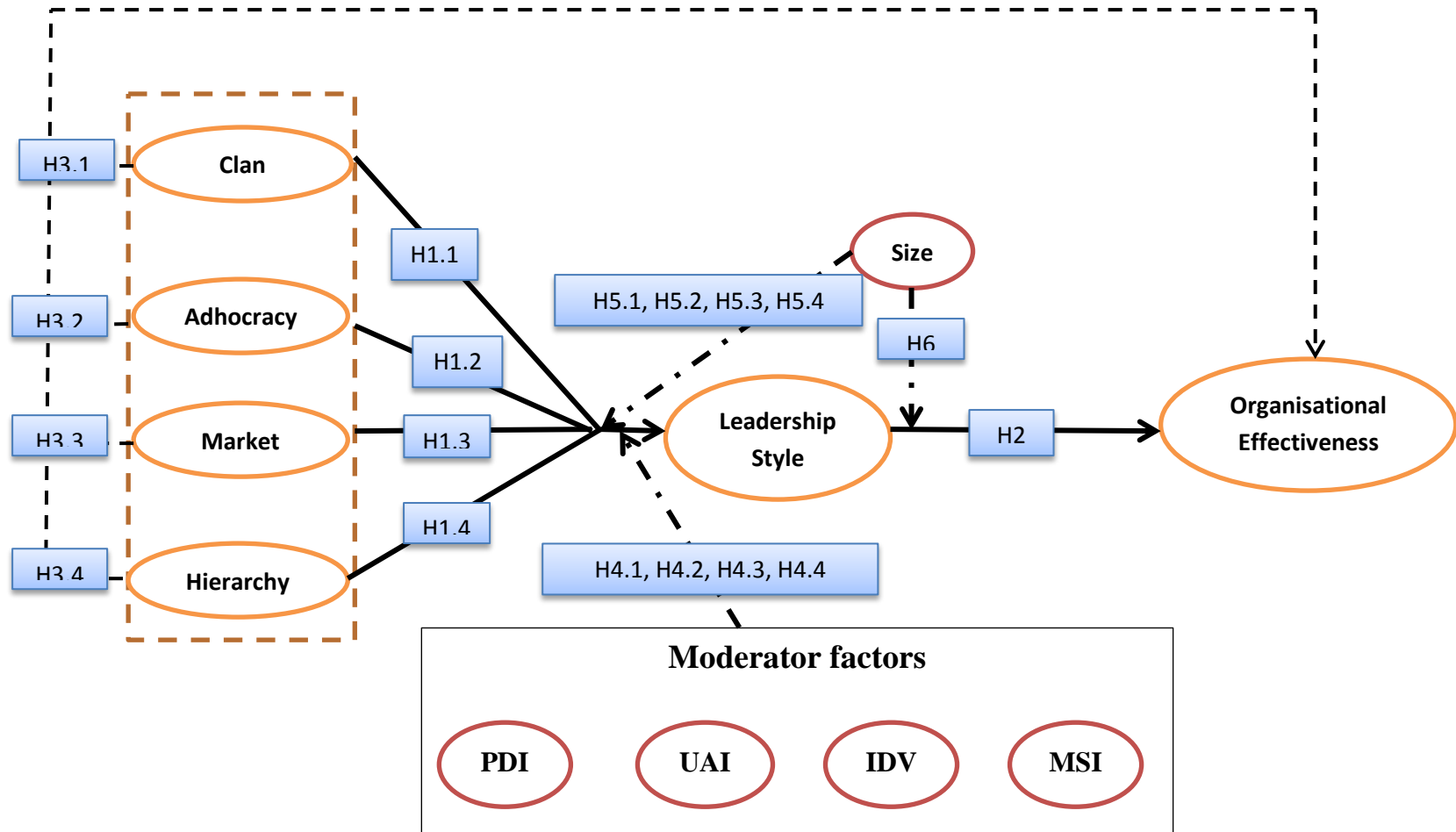
Research question 3:

How does Organisational Culture influence Organisational Effectiveness through Leadership Style and whether Leadership Style mediates the culture-effectiveness relationship?

Research question 4:

How are culture-effectiveness relationship influenced by moderating impact of national culture dimensions and organisational size?

Figure 3.8: The Conceptual Model of the Relationship between OC, LS and OE



3.12 Measurement Instrument

This research is based on eight variables: (1) clan culture, (2) adhocracy culture, (3) market culture, (4) hierarchy culture, (5) leadership styles (6) national culture dimensions (PD, UA, MS, IDV), (7) organisational size and (8) organisational effectiveness. The instrument developed for this study has four main elements: (1) national culture, (2) four organisational culture types, (3) leadership styles and (4) organisational effectiveness.

The national culture model developed for this study is based on Hofstede's national culture model. However, questions related to national culture are borrowed from a previous study, namely Dorfman and Howell's study (1988), which uses a modified version of Hofstede's model for individual-level analysis. Before the pilot study was done, this section consisted of 29 questions used to measure the national culture in Iran. However, after the pilot study, the number of questions was reduced to 22 due to the fact that the seven questions related to the paternalistic component of national culture were not investigated in the original research by Hofstede, and as there is no data available to compare this finding with the original.

The organisational culture concept has been prominent in organisational and management literature since 1970; however, scholars still disagree on the best way of measuring it (O'Reilly, *et al.*, 1991; Mullins, 2010). Scholars such as Martin (1992) have suggested the best way of measuring organisational culture is to use multiple methods, but these methods are often very complicated and expensive to conduct. What is important is that there is a consensus among scholars that questionnaires can play an important role in the quantitative analysis of organisational culture (Cameron and Quinn, 2011; Schein, 2010). The organisational culture model developed for this study is based on the CVF model and four types of culture: (1) Clan culture, (2) Adhocracy culture, (3) Market culture, and (4) Hierarchy culture. In order to investigate organisational culture the researcher used the Organisational Culture Assessment Instrument (OCAI) in which all the questions in the questionnaire are all based on the CVF and developed Cameron and Quinn (2011).

The leadership style model developed for this study is based on the Avolio and Bass (2004) model of three types of leadership style: (1) Transactional, (2) Transformational and (3) Passive/Avoidant. All questions related to leadership styles are based on the MLQ 5X questionnaire developed by Avolio and Bass (2004). There are 36 questions in MLQ 5X developed by Avolio and Bass (2004) to measure leadership styles.

The organisational effectiveness model developed for this study is based on the CVF model (Quinn and Rohrbaugh, 1983) and developed from Cameron's (1978, 1986) study which is based on the CVF. Examples of dimensions used for this research are:

- Flexibility: the organisation's ability to adjust itself with external conditions and demands
- Planning: how clear and important are the organisation's goals for employees
- Stability: what is the organisation's reaction to continuity, order and smooth operation?
- Skilled: how well employees are prepared for the job

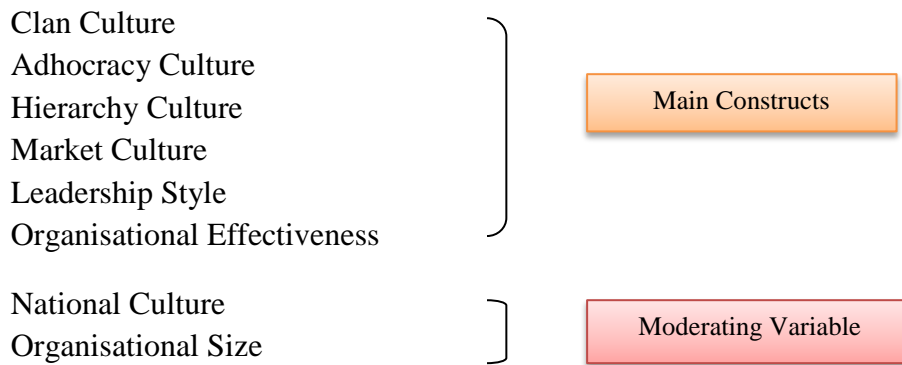
As mentioned before, organisational effectiveness measurements are generally based on Cameron's (1986) nine dimensions of organisational effectiveness (1978, 1986), the CVM model (Quinn and Rohrbaugh, 1983), and other relevant literatures. The questions have been divided into three main parts: measurement of human resource and morale domain, internal and external environment, and employee's characteristics and performance.

All questions that are used in this research are based on a 7-point Likert scale, which ranges from "extremely strongly agree" to "extremely strongly disagree", apart from leadership styles, which is based on a 5point scale, which ranges from 0 (not at all) to 4 (frequently, if not always). The first section of the questionnaire consists of demographic information, and includes questions on gender, age, education level size and position at the organisation.

A sample of the questionnaire along with the questions using in the pilot study are presented in appendix A. Some of the questions were deleted and some others needed rewording as a result of conducting a reliability analysis on the pilot study.

3.13 Conclusions

Based on the literature review, there are different elements that have influence on organisational effectiveness. Hence, it is valuable to conduct this study to investigate the effect of organisational culture and leadership style on organisational effectiveness. Furthermore, it is also important to explore the impact of national culture and organisational size on the relationship between organisational culture, leadership style and organisational effectiveness. Chapter three has discussed the concepts of organisational culture, leadership style, national culture, organisational size and organisational effectiveness. In the first section of this chapter the researcher proposed a comprehensive conceptual framework for this study, which contains six major constructs and two moderating variables:



These eight variables are considered relevant to the research problems. The independent variable (IV) for this study are clan culture, adhocracy culture, market culture and hierarchy culture (organisational culture types) while organisational effectiveness and leadership style are considered as a dependent variable (DV) in which leadership style also acts as mediator in the culture-effectiveness relationship. Furthermore, both national culture (PD, IDV, MS, and UA) and organisational size considered as moderating variables. Based on these variables the conceptual framework was designed for this study which was derived from previous literature and is in line with the objective of this research.

Then the next section was dedicated to providing the theoretical background and linkage between the constructs and development of each hypothesis. Therefore, the relationships among constructs found in this study have been expanded into six main hypotheses and twelve sub hypotheses and there are tested in the next chapter. The main purpose for this section was to provide theoretical background and support for the framework and hypotheses proposed.

As mentioned before, the prime aim of this chapter was to develop a comprehensive conceptual framework that shows the relationship between constructs and provide a firm guidance for research through the analysis. In the process of developing the conceptual framework for this study and extensive review of literature a number of gaps have been highlighted which was mentioned in the end of the previous chapter. Therefore, hypotheses are proposed to fill these gaps, and as result, offer a further understanding of the culture-effectiveness relationship.

It is expected that the results of this study not only provides academics and practitioners with the knowledge on the relationship between organisational culture, leadership style and

organisational effectiveness, but also may help managers and practitioners to manage organisational change to achieve higher organisational effectiveness by taking into consideration the impact of organisational culture, leadership style, national culture and organisational size.

The next chapter is concerned with the research design and data collection method and the methodology undertaken by this study.

Chapter Four

Research Methodology

4.1 Introduction

In the previous chapter the researcher developed a framework for this study. This chapter's subject is to describe the methodology that has been used to justify the research paradigm, questionnaire design, sampling, and data collection. In this chapter, the research instrument development has been discussed as well as the pre-test and pilot study results. Moreover, in brief, this chapter introduces the analytical strategy used to test this study's hypotheses. Finally, ethical considerations are discussed and conclusions are drawn.

This research is largely based on the Positivist paradigm, favoured by scholars such as Ouchi (1981), Peters and Waterman (1982), and Deal and Kennedy (1982) in organisational studies. After examining the conceptual model of this study and proposing hypotheses relating to organisational culture, leadership styles, and organisational effectiveness, their relationships were explored. In this chapter, the researcher discusses the empirical research methodology including data collection and analysis.

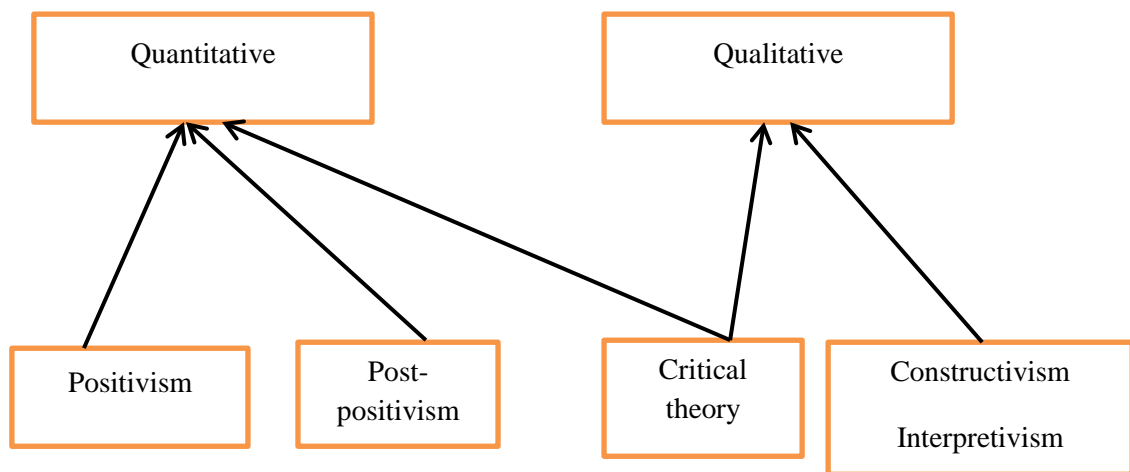
4.2 Understanding Epistemological and Ontological Considerations

The *Oxford English Dictionary* defines philosophy as the study of the fundamental nature of knowledge, reality, and existence (Oxford, 2005). In other words, it explains a researcher's thoughts on a certain topic where reality is explained. Further, a philosophy describes the conditions of knowledge which underlie reasoning about existence of certain phenomena.

As stated by Denzin and Lincoln (2000), philosophical assumption can be defined as the thought, values and beliefs of a researcher about the researched subject matter where his behaviour in research is adapted to the research environment and vital human characteristics. In further conducting studies about philosophical assumptions, Guba and Lincoln (1994) grouped research philosophies in order to reduce complexities and created 3 groups, namely, ontology, epistemology, and methodology. In their study, ontology is considered to be the characteristics of the reality that are tested in the investigation and the epistemology is defined as the complications that are related to the relationship between the researcher and

the research problems that are formed by the researcher. Further, methodology is defined as the tools that are used by the researcher to gather as well as validate empirical data to solve the research questions. Similar definitions were introduced by Myers (1997) and Creswell (2009). Additionally, in the studies conducted by Guba and Lincoln (1994) and Lincoln and Guba (2000), an extended approach was executed where they introduced four schools of thoughts to explain the three philosophical paradigms of positivism, post-positivism, critical theory and constructivism. Furthermore, Mingers (2003) identified three paradigms which are positivism, interpretivism and critical research which researchers can use as a guide.

Figure 4.1: Epistemological Assumptions for Qualitative and Quantitative Research



Adopted from Alvesson and Skoldberg (2009) and Creswell (2009)

- **Positivism:** the word positivism has its root in Latin word of *poistum* the supine from *pono* which means put, set, place, or lay. Therefore, if something “is put, set, placed or laid; this something is given facts or data, and the one they lie in front of is the researcher” (Alvesson and Skoldberg, 2009). As explained by Bryman and Bell (2011), this school of thought adopts the value-free (objective) approach of the natural sciences in their studies conducted to understand reality. In a study by Guba and Lincoln (1994), the researcher and the research objects are identified as two different entities with no influence/relationship between each other, which is also known as the one-way mirror approach.
- **Post-positivism:** This is an approach which was introduced in early 19th century and as stated by Creswell (2009), “the post positivist assumptions have represented the traditional form of research, and these assumptions hold true more for quantitative research than qualitative research” (p.7). Post-positivism emphasizes the view that a researcher cannot hold

a positive sentiment about the research knowledge when researching human behaviour. This approach is very similar to the positivist approach, where the whole concept is based on objectivism that adopts the concept that social phenomena are independent of social actors, which was explained by Bryman and Bell (2011). The only variation arises in the method of inquiry where it also focuses on falsifying the theoretical assumptions or hypotheses rather than solely focusing on proving cause-law effect.

➤ **Critical theory:** Expounded in writing by philosopher Roy Bhaskar, and in part inspired by Marx's view of science, it considers both positivism and social constructivism as too superficial and non-theoretical in their approach to doing research (Alveson and Skoldberg, 2009). Scholars who follow this school of thought strongly believe that it is not important to just explain the world but also to change it. As explained by Bryman and Bell (2011), it is a school of thought that believes in the dualism of realism/subjectivism where it states that the social phenomenon and the social actors are not independent from each other and that social phenomenon tends to vary depending on the social actor's view of reality. It further emphasizes that the researcher's view is shaped by the research objective(s) and their relationship (Guba and Lincoln, 1994). This school of thought uses observations and interviews as the data-gathering method and it aims to test a hypothesis that is formed based on a theoretical concept (Guba and Lincoln, 1994; Bryman and Bell, 2011).

➤ **Constructivism:** Has its root in phenomenology but more recently has been associated with postmodernism (Alveson and Skoldberg, 2009). It is a school of thought that is based on the assumption that social phenomena and their meanings are continually being created by social actors (Bryman and Bell, 2011). This school of thought promotes similar beliefs to critical theory where assumptions are based on subjectivism. The difference is that constructivism believes that reality is the output of social interactions which are formed by groups of people. The postmodernism/constructivism school of thought tends to use hermeneutics and interviews as the data gathering method (Guba and Lincoln, 1994; Klein and Myers, 1999). It could be argued that constructivism is a very broad and multi-faceted perspective which on the one hand can be seen as an alternative to positivism and on the other hand to critical realism (Alveson and Skoldberg, 2009).

According to Denzin and Lincoln (2000), positivism and post-positivism hold opposite views to constructivism since they rely on the 'scientific deductive method' which executes qualitative and empirical research (Creswell, 2009; Alveson and Skoldberg, 2009). In these

methods, the deterministic-reductionist approach is executed where the concepts are divided into sub-components with their results and behaviours. In positivism and post-positivism, variables are used to build a hypothesis which is tested using numerical data gathered through empirical research (Creswell, 2009). In opposition, critical theory and constructivism promote subjectivism and interpretivism which is detailed by Mertens (1998). Additionally, in critical theory and constructivism, the concept of 'naturalistic inductive methods' is employed where the researcher tries to develop knowledge through creating subjective meanings for their experience of the researched matter (Creswell, 2009). On the other hand, in objectivism, as discussed earlier, the inquiry method used is qualitative, which does not divide the concept into segments, rather the concept is examined further (Crotty, 1998).

4.2.1 Selection of Positivist Research Approach

Based on the research problems that are being addressed and past literature, the positivist approach has been selected. As explained by Hirschheim and Klein (1992), the positivist method identifies reasons for a problem based on a deductive process. In the positivist/deductive method, there are three fundamentals that are explained by Bryman and Bell (2011) and Creswell (2009) as constructing the hypothesis/model or a relationship and the execution of quantitative methods and value-free explanation provided by the researcher on the research problems. It could be understood from Alveson and Skoldberg (2009), Bryman and Bell (2011) and Creswell (2009) in describing the methodical paradigm that they considered a particular study as positivist if the study analysed the relationship between variables using quantitative measures while deploying hypothesis testing on a particular sample to generalize to a larger population. Further, in the inquiry methods available under positivism are observing, measuring, distributing surveys and questionnaires, on site experiments, simulations, and case studies (Mingers, 2003).

The main aim of this study is to identify the influence of organisational culture on organisational effectiveness taking leadership styles as a mediator between the relationship of organisational culture and organisational effectiveness with national culture and organisational size as moderators. Since investigating cultural and demographic factors are included in the study, a positivist approach is recommended. As stated by Orlikowski and Baroudi (1991), in conducting research using the positive ontology, the researcher's duty is to identify the objective physical and social reality by means of utilizing proper tools that will

identify those specific aspects of reality that are being investigated by the researcher. The present investigation also uses positivist epistemology as proposed by Chua (1986), who identified knowledge to be true or false through empirical findings and the hypothetical-deductive method. In the current investigation, Chua's (1986) criteria for deploying the positivist concept are identified as the end objective of the investigation, which is to identify the factors affecting organisational effectiveness. Therefore, to achieve the objective, a conceptual framework needs to be developed clearly stating the variables and their relationships including dependant, independent, mediating and moderating variables.

Developing the conceptual framework is based on the literature review presented in chapter two where it reviewed literature related to organisational culture; leadership styles, organisational effectiveness, national culture, and organisational size (see chapter 2 and 3). Consequently, the conceptual framework is built using rationales (e.g., Cameron and Quinn, 2011) in order to reach the targets of the investigation. Even though the investigation is purely based on positivist methods of research, it does not reject other philosophical approaches. Nevertheless, there are more supporting factors for choosing the positivist approach for the investigation. As an example, if there is a need to adopt a post-positivist approach, an additional series of interviews should be carried out to identify the cause and effect relationship; however, this further step was out of this study's scope and was not part of the current investigation (Guba and Lincoln, 1994).

As opposed to the post-positivist method which focuses on identifying the differences between the phenomena in order to identify cause and effect (Guba and Lincoln, 1994), the investigation focuses on identifying the behaviour of common variables in relation to a certain phenomena; namely, organisational culture, leadership styles, and organisational effectiveness of managers in private sector organisations in Iran. Bias in the research findings is minimised by overlooking critical and constructivist theories. However, as the research objective is solely focused on objectivism, there are no or minimal requirements for the researchers to get involved in the research problems. Hence, it can be concluded that using a critical and constructivist research approach is not appropriate as they adopt a relativist/subjectivist stance which aims to identify an interrelated relationship that exists between the researcher and the researched object (Guba and Lincoln, 1994; Mertens, 1998).

4.2.2 Study Setting

Reed (1996) argues that culture and history influence theorists' personalities and values, and these implicit values and personalities, in turn, have a great impact upon their theories. Kuhn (1970) proposed that, as a result, assumptions and paradigms lie at the root of scientific knowledge, differences among assumptions in different paradigms lead researchers to use different approaches. Gioia and Pitre (1990), following Burrell and Morgan (1979), divided organisational study into four philosophical viewpoints:

- Functionalist
- Interpretivist
- Radical Humanist
- Radical Structuralist (Gioia and Pitre, 1990)

This research used the Competing Values Framework (CVF), which is based on a Sociology/Functionalist perspective, to study organisational culture and organisational effectiveness (Cameron and Quinn, 2011). CVF considers culture to be something that organisations *have* rather than something they *are*. Furthermore, this research is based on the transformational and transactional theory of leadership (Avolio and Bass, 2004) which has its roots in situational and behavioural theories.

This study was conducted with employees working in varieties of private sector organisations trading in Iran. The respondents were employees from different levels of the organisations' management level, including supervisors, junior managers, senior managers and CEOs. Since the majority of private organisations operating in Iran are based in big cities, the population for this study was from organisations in major cities like Tehran, Mashhad, Kerman, Shiraz, Tabriz, and Esfahan. These cities were geographically selected as the sample frame of this study. According to the Ministry of Labour in Iran, around 75 per cent of all private organisations operating in Iran are located in these cities. For the purposes of this study, 150 organisations in total, from a variety of sectors and from organisations of different sizes in the private sector have been chosen. However, only 40 out of 150 organisations accepted the invitation to participate in this study and the rest refused the researcher's invitation or did not respond.

4.2.3 Research Design

The research design can be viewed as being the same as the general structure of any research study. The research design provides readers with information and a framework focusing upon how the data are collected and analysed in any specific study. According to Bryman (2012), there are five main organisational research designs that are used in any research study: experimental, qualitative, action, case study, and survey research. The choice of the most appropriate research method can include a number of factors such as sampling, population type, questioning format and content, rate of responding, costs, and eventually the duration of the information gathering itself (Aaker, *et al.*, 2010). According to Aaker *et al.* (2010) the choice among various research methods is strongly determined by research training, social pressure from the closest social surroundings, and preferences toward the specific results of the research.

To fulfil the aim and objectives of this research and to test the relationship among the variables, this study used survey research and data that has been collected through a questionnaire designed specifically for this study. The researcher collected data through questionnaires completed by employees at different managerial levels of the organisations. Similar to other survey research, the study's main purpose was to explore organisational culture and organisational effectiveness and the mediating effect of leadership styles on that relationship, as well as the influence of a set of moderating variables including national culture and size on those relationships. Information has been collected about the variables defined for this study and the degree of their relationship with each other.

In cases where the researcher considers a specific organisation as the unit for analysis, the case study approach becomes the more appropriate choice. On the other hand, when it comes to research conducted on individuals, the survey approach is favoured (Dwivedi, 2010). Surveys can be regarded as particularly convenient for issues such as costs, time, and accessibility (Gilbert, 2005). In order to justify the reason for choosing survey method for this study, it can be argued that as the number of organisations operating in Iran is so substantial, collecting more original data was practically impossible due to the researcher's schedule and framework. Choosing a number of organisations and only measuring managers' level of perception had many advantages, including shorter time, lower cost of travel and postage, and

reduced researcher bias. It also served to provide the maximum level of objectivity in order to test the proposed hypotheses.

Furthermore, the selection of the most appropriate approach is also determined by the theory's types and models included with the purpose of examining the relations of causality between the variables themselves (Chapter 3). As proposed in Chapter 3, the conceptual model involves a number of hypotheses which require testing prior to the conclusion of the study itself. For these reasons, it is necessary to gather quantitative information accompanied by statistical analysis with the same purpose of testing the hypotheses. Although there are a number of available approaches for research within the quantitative positivist category (Straub *et al.*, 2005), the survey proved itself on being the most suitable for this research approach.

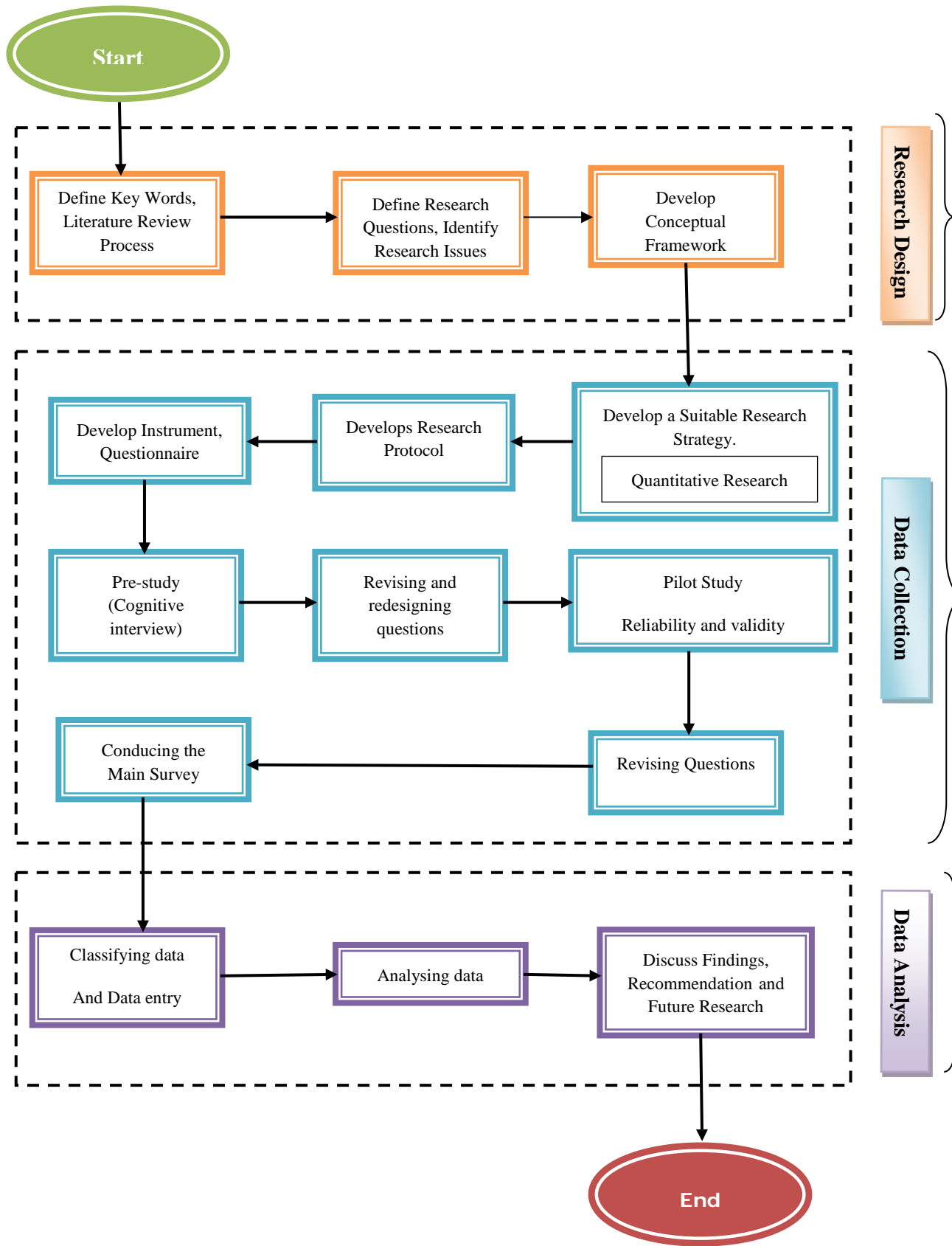
4.3 Research Methods and Concepts

The researcher aimed to design research questions which were narrowly focused enough to guide the research to reach its desired outcome and broad enough to allow for flexibility. It was also considered important to find the appropriate research methods to collect data to answer the research questions, and after due consideration, it was decided that it would be most appropriate if the research used a quantitative methodology.

As Easterby-Smith *et al.* (1991) claim, research design considers, firstly, what kind of information is gathered and from where, and secondly, how such information is to be analysed and interpreted in order to provide good and sufficient answers to research questions. The aim of this research is to gain in-depth knowledge of organisational culture, leadership styles and organisational effectiveness from the individual perspective in different businesses in Iran.

When it comes to the examination of the relationships between theoretical and research concepts, the deductive approach seems to be the most suitable one (Bryman and Bell, 2011). Consequently, Sekaran (2003) emphasizes the benefits of the deductive approach for researchers who start their work with theories and hypotheses and then continue by drawing

Figure 4.2: Research Design



logical conclusions through deduction from the study results. In addition, the research project itself should aim to provide testing of the hypotheses in question.

The deductive approach starts with the accumulation of theories and hypotheses. This generation process can find its ground in personal experience or in a literature search of the most appropriate theories and hypotheses. The following step which follows the cumulative process of ideas is the processing of theories and hypotheses in order to make them suitable for the empirical phase of the deductive approach. After this, it is required to identify and select adequate techniques for the measurement of these theories and hypotheses which have been previously adjusted and operationalized. This phase includes the choice of the most suitable methodology for research based on the following:

- Instruments for research
- Methods for data collection
- Methods for data analysis
- Data interpretation
- Measurements
- Empirical observations

The final phase of the deductive approach includes the classification of theories and hypotheses based on those judged to be false and those which are not false. The most important element of this phase is the determination of the exact extent of falsification (Crowther and Lancaster, 2008). This research is deductive in nature, and based on a theory-then-research approach in which hypotheses are set and developed, and then tested through empirical research. The deductive approach starts with a very general and broad idea which is narrowed down into more specific hypotheses in a 'top-down' approach. In order to either reject or accept the hypotheses, specific data must be collected from observations that address the hypotheses. Generally, (though not necessarily) this approach generates quantitative data. When it comes to this study, its main goals are to examine the relations among the following:

- Organisational culture
- Leadership style
- Organisational effectiveness
- National culture
- Organisational size

On the other hand, the ‘research-then-theory’ approach is an inductive approach in which data are collected and analysed in order to develop a theory, unlike a deductive approach this method moves from very specific observations to broader ideas and theories in a ‘bottom-up’ direction. The formulation of hypotheses follows from specific observations and measurements, which set the base and pattern of the research. While deductive approaches are considered to be very narrow in nature, inductive approaches are open-ended and exploratory. The inductive approach generally generates qualitative data and researchers arrive at conclusions through the observation of certain phenomena and the search for regularities. The researchers are following a logical pattern which is entirely based on evidence and facts which have previously been observed.

According to Bryman and Bell (2011), in an inductive process, theory is derived from analysis of the results of the research with the creation of general conclusions which are derived from specific observations. The inductive approach includes techniques which differ significantly from deduction techniques due to the process which moves from specific observations to general concepts and theories. The inductive analysis starts with specific observations and measurements, continues with the detection, regulation and formulation of data, and ends with the development of general conclusions and theories (Trochim and Donnelly, 2006). It is worth mentioning that these approaches can significantly benefit from being connected with the research philosophies which have already been mentioned. Therefore, the deductive approach is more related to positivism, while on the other hand, the inductive approach is more consistent with phenomenology or social constructionism. Therefore, in accordance with the current study, the deductive approach has shown itself to be the most suitable for the testing of the theory with empirical testing techniques.

The epistemological position adopted in this research puts a strong emphasis on proven social facts and causes. Therefore, this research combines realistic ontology with the introduction of quantitative research methods which explain the causes and manifestations of social phenomena. The essential assumption is that the social phenomena consist of relatively sustainable empirical elements which can be easily subjected to identification, studying, and measuring with the help of techniques adapted from the natural sciences. Taking into consideration that the data collected for this research is derived from the survey methods (Myers, 1997) with the significant influence of theoretical constructions (Straub *et al.*, 2005);

that is: national culture, organisational culture, leadership style, and organisational effectiveness, this data is quantitative.

This research is based on quantitative methods. Quantitative data were collected with the help of a questionnaire, which was designed by the researcher based on the Dorfman and Howell (1988) national culture concept, Avolio and Bass (2004) transformational and transactional leadership styles and CVF for both organisational culture and organisational effectiveness. Quantitative methods are used by academics in order to systematically investigate patterns of relationships among variables. Van Maanen (1979) noted:

'...in quantitative research the emphasis is on the collection of metric data using well designed instruments, classifying them into response categories and synthesizing the collected information to evaluate the existing body of knowledge or generate new knowledge...'

(Van Maanen, 1979, cited by Das, 1983:305)

Therefore, for the purposes of this study, a self-administrative questionnaire was developed which was mostly borrowed from existing literatures and questionnaires such as Dorfman and Howell (1988) on national culture, Avolio and Bass (2004) MLQ 5X on leadership styles, Cameron and Quinn (2011) OCAI on organisational culture and Cameron (1978, 1986) CVM on organisational effectiveness. The main reason for choosing a questionnaire was that this study needed a large number of respondents who were geographically dispersed. Additionally, a questionnaire is much less expensive than semi-structured interviews. Also, in general, questionnaires can be distributed and collected all together whereas interviews cannot.

Furthermore, after long consideration and seeking advice from supervisors, the researcher realised that a self-administered questionnaire can help to reduce researcher bias and ensure the anonymity of respondents. Additionally, respondents can complete the questionnaire at their own pace and at whatever time is convenient for them.

Data collection is a very time-consuming process which can easily take several months. The pilot study conducted for this study took around one and a half months (from June 2012 through mid-July 2012). The main study began in August 2012 after analysing the pilot study data and after modifying some of the questions included in the questionnaire. Data collection

finished at the beginning of 2013, with the administration of the questionnaire ending in November, 2012. The researcher tried to ensure that all survey questions were clear, easy to read and understand and unambiguous. Also, the researcher tried to provide a format and structure for the questionnaire that respondents could easily follow.

In total, 1000 questionnaires were distributed among managers of private sector organisations in Iran and 358 were returned, which provided a response rate of 35.8%. In general, the average response rate of 35.3% can be considered as a good response rate for a mail survey (Pearce and Zahara, 1991; Wiess and Anderson, 1992). Furthermore, compared with similar studies in the same field such as Zheng, *et al.* (2010), Gregore, *et al.* (2009), Mehr, *et al.* (2012), Gholamzaded and Yazadanfar (2012), Tojari, *et al.* (2011) and Xenikov and Simosi (2006) the response rate for this study could be considered as acceptable since the response rate of studies in this field are range from 23 % to 41%.

Table 4.1: Number of Questionnaires Sent and Returned

Size of Organisation	Number of questionnaires sent	Number of questionnaires returned
Small	150	50
Medium	350	101
Large	550	202

This study itself uses a survey which is self-administered due to its obvious advantages when it comes to versatility and speed, including the possibility of it serving as a checkpoint for ensuring that all interested parties of this study can comprehend the concepts examined (Grossnickle and Raskin, 2001). The greatest advantages of a self-administered survey are primarily cost and accuracy (Aaker, *et al.*, 2010). In addition, this type of survey can be easily designed as well as administered. Furthermore, the interested parties of this study are provided with discretion when it comes to the questionnaires themselves. That means the questions to be asked may refer to behaviours, attitudes, demographic and lifestyle issues (Malthora, 1999). Additionally, according to Kassim (2001), the following characteristics are to be emphasized and considered when a self-administrated survey is to be used:

- It is possible to answer these questions by using the options of circling the right answers in the presence of an interviewer, where the respondent can provide all required information (Aaker, *et al.*, 2010)
- It is possible to reach the rate of almost 100% due to the immediate collecting of the questionnaires after they are finished (Sekaran, 2003)
- It is possible to achieve the highest level of privacy and discretion for the respondents, because they are not required to disclose their true identities (Aaker, *et al.*, 2010; Sekaran, 2003)
- It is possible to provide a remarkable level of control when it comes to sample selection (Aaker, *et al.*, 2010)

Self-administered questionnaires have one main element that some scholars consider a strength, while many others argue it is a weakness: respondents have the opportunity of reading all questions before answering them. In this study, the researcher would like to look at this fact in a positive way as it would help answers to be more consistent. One drawback of self-administered questionnaires is that the researcher cannot be certain about who actually answered the questions. The reason behind that is when questions were sent to organisations, it was almost impossible to keep track of where the questionnaire ended up and whether or not they had gone to those people who were to receive them. However, as organisations in this study participated voluntarily, there was a good chance that questionnaires were correctly delivered. Also, in order to avoid the questionnaire being opened by an unauthorised person from any department, the researcher specifically asked for the name of the person in each organisation for correspondence and wrote that person's name on each package as well as the number of questionnaires in the package. Moreover, the researcher was not in a position to control the condition under which respondents answered the questions and whether they answered them during their working hours or in a meeting or in their own time.

Due to restrictions placed on organisations by the Iranian government, the researcher knew that asking for additional information as open ended questions would be declined by organisations and therefore these questions were removed from the questionnaires before being sent. Very few organisations, two organisations in fact, told the researcher after two weeks that they had not received the questionnaire, in which case the researcher sent a new package to them and asked for confirmation of receipt. Also, some respondents claimed that

they posted the completed questionnaire but the researcher did not receive them in due time. This is one of the main disadvantages of the self-administered questionnaire as it can produce a lower response rate compared with interviews.

Each questionnaire was accompanied by a covering letter which clearly explained the aims and objectives of this research as well as an assurance of confidentiality and anonymity of respondents. According to Neuman (1997), a study would receive better attention and therefore have a better response rate if the respondents were more educated and have a strong interest in the topic of the research. The researcher promised, after finishing the analysis, to send the results and findings to those respondents who indicated an interest in the topic.

4.4 Theory Building

This research originally proposed to use primary and secondary data in order to test the research hypotheses and answer the research questions. Primary data was successfully collected through the use of self-administered questionnaires in order to find answers to the research questions on national culture, organisational culture, leadership styles, and organisational effectiveness in firms. However, the plan to collect secondary data in order to answer questions related to business performance proved impossible, since access to information regarding the companies' profitability for the past five years was declined by almost all organisations in this study.

The research started by setting initial hypotheses and doing a pre-test using the cognitive interview technique. Following this, the hypotheses were reviewed and adjusted accordingly and improvements were made to the data collection methods before a pilot study and final data collection were carried out.

In order to find and develop testable hypotheses and theory in advance of the pilot study, this research developed an eight-step approach similar to an eight-step road map presented by Eisenhardt (1989). The first step was to provide initial, broad, tentative research questions relating to the literature and hypotheses. The second step was to combine and use different data-collecting methods, techniques, and instruments. The third step was to carry out a pre-test using a cognitive interview technique to find out the clarity of the questions. The fourth step was to review questions and change them if it was necessary to improve their clarity. The fifth step was to perform the pilot study and provide selected respondents with initial

questions using the designed questionnaire for this study. The sixth step, considered the most important part, was to analyse the data collected within the pilot study sample. The seventh step was to review, adjust, and finalise the questionnaire according to existing literature by looking at the overall results and impressions that had been gained from data analysis among the variables. Finally, the eighth step was conducted after reviewing and finalising the research hypotheses, which consisted of the final data collection.

4.4.1 Sample Justification

The main motive behind choosing the samples, both in the pilot study and the main study, was to provide the best chance of producing a deep and reliable analysis of the data. Gaining valuable data in this research required a good range of responses within each participating organisation using quantitative research methods. Therefore, it was decided to include a smaller number of organisations in order to reduce the risk involved in random sampling, where some respondents may not respond accurately and on time, which would produce a lower response rate. It may be questioned as to whether the samples were representative of the total population of organisations and industries in Iran, but the researcher was willing to take that risk in order to achieve a higher response rate within each organisation (Creswell, 2009; Hair, *et al.*, 2010; Bryman, 2012).

The other reasons for utilizing a convenience sample were ease of access to samples, to get around government restrictions, and personal contact with respondents, both for the pilot study and the main research study. The main advantage of the convenience sample is that it enables the researcher to choose the cases that provide better and higher response rates based on respondents' availability. Therefore, convenience sampling enables the researcher to cope more efficiently with resources available for the research.

Sampling was based upon geographical clusters as the research sample population was dispersed across the country in different cities. It was accepted that not everyone would return the questionnaires quickly and responsively as that depends on the willingness of respondents. Therefore, the main priority was to find organisations in varying sizes and in different industries, representative of the private sector, and the country as a whole, in order to answer the research questions.

Neuman (1997) argues that research with a small population (under 1000) needs a large number of respondents, about 30%, in order to be valid. However, in research with a large population (10,000), there is a need of only 10% (1000) to be accurate and valid. On the other hand, Roscoe (1975) introduced the rule of thumb which simply states that a sample of more than 30 and less than 500 is preferable for the majority of research studies including those studies that use multivariate and multiple regression analysis.

Furthermore, sample size can be considered the single most influential factor of the generalisation of the results based on the independent variables and observation. A rule of thumb states that the ratio of cases to independent variables should never be lower than 5 to 1 (Hair *et al.*, 2010), which in fact means that for each independent variable, there should be a minimum of 5 observations. However, according to Hair *et al.* (2010), the desirable ratio is 15-20 to 1 and with that ratio, the result can be easily generalised if it is representative. He further argues that if the ratio should be lower than 5 to 1 there is a risk of 'over fitting' the model to the data making the result too specific, which will prevent generalisation.

Hair *et al.* (2010) argues that if the researcher implements a stepwise procedure, the recommended ratio of the number of observations to variables will increase to 50 per each variable. However, if the researcher cannot meet the recommended criteria, he or she should make certain of the validity and generalisation of the results. In the case of this study there were 353 respondents which, according to the recommended ratios, can be considered a very good number.

The Iranian economy can be divided into three main sectors: agriculture, manufacturing and service. The companies contacted for this study are all from the manufacturing sector. This sector was selected because the manufacturing sector is responsible for 46% of Iran's GDP. The study was conducted on different sized organisations in the private sector in Iran. Supervisors/ juniors, middle managers, senior managers, and CEOs were invited to participate in this research and answer the questionnaire. During the research and data collection, the researcher assured respondents about the confidentiality of the data obtained and that the data would only be used for academic purposes. In the first stage of the research, organisations were divided according to their sizes (small, medium, or large).

Employees were divided into four groups according to their seniority: CEO, senior managers and duty managers, middle managers, and junior managers and supervisors (although in the

case of very small companies, the second level was disregarded). A higher response was expected from junior managers and supervisors as compared with CEO and senior management levels.

Table 4.2: Number of Companies by City

No	City	Number of Companies contacted	Number of companies in the sample
1	Tehran	50	12
2	Mashhad	35	8
3	Kerman	17	5
4	Shiraz	18	5
5	Tabriz	12	5
6	Esfahan	18	5
	Total	150	40

According to the table 4.2, the number of organisations that participated in this study was 40. In total, exactly 1000 questionnaires were sent, in which 353 were returned on time to the researcher. There was a possibility that if the researcher had personally visited each organisation, there would have been a larger number of questionnaires collected. But due to the short period of time and the distance of these cities to the researcher’s home town, it was impossible for the researcher to travel and visit every organisation

Table 4.3: Survey Questionnaire Items Relations with the Hypotheses and Variables

Factor	No. of Item	Source	Scale	Hypothesis	Questions
Demographics					
Size	3		Nominal	H5.1: Clan → LS H5.2: Adhoc → LS H5.3: Market → LS H5.4: Hierarchy → LS H6: LS → OE	A2
Gender	2		Nominal		A3
Age	6		Nominal		A4
Education	6		Nominal		A5
Position	4		Nominal		A6
National Culture					

Power distance (PD)	6	(Dorfman and Howell, 1988)	7-point Likert scale	H4.1: Clan → LS H4.2: Adhoc → LS H4.3: Market → LS H4.4: Hierarchy → LS	B1- B6
Individualism /Collectivism(IDV)	5	(Dorfman and Howell, 1988)	7-point Likert scale	H4.1: Clan → LS H4.2: Adhoc → LS H4.3: Market → LS H4.4: Hierarchy → LS	B7-B11
Uncertainty avoidance (UA)	5	(Dorfman and Howell, 1988)	7-point Likert scale	H4.1: Clan → LS H4.2: Adhoc → LS H4.3: Market → LS H4.4: Hierarchy → LS	B12-B16
Masculinity/ Femininity (MAS)	5	(Dorfman and Howell, 1988)	7-point Likert scale	H4.1: Clan → LS H4.2: Adhoc → LS H4.3: Market → LS H4.4: Hierarchy → LS	B17- B21
Organisational Culture					
Clan Culture	6	(Cameron and Quinn, 2011)	7-point Likert scale	H1.1: Clan → LS H3.1: Clan → LS → OE H4.1: Clan → LS → (NC) H5.1: Clan → LS → (Size)	C1-C6
Adhocracy Culture	6	(Cameron and Quinn, 2011)	7-point Likert scale	H1.2: Adhoc → LS H3.2: Adhoc → LS → OE H4.2: Adhoc → LS → (NC) H5.2: Adhoc → LS → (Size)	C7-C12
Market Culture	6	(Cameron and Quinn, 2011)	7-point Likert scale	H1.3: Market → LS H3.3: Market → LS → OE H4.3: Market → LS → (NC) H5.3: Market → LS → (Size)	C13-C18
Hierarchy Culture	6	(Cameron and Quinn, 2011)	7-point Likert scale	H1.4: Hierarchy → LS H3.4: Hierarchy → LS → OE H4.4: Hierarchy → LS → (NC) H5.4: Hierarchy → LS → (Size)	C19-C24
Leadership Style					
Transformational	20	(Avolio and Bass, 2004)	5- point scale	H1: OC → LS H2: LS → OE H3: OC → LS → OE H4: OC → LS → (NC) H5: OC → LS → (Size) H6: LS → OE → (Size)	D1-D20
Transactional	8	(Avolio and Bass, 2004)	5- point scale	H1: OC → LS H2: LS → OE H3: OC → LS → OE H4: OC → LS → (NC) H5: OC → LS → (Size)	D21-D28

				H6: LS → OE → (Size)	
Passive/Avoidant	8	(Avolio and Bass, 2004)	5- point scale	H1: OC → LS H2: LS → OE H3: OC → LS → OE H4: OC → LS → (NC) H5: OC → LS → (Size) H6: LS → OE → (Size)	D29-D36
Organisational Effectiveness					
Organisational effectiveness	41	(Cameron and Quinn, 2011), Cameron (1974, 1986)	7-point Likert scale	H2: LS → OE H3: OC → LS → OE H6: LS → OE → (Size)	E1- E41

4.4.2 Questionnaire

Although quantitative methods alone were not considered adequate to provide reliable data (Cohen *et al.*, 2000) to determine the dominant organisational culture, leadership styles or even organisational effectiveness, there was no opportunity for the researcher to collect qualitative data. Questionnaires, distributed in Farsi (the local language), were presented to the sample of organisations in Iran. In order to avoid bias in the questionnaires, the researcher tried to ensure that questions were not leading, and would not result in any opinion formed by the researcher. For the purpose of this study researcher applied back translation technique in which the questions were designed in English and were translated into Farsi and back again in four stages to ensure their clarity:

Stage 1: The questions were translated from English to Farsi by the researcher

Stage 2: The questions were translated to Farsi by a professional translator

Stage 3: After considering both translations, some questions were modified and a finalised set of questions was produced

Stage 4: For the final check, another professional translator was employed to translate questions from Farsi back to English

After the process of translating questions from English to Farsi, it was necessary to test them in order to ensure their clarity and determine the effectiveness of the questionnaire in terms of format and wording. This checking was carried out as part of the pre-test, where fellow Iranian researchers were invited to participate in a cognitive interview setting. They were told that the questions were being tested and their thoughts and views were extremely useful for

the research. After receiving both positive and negative feedback with regard to the questions, it was possible to make minor improvements to the questionnaire.

The questionnaire was designed to help the researcher collect basic information on the employee's demographics, national culture, organisational culture, leadership style, and organisational effectiveness factors. The researcher was warned by supervisors and his mentor that the questionnaire might need to be changed or adapted after receiving responses back from the pilot study. In addition, the researcher was advised by his mentor to avoid numbering the questions in the questionnaires in order to avoid the psychological tiredness caused by answering around 120 questions.

4.4.3 Non-Response Bias

A biased sample can be defined as a sample which differentiates systematically from the population where it was being taken (Fowler, 2002). This non-response bias takes place when certain numbers of people who participate in the survey do not respond. In addition, they have distinctive characteristics which differentiate them from the people who actually responded in the survey (Dillman, 2000). When it comes to these situations, the non-response is described as being selective. It is important to fully understand the non-response bias, which serves as one of the four primary sources of error in surveys (2007).

Non-response bias occurs more often in the research where phone or mail surveys are being used. In this research, a self-administered questionnaire was used and in most cases questionnaires were delivered to organisations. Through the acceptance of this procedure, the possibility for bias to occur is being significantly minimized.

➤ 4.4.3.1 Reducing Non-Response

According to Fowler (2002), the following four measures are to be applied in order to decrease non-response bias:

- It is necessary for the layout to be clear in order for progress to be easily checked
- The questions are to be nicely spaced in order to be read easily
- The response options are to be easy to choose

- The response options themselves should include: check, box, or circling a number option. These three measures are to be followed through the development and validation of the validity instruments, pre-test and pilot test activities.

A self-administered survey was used in this study, which was paper-based because of its advantages which include versatility, speed, and check-points that insure better comprehension of the study's requirements for the respondents (Grossnickle and Raskin, 2001). This type of survey can be easily administered and developed. Additionally, respondents can answer questions with full consideration and privacy. Furthermore, Kassim (2001) emphasizes the following advantages of self-administrated surveys:

- The questions can be answered in an easy manner by circling the appropriate response in the presence of an interviewer; in addition, respondents can ask for certain questions to be clarified (Aaker *et al.*, 2010).
- A significantly increased response rate of almost 100% which can be ensured due to the immediate collection of questionnaires after they are completed (Sekaran, 2003).
- Ensured respondents' privacy due to the fact that they are not obliged to reveal their identities (Burns and Bush, 2002; Burns, 2005).
- The highest possible degree of control when it comes to sample selection (Burns and Bush, 2002; Burns, 2005)

The majority of respondents included in both the pilot and the main study were satisfied when it comes to the length, layout, and availability of reading material, although there were some concerns regarding the number of questions asked. This means that the chances for non-response are minimized due to the characteristics of the data collection tools (i.e., paper-based survey) used for the research. By accepting this procedure, the possibility of bias in data collection processes was minimized.

4.4.4 Questionnaire Format

The researcher was advised by the research supervisor team to use strictly structured questions to avoid any bias, and it was felt that it would be appropriate to have three open-ended questions. These were mostly concerned with what employees feel about the leadership style of the organisations for which they work, how they have been treated, the opportunities for promotion, and what needs to be done to improve effectiveness in their

organisations. However, in the pilot study, 77 per cent of employees left these questions blank, so the decision was taken to delete them.

As mentioned previously, much of this study was based on Dorfman and Howell's (1988) national culture, Avolio and Bass' (2004) leadership styles, CVM and Cameron's (1998) organisational effectiveness and the CVF, and organisational culture, according to which organisational culture has four types: clan culture, adhocracy culture, market culture, and hierarchy culture. All questions used in this study were either directly borrowed from existing literature and questionnaires such as national culture, the MLQ 5X, and the OCAI or were designed/modified according to previous studies like Cameron (1978, 1986). The whole questionnaire was divided into five sections from A to E. Section A was related to demographic questions and before the pilot study also section A consisted of seven questions which were eventually reduced to five. Two questions relating to income and religion were deleted.

With regard to section B of the questionnaire, which included 21 questions on national culture using Hofstede's national culture dimensions (but slightly modified in the Farsi translation) measured by Dorfman and Howell's (1988) scale study, seven questions were on the paternalistic dimension as well as one from the individualistic dimension were deleted after the pilot study. Dorfman and Howell's (1998) questionnaire proved to be reliable and persistent and has been used in many studies in the Middle East, Asia, Europe, and America. Section C, which includes 24 questions on organisational culture, was borrowed directly from the Organisational Culture Assessment Instrument (OCAI). No modifications were made to these questions since they have been proven to be accurate and effective in diagnosing organisational culture (Cameron and Quinn, 2011). The OCAI has been used in a variety of extensive studies from the Far and Middle East to USA and Canada. The OCAI asks respondents to answer 24 questions based on six dimensions, thought by Cameron and Quinn to be critical and important in gaining an understanding of organisational culture. Generally, the OCAI uses a response scale in which respondents allocate 100 points among four statements given for each of the six dimensions. However, this study uses the same questions but in Likert-scale format based on the advice of Dr. Cameron (author of OCAI with personal contact by email with Dr. Cameron). As Cameron and Quinn (2011) explain, these dimensions originated from psychological archetypes, and are designed to help managers better understand their organisation's culture.

Section D consisted of 36 questions based on the transformational-transactional theory of leadership designed by Avolio and Bass (2004) and called the MLQ 5X. The questionnaire is designed to measure three leadership styles, namely transformational, transactional, and passive/avoidant leadership styles. The transformational leadership style has five sections with 20 questions, Idealised Attributes (IA), Idealised Behaviours (IB), Inspirational Motivation (IM), Intellectual Stimulation (IS), and Individual Consideration (IC). The transactional leadership style has two sections with 8 questions, Contingent Reward (CR) and Management by Expectation (Active) (MEBA). Finally, the passive/avoidant leadership style also has two sections with 8 questions, Management by Expectation (passive) (MEBP) and Laissez-Faire (LF). The MLQ 5X designed by Avolio and Bass (2004) has been shown to be very accurate and effective in studying leadership styles and has been used in many countries in Europe, America, the Middle East, Africa, and Asia.

Section E consisted of 41 questions based on the CVF, Cameron's (1978, 1986) studies of organisational effectiveness, and previous studies including the Organisational Effectiveness Questionnaire (OEQ) (Steele, 1988), aiming to measure Organisational Effectiveness. It has been argued that there are around 15 different models for measuring effectiveness introduced by different scholars in the literature. These include the Goal Attainment Model, the Resource Based Model, the Internal Process Model, the Competing Values Model, the Balanced Effectiveness Approach, the Ridley and Mendoza Model, the Bhargava and Sinha Effectiveness Model, and Handa's Approach. But the reason that the researcher used the CVF and Cameron (1978, 1986) as a basis for this study was that those studies of organisational effectiveness are based on the multiple constituency theory/school which would provide the researcher with a more comprehensive picture and perspective.

The questions in section E were divided into ten main categories. These related to employees' job satisfaction, manager's and supervisor's satisfaction, organisational health, reward and punishment, employee's job development and customer's satisfaction, professional development and quality of development, employee's personal development, teamwork, trust and communication, system openness and community interaction, and the ability to acquire resources. In the process of designing the questionnaire, based on the CVF, and Cameron (1978, 1986), the researcher tried to make sure that questions would be relevant to the Iranian context and culture without changing their original concepts. The questions were designed to

gain an in-depth understanding of organisational effectiveness characteristics in Iranian organisations.

Bias on the part of respondents was always a central concern. Although the researcher tried not to give any indication to respondents, there was always a concern that the respondents would answer the questions in a way that they might believe the researcher wanted.

As mentioned, all questions in this study regarding both organisational culture and organisational effectiveness were based on the CVF model (Quinn and Rohrbaugh, 1983) and the researcher in designing organisational effectiveness questions took into consideration CVF factors such as:

- Flexibility: an organisation's capability to deal with change and attitudes towards it, both externally and internally
- Acquisition of scarce resources: including human resources, finance and employees' development
- Planning: clarity of goals and objectives, productivity and efficiency
- Availability of information: the channels that convey information to different levels of the organisation
- Stability: chain of command, cohesiveness, respect and the reward and punishment system
- Training and employees' skills: level of training available and systems in place to improve employees' skills (Quinn and Rohrbaugh, 1983)

4.4.5 Limitations of Quantitative Methods

Every study has its limitations and this study is not exempt. This study's limitations concern the following issues: 1- the design of this study and initial sampling as to whether or not they are representative of all organisations in the country; 2- the clarity of the self-administered questions (translated from English to Farsi) and whether everybody has the same understanding of them; 3- respondents' bias, and whether they would answer questions conscientiously; 4- government restrictions on collecting data. Also, as Bryman (2012) noted, in the case of self-administered questionnaires, respondents can read all the questions before they start answering the first question. Therefore, knowledge of the later questions may

influence their responses to earlier questions. In addition, there is always the risk that questions are not being answered by the appropriate person.

The problem of 'non-response' is also an important consideration. In random sampling there is always the risk that those who have been chosen to participate in the research do not respond. Therefore, as Bryman (2012) argued, there is normally a substantial difference between the selected sample and those that complete the survey. It is argued that low response rates are not necessarily worse than high response rates in terms of 'representativeness', but they tend to be more biased. However, to avoid the risk of a low response rate, the researcher used convenience sampling.

4.4.6 Pre-Test and Pilot Study

The data collection stage in this research study was divided into three phases, namely the pre-test, pilot study, and main study. After designing the questionnaire, around 10 fellow Iranian Ph.D. students from universities in London were invited to a cognitive interview and asked about the questions. According to Willis (1994, 1999), the cognitive interview can be conceptualised as a modification and expansion of the usual survey interviewing process. The researcher has been specially trained to conduct cognitive interviews and was familiar with the procedures. Cognitive interviews can be differentiated from field interviews through the application of two varieties of verbal report methods: 1- think-loud and 2- verbal probing. For the purpose of this study and to have a better understanding of respondents' response to each question, the researcher has applied both these methods. At the first stage participants were asked to verbalise his or her thinking as he or she answered the questions (Davis and DeMaio, 1993; Bickart and Felcher, 1996). Then after respondents provided their answer to the relevant question, the researcher asked additional probing questions to further elucidate the subject's thinking (Belson, 1981; Willis, 1994, 1999).

After analysing the results from the pre-test and doing some adjustments on the questions, exactly 85 copies of the new version of the translated questionnaire were sent to three organisations, one from each size category, for the purposes of the pilot study (Table 4.3). In total, 50 individuals replied with fully completed questionnaires, producing a response rate of 59%. The researcher was advised not to have too large a sample for the pilot study, as this may increase the possibility of losing potential respondents for the final data collection. The respondents were not aware that they were chosen for a test. After conducting the pilot study,

10 out of the 50 people who participated in the pilot study were chosen for face-to-face short cognitive interviews to obtain more knowledge and understanding of the questions and to identify whether there was any need for any change in wording or structuring of the questions. Then, final amendments were made to the questions before the main study was conducted.

Table 4.4: Number of Questions Sent and Received for the Pilot Study

Pilot Study		
Size	No. of questions sent	No. of questions received
Small	10	9
Medium	25	15
Large	50	26

According to Powney and Watts (1987), Creswell (2009), and Bryman and Bell (2011), a pilot study with a small sample helps to test three functions by:

- Checking whether or not the organisation under study meets the research requirements
- Putting the interviews' structure and logistics to a practical test
- Acting as an opportunity for the researcher to develop his/her communication skills

The motives for choosing to do a pre-test and pilot study before the final data collection were based on the work of Converse and Presser (1986), Bryman and Bell (2011), and Bryman (2012), who all agree that a researcher who can conduct more than one pre-test would be in a better position if they use a participatory pre-test first and an undeclared test second. Also, the aim was to test the clarity of the questions and to ascertain the reliability of the instrument used in order to achieve the research objectives in general. Additionally, the pilot study helped the researcher estimate the time needed to answer questions and if there was a need for any rewording on any of the questions.

The pilot study data collection was divided into two phases: the first phase consisted of a survey on national culture with 29 questions, and a second phase in which data was collected

on organisational culture, leadership style, and organisational effectiveness. The pilot study started at the beginning of June and ended by the mid July in 2012. Questions were sent by mail to designated persons in three different organisations to be distributed, which out of that, 50 replied to the researcher. The average time for answering questions was around forty five minutes in total, of which the national culture section took around 10 minutes, leadership around 10 and organisational culture and organisational effectiveness took around 25.

In order to measure the reliability of the questionnaire, the researcher measured internal consistency using Cronbach's alpha as this instrument has been widely used to measure the reliability of scales. Although Bryman (2012) suggests that an acceptable Cronbach's alpha is around .80, De Vaus (2002) proposed that 0.6 should be considered as indicative of acceptable reliability. Also, according to Sekaran (2003), the reliability of scales increases as alpha approaches 1.0. In general, an alpha less than .6 would be considered as indicative of poor reliability, with 0.7 considered acceptable, and above 0.8 considered high.

Table 4.5: Pilot Study Questionnaire Internal Reliability

No	Description	No of Cases	No of items	Cronbach's alpha	No of items deleted	Cronbach's Alpha
1	PDI	50	6	.83	None	.83
2	UAI	50	5	.79	None	.79
3	IDV	50	6	.50	1	.75
4	MASI	50	5	.85	None	.85
5	Clan	50	6	.95	None	.95
6	Adhocracy	50	6	.73	None	.73
7	Market	50	6	.86	None	.86
8	Hierarchy	50	6	.89	None	.89
9	Transformational	50	20	.80	None	.80
10	Transactional	50	8	.78	None	.78
11	Passive	50	8	.72	None	.72
12	Leader (comb of all 3)	50	36	.76	None	.76
13	OE	50	41	.90	None	.890

After analysing the data from the national culture section, the results indicated that Cronbach's alpha for three scales was acceptable and that one was very low. The scores, before deleting any item, were in the range of 0.50 for IDV to 0.85 for MSI. After deleting one item from IDV, the range was acceptable, with alpha ranging from 0.75 for IDV to 0.85 for MSI (table above). In order to increase the reliability of the national culture questionnaire, the researcher had to delete item IDV6. Additionally, after collecting data for the pilot study, the researcher decided to totally delete 7 questions from the paternalistic category from the main study due to their insignificant contribution to this research and the lack of previous data on this variable. Therefore, the national culture questionnaire was reduced from 29 questions in the pilot study to 21 for the main study.

The second part of the pilot study was based on organisational culture, leadership styles and organisational effectiveness questions with 24, 36, and 41 questions included, respectively. After analysing the data on organisational culture, the result showed that Cronbach's alpha for all scales varied within an acceptable range from .73 to .95 (Table 4.5). The results also showed that Cronbach's alphas in the leadership styles section for all scales varied within an acceptable range from .72 to .80 and for all scales together (36 items, as leadership style was taken as one mediator), the range was .73 which suggests that they can be taken as one variable. Finally, after analysing the data from organisational effectiveness, the result indicated that Cronbach's alpha was very high at .890 (Table 4.5).

The instrument also had face validity as the items in the questionnaire, on the face of it, appeared to measure the concepts that the researcher wants to study (Sekaran, 2003). Face validity can simply be improved by rewording and restructuring items in terms of what appears relevant and plausible in the particular setting in which it is intended to be used (Anastasi, 1983). Three questions, one focused upon organisational culture and two focused upon organisational effectiveness, have been rephrased and restructured after receiving comments from Iranian academics, who are experts in these concepts.

4.4.7 Pilot Study Outcome

A pilot study is normally conducted before moving to the main study phase in order to check feasibility in terms of reliability and validity to improve the instrument designed for the proposed study (Zikmund, 2003). According to Ticehursts and Veal (2000) a pilot study helps to eliminate possible weakness and flaws in the survey instrument by testing layout, wording,

sequence, response rate, completion time and analysis process. According to Luck and Rubin (1987) a pilot study sample should around 10 to 30 members of the population of the study.

It could also be argued that the main advantage of a pilot study for this study was that it helped the researcher to have a better understanding of the design and structure of the questions as well as it helped to purify the initial version of survey instrument. There were many examples of interesting comments from participants with regard to wording, format of the questionnaire and inappropriate sequencing. The researcher gained many insights by reviewing the comments and it was better to find problems in the early stage before moving on to the main study and distributing questionnaires to a large sample. However, it was clear that conducting a pilot study would help the researcher to test all aspects of the survey and not only question wording or structure (Ticehurts and Veal, 2000).

Data collected from the pilot study was analysed using preliminary statistical methods with the help of SPSS 18 and respondents' feedback were summarised. By analysing the pilot study data biases in terms of answering similarly to all items or choosing only a certain scale could be detected (Sekeran, 2003).

4.5 The Main Study

After reviewing and rearranging the questionnaires, the total number of questions in the final questionnaire was 122 (Appendix A). The self-administered questionnaire was posted or presented to respondents by mail along with a pre-paid postage return envelope as well as an electronic copy of the questionnaire being provided for those who asked for one. In addition, each questionnaire was accompanied by a covering letter provided by the researcher, on University of Brunel headed paper, explaining the aims and objectives of this research. Respondents were assured that their answers would remain confidential and would be used for academic purposes only.

Table 4.6: Number of Organisations in the Study

No. of organisations approached	No. of organisations originally accepted to participate	No. of organisations that actually participated
150	93	40

As mentioned before, a convenience sample of 150 organisations in the private sector in Iran was created with the help of the Iranian embassy in London, the Ministry of Work and Social Affairs, and Iranian business contacts. After contacting all 150 organisations by email or phone, 93 out of 150 agreed to take part. However, one month before the final data collection started, the researcher learned that almost all of the organisations that had agreed to participate would no longer be willing to do so. This was due to a new order issued by Iranian intelligence services, disallowing organisations from collaborating with Iranian students outside of Iran.

It should be appreciated that Iranian society is generally patriarchal in contrast to most of the Western world. After contacting some high officials in the government, by virtue of the researcher's relationships with people (both family and friends) higher up the hierarchical order, he was able to gain permissions for the research to go ahead and access relevant people and data. Though this might seem strange, it is an open secret in many Eastern cultures. After explaining the nature of the research, some support for the study was gained and the researcher also managed to reach some influential businessmen, using personal contacts in leading industries, to persuade them to participate in the research.

In the end, 40 organisations agreed to participate, albeit giving limited access to employees as well as insisting they remain anonymous. However, even with the support of officials, and some politicians, when it came to interviews, none of the 40 organisations agreed to participate. That was why the researcher decided to use only quantitative methods and not mixed methods although mixed methods were desired. The period of administration and data collection took around seven months.

As mentioned before, organisations of different sizes in Iran's main cities were chosen for this study. The cities included were Tehran, Kerman, Isfahan, Tabriz, Shiraz and Mashhad. The respondents represented, from private sector organisations, in such diverse settings as a tyre factory, a cable factory, a food processing organisation, a match factory, and construction organisations. The organisations have been divided into three categories with regard to their size. Organisations with less than 50 were considered 'small', those that had between 50 and 249 employees were considered 'medium', and those with over 250 employees were labelled 'large'.

A convenience sample of 1,000 respondents from various management levels of the organisations was established. Questionnaires were posted to organisations and then collected, posted by return stamped envelopes provided by the researcher, after they were completed. In some cases the researcher personally delivered the questionnaire to organisations, and this involved travelling up to 1,000 miles and residing for several days in the location to ensure a high response rate. In a few cases ‘snowball’ techniques were used, as some business owners and managers gave referrals to other organisations (Vogt, 1999; Berg, 1998). Also, in the case of those organisations in which the researcher personally delivered the questionnaire, it was decided that the researcher would not be present when the questionnaires were being completed by employees. They were asked to answer them at their own convenience and return them in an unmarked envelope to the manager in charge within two days. By doing this, the researcher hoped to avoid putting pressure on employees that might have led to distorted responses to questions. In total, some 353 completed questionnaires were collected, giving a response rate of 35.3%.

Table 4.7: Number of Organisations, Questionnaires and Respondents

No. of organisations that participated	No. of questionnaires distributed to organisations	No. of questionnaires returned
40	1,000	353

It is worth noting that out of the 1,000 questionnaires, 550 were distributed to large size organisations, 300 to medium size and 150 to small size organisations. Out of 1000 questions in total, 202, 101, and 50 were returned completed, respectively. The response rate within each sample was 36.7%, 33.6%, and 33.3%, respectively.

4.5.1 Statistical Techniques

The selection of the most suitable statistical analysis techniques is the next step. In order to explore the research problems, objectives, and data characteristics, the most appropriate statistical analysis techniques were selected. For this study’s purposes, the following statistical techniques are to be used:

➤ **4.5.1.1 Descriptive Statistics**

These statistics are related to the processing of raw data into forms suitable for the presentation of descriptive information. This type of analysis includes the following: frequency tables, diagrams, central tendency measures (mean, median, and mode) and dispersion measures (Bryman and Bell, 2011).

➤ **4.5.1.2 Correlation Analysis**

This type of analysis examines the correlations of variables which describe the direction and their degree of association. The correlation matrix involves the correlation coefficients for the variables in question (Robson, 2002). It has to be emphasized that a very low correlation has values under 0.20, a low correlation has values from 0.21 to 0.40, a moderate correlation has values from 0.41 to 0.70, and a high correlation has values from 0.71 to 0.91 (Pfeifer, 2000). In this study, Pearson's correlation is used for the purposes of testing certain relationships between measured and latent variables.

➤ **4.5.1.3 Regression Analysis**

This type of analysis is used for the examination of the relationships among variables where a certain variable is only a function of other independent variables. According to Hair, *et al.* (2010), this is used for analysing the relations between one single dependent variable and a group of independent variables. The main role of linear regression analysis is to determine whether or not a significant relationship exists between the independent variables such as organisational culture construct and dependent variables such as organisational effectiveness. Multiple regression analysis is used for examination purposes of the research hypothesis. This study uses multiple regression analysis for the purposes of predicting the outcomes based on the levels of the various predictors (Field, 2009). The researcher included the testing of the underlying assumptions of multiple regression analysis with the clear purpose of ensuring the validity of the results obtained. For instance, the relations between the independent variables on the one hand, and the relations between the dependent and independent variables on the other hand are analysed through the appropriate correlations of coefficients for every pair of variables which were used for this study. Multicollinearity tests were introduced through the use of variance inflation factors (VIF) for the purpose of testing

multicollinearity among the independent variables. The results of these multicollinearity tests were mainly dependent on the VIF values of all independent variables.

➤ **4.5.1.4 Factor Analysis**

This type of analysis is a technique particularly suitable for handling a number of variables in establishing the correlations among these variables. The main purpose is to summarize the data contained in a large number of variables into a smaller number of factors. This technique examines the numerical nature and structure of the underlying factors which are influencing the relations between the set of variables (Schwartz, 1971). When it comes to the factor matrix, this is the coefficient table which expresses the relations between the variables and factors included. These elements of the factor matrix are described as the “factor loadings.”

4.5.2 Test of Reliability

According to Bryman (2012), any data analysis relies on the measurement reliability and validity of the data collected. According to Bryman (2012), reliability refers to measurement method consistency in data analysis. A measurement method is reliable when we can collect consistent responses. In the case of a questionnaire, a questionnaire is reliable if it draws consistent answers from respondents. There are varieties of different methods to evaluate the reliability of the instrument; nonetheless, there is no single method that all researchers agree can be used in every situation.

After finalising the data collection, the reliability of the instrument was examined and the result showed that the Cronbach’s alpha reliability coefficient for all scales used in this study were within an acceptable range. These scores varied from 0.68 to 0.89 in the national culture questionnaire, from 0.60 to 0.89 in the organisational culture questionnaire, from 0.67 to 0.72 in leadership style (which for all 36 items is 0.68) and .87 in the organisational effectiveness questionnaire.

Generally speaking, the internal reliability for the main study was lower than the pilot study as the respondents in the pilot study were from three organisations, one from each size, and all from Tehran. But the main study’s respondents were from 40 organisations in six big cities. The difference between the pilot study’s and the main study’s internal reliability were found to be small. The most important consideration in regard to the internal reliability of the main study was that all figures were acceptable.

Table 4.8: Main Study Questionnaire Internal Reliability

No	Description	No of Cases	No of items	Cronbach's alpha
1	PD	353	6	.83
2	UA	353	5	.744
3	IDV	353	5	.697
4	MA	353	5	.897
5	Clan	353	6	.768
6	Adhocracy	353	6	.756
7	Market	353	6	.878
8	Hierarchy	353	6	.829
9	Transformational	353	20	.709
10	Transactional	353	8	.709
11	Passive/avoidant	353	8	.671
12	Leader (comb. of all 3)	353	36	.70
13	OE	353	41	.824

to be small. The most important consideration in regard to the internal reliability of the main study was that all figures were acceptable.

4.5.3 Test of Validity

Validity is related to the issues of measuring accuracy. According to Burns and Bush (2002), both definitions, conceptual and operational, are of equal importance for the measuring of concepts. There are several validity tests available, which include:

- Content Validity
- Validity related to criterion issues
- Construct Validity (Sekaran, 2003)

In the current study, Pearson's correlation coefficients were conducted in order to ensure convergent validity between items measuring the same construct, as well as to ensure discriminant validity among items measuring differing constructs. Face validity was apparent

from a review of the questions and constructs used in this study, while external validity was limited because a random sample was not utilized here.

➤ **4.5.3.1 Content Validity**

This type of validity refers to the subjective professional agreement where the most important thing is for the measurement scales to express accurately the area of measurement (Cooper and Schindler, 2001). This study's validity is tested as well by:

- Prior literature review serving as the source of questions
- Professional panels as the sources of valuable judgments for the concepts in questions. Certain revisions are possible for the instruments according to the suggestions provided.
- Pilot studies within the groups of similar subjects (Iranian researcher and Ph.D. students).

➤ **4.5.3.2 Construct Validity**

This type of validity is to be examined through the following:

- Correlation analysis which includes convergent and discriminatory validity

Factor analysis

- The multi-trait and multi-method matrix of correlations (Cooper and Schindler, 2001).

➤ **4.5.3.3 Convergent Validity**

This type of validity includes the items used for the measurement of the elements that are mutually positively related (Parasuraman, 1991). Convergent validity is especially related to criterion validity (Zikmund, 2003). Additionally, they contribute to the degree to which two measurement concepts are related to an appropriate correlation as a clear indication about the measurement scale in question. According to Robinson (1991), the item-to-total correlation is to exceed 0.50, and the inter-item correlation is to exceed 0.30. On the other side, Cohen and Cohen (1983) introduces the larger correlation of $r = 0.50$ to 1.

➤ **4.5.3.4 Discriminant Validity**

This type of validity requires an item not to correlate too highly with the items of different constructs (Hair *et al.*, 2010). According to Brown (1993), discriminant validity involves the

statement that measurements of the theoretical unrelated constructs actually do not correlate highly among themselves. In this study, the correlation matrix and inter-construct correlation are to be analysed from the convergent and discriminant validity perspective.

4.5.4 Hypotheses Testing

In this study, hypotheses were tested through the use of multiple regression analysis. This method is widely used and accepted for investigating the relationships between one dependent variable and several independent variables according to underlying statistical theory (Hair *et al.*, 2010). When it comes to the data analysis, the researcher used SPSS 18 for examining the data. According to Hair *et al.* (2010), the following presumptions are to be examined:

Descriptive Statistics, which include the examination of the potential outliers, are to provide an overview related to the collected data used for the purposes of analysis. The examination of the potential outliers is of great importance due to their potential influence on coefficients and the sample's representation of the relationships (Hair *et al.*, 2010). For this purpose, SPSS 18.0 for Windows was used (Chapter 5). Multi-collinearity refers to the relationship between the two (collinearity) or more independent variables (multi-collinearity) through the regression model. An ideal situation is to include a number of independent variables which are highly correlated with the dependent variables themselves, but with weak or little correlation between them. In case of an immense level of multi-collinearity, the separation process of the independent variables' effects becomes even more difficult. In addition, what makes the examination of every independent variable's contribution difficult is that the very nature of the independent variables themselves as confounded. In order to diagnose this problem, the researchers included SPSS 18.0 for Windows which is used for comparing the condition index and VIF (variance inflation factor) of the suggested model for threshold values (Hair *et al.*, 2010).

Residuals normality refers to the independent variable X values where the assumption of the normal distribution of the residuals around the regression line is valid. The violation of this assumption can influence the significance of the statistical tests, especially to those related to small samples. In addition, the residuals' normality is very often an indicator of some other problems of regression models, for example a misspecification where the wrong regression model is being used (Cohen *et al.*, 2000). The Kolmogorov and Shapiro method test (Field,

2009), including a histogram of all variables accompanied by the normal distribution Q-Q plot was used to determine the residuals' normality (Chapter 5).

Homoscedasticity refers to the situation where for the any independent variables, the conditional variance of the residuals around the line of regression are treated as constant. The conditional variations include the variability of the residuals around the predicted values for the specified X values. The violation of the assumption of homoscedasticity may lead to the incorrect perceptions of the standard errors related to the significance of the tests themselves. This study's research used the Levene's homogeneity test of variance in order to confirm this assumption (Tabachnick and Fidell, 2007).

After the evaluation of this invaluable assumption, the researchers tested the importance of the estimated parameters (for example, coefficient significance) and consequent results interpretation.

4.5.5 Methods of Analysis

In order to analyse the data, descriptive statistics were conducted, along with correlation coefficients as well as regression analyses. Descriptive statistics conducted consisted of the mean and standard deviation, as well as minimum and maximum scores. These descriptive analyses were conducted in order to present and compare mean scores among the measures of interest. Pearson's correlation coefficients were also conducted in order to estimate the association between pairs of variables, both with regard to the entire sample, as well as when focusing specifically on small, medium, and large size organisations. Linear regression analysis was also utilized in order to predict the extent to which a set of predictor variables serve as significant predictors of specific outcome measures. Similarly here, regression analyses were conducted on the entire sample, as well as specifically on cases relating to small, medium-sized, and large organisations. All analyses conducted, with the exception of some initial descriptive statistics, were conducted for the purposes of testing this study's hypotheses.

4.9: Data Analysis Techniques

Analysis for	Reason	Technique	Tool	Reference	Value
Outliers: <i>Univariate</i> <i>Multivariate</i>	To identify cases of an extreme value on single variable or in two or more variables	Stan Score (z-score) Mahalanobis D ²	SPSS	Hair et al., 2010	Value < 3.0 D ² /df < 3, or p < 0.05
Normality	To ensure data is liner and normally distributed	Kolmogorov-Smirnov and Shapiro-Wilk (K-S) test, Q-Q plot	SPSS	Shapiro and Wilk, 1965	P > 0.05
Homoscedasticity	Assumption of normality that DV(s) display an equal variance across the number of IV(S)	Levene's test	SPSS	Hair et al., 2010 Pallant, 2007	P > 0.05
Multicollinearity	Independent variable should be weakly related (<0.90)	Pearson's correlation, VIF and Tolerance effect using linear regression	SPSS	Tabachnick and Fidell, 2007 Myer, 1997;	<0.8 VIF < 10, and tolerance > 0.1
Demographics	Back ground information	Mean, standard deviation, frequency, cross-tabulations	SPSS	NA	NA
Reliability and validity	Measures are free from error	Cronbach's α Item-to-total correlation	SPSS	Cronbach, 1951 Hair et al 2010	α > 0.6 Value > 0.3
Factor analysis	Scales supported by data	Kaiser-Mayer-Olkin (KMO) Bartlett's test of sphericity Communality Variance/loading	SPSS	Kaiser, 1974 Bartlett, 1954 Hair et al 2010	Value > 0.60 Value > 0.3 Value > 0.3 Value > 0.3
Model Measurement	Test Mediating and Moderating	Regression Multiple- regression	SPSS	Hair et al 2010 Baron and Kenny, 1986 Aiken and West 1991	p < 0.05 R ² t-test, F and β

4.5.6 Ethical Consideration

When it comes to the conducting research in a human population, ethical issues are of great importance. Neuman (1995) points out that a research process has to be protective toward human rights, including the obligation to guide and supervise people's interests. Christians (2000) examines the minimum content of issues to be considered in situations like this such as privacy, confidentiality, and voluntary acceptance. According to this research, all ethical requirements are to be followed through all phases of the research. In addition, the collection of data is to be preceded by the approval of the organisations in charge. When it comes to the survey questionnaires and supervisors' letters, they are delivered personally or by mail. All

participants expressed their free will to be involved in the research with an option to withdraw at any moment. Participants are informed that questionnaires and surveys are part of this research. Additionally, they were assured that their privacy and anonymity will be guaranteed. Furthermore, participants are instructed not to write their own names on the question forms. The data itself is coded to ensure their privacy throughout the research. The ethical issues of this study are supervised by the Brunel University Ethics Committee. In accordance with the instructions and policy of this committee, it is required to sign the Brunel Business School Research Ethics Form by both a researcher and his or her supervisor. The form itself after the signing is to be submitted to the academic program office which was done accordingly. In addition, a consent form was attached to the questionnaire itself with the information about the subject and purpose of the research, the name of the researcher and school.

4.5 Conclusions

In this chapter the research methodology including the perspective, approach and particular method adopted for this study has been developed and the stages of the research process has been extensively explained. Many researchers in the organisational studies domain have applied a positivist approach. Therefore, the positivist perspective on organisational studies is justified with a critical overview of other methods. Therefore, based on the nature of this study a quantitative paradigm with a survey strategy for collecting data was selected as an appropriate method for this study. Therefore, measurement scales for each of the constructs was developed based on previous scales existing in the literature. Following the justification for selecting the survey as the research approach for this study detailed information and the steps of various aspects of the survey approach were explained. The target population for this study is the management level of private sector organisations in Iran of various sizes. Although the researcher faced great difficulties with organisations which were willing to participate, the size of the sample has been carefully selected by the researcher by keeping in mind population-to-sample rules and data analysis technique-to-sample rules. The data collection method used for this study was a self-administered questionnaire and it was chosen after cost-benefit analysis. A convenience sample of 1000 managers from various levels in different sizes of organisation from six major cities were chosen in which 353 completed questionnaires were returned.

Before, moving to the full study phase a pre-study was conducted to test structure, wording and clarity, and then a pilot study was conducted to test the reliability and validity of the questionnaire. Furthermore, in this chapter practical consideration such as sampling justification, measurement scale and data analysis procedures were extensively discussed. Finally, for the purpose of data analysis a brief explanation of the analytical techniques, including descriptive statistics and exploratory factor analysis, which was used in this study using the SPSS 18 tool was provided.

The following chapter will serve to present and describe the results obtained from all analyses conducted.

Chapter Five

Data Analysis

5.1 Introduction

After discussing the research methodology, the current chapter focuses on the analysis and interpretation of collected data. Moreover, this chapter tests the relationship between constructs, testing the proposed hypotheses. Data was collected using survey questionnaires, while different statistical tests were employed to test the relationships, for example: factor analysis, reliability tests, correlation, regression, and mediation testing using Baron and Kenny's methodology, which utilizes regression analysis. Data was analysed using SPSS 18.0. The subsequent sections elaborates on respondent demographics, response rate, item-wise analysis, reliability analysis, factor analysis, correlation analysis, normality tests, and regression.

5.2 Preliminary Examination of Data

Hair *et al.* (2010) suggested that researchers screen and clean the raw data before they proceed to the analysis. They suggested that there are two broad categories of screening raw data: accuracy during data entry and the normality of the data. The next section elaborates on data screening and cleaning in greater detail.

5.2.1 Data Cleaning and Screening

Descriptive statistics and frequency distributions were the recommended methods for screening the raw data. Data coding was checked and inappropriate values were adjusted according to the scales used to measure the concept. As suggested by Kassim (2001), the careful screening of data at the primary level helps to ensure data accuracy in the subsequent stages of data analysis.

5.2.2 Missing Data

Missing data is one the most common issues in data analysis. In some studies, long questionnaires may be the cause of missing data, while lack of clarity about questions may cause respondents to provide uncertain answers to questions. Tabachnick and Fidell (2007)

recommend that if missing data is above 5% of the total collected data, then it is problematic. In order to find the missing data, descriptive statistics were checked. Less than 5% of missing data was found, and in these cases, missing values were replaced with suitable modal numbers. Out of 353 returned questionnaires there were 9 that ad missing data which is only 1.7 percent and does not cause problems with the outcome of the analysis.

5.2.3 Outliers

An outlier is a score with a different characteristic from the rest of the data, which Hair *et al.* (2010) defined as an unusually high or low value on a variable. The extreme value of outliers (either very high or very low) can result in non-normal data and distorted statistics (Hair *et al.*, 2010; Tabachnick and Fidell, 2007). There are three methods used to detect outliers (Hair *et al.*, 2010; Tabachnick and Fidell, 2007; Field, 2009): 1- univariate detection, 2- bivariate detection, and 3- multivariate detection.

In order to detect outliers using the univariate method, there is a need to convert all variables' scores to a standard score. If our sample is small, less than 80 cases, a case is considered an outlier if the standard score is ± 2.5 or above (Hair *et al.*, 2010). If the sample is larger than 80 cases, an outlier consists of those cases which have standard scores of ± 3.0 or above. In the current study, in order to detect univariate outliers, the researcher using the SPSS descriptive function converted data values of each observation to standard scores, also known as z-scores (Hair *et al.*, 2010; Tabachnik and Fidell, 2007). The results indicate that the data set contains 10 univariate outliers.

Using the bivariate method, we can identify outliers by including a pair of variables in a scatter plot. If the cases for any reason fall markedly outside the typical range of that variable, those cases will be judged as isolated points or outliers (Hair *et al.*, 2010)

Multivariate outliers, on the other hand, are a combination of scores on two or more variables. In order to detect outliers based on this method, there is a need to find the Mahalanobis D^2 (d-squared) measure, which is an assessment of each observation which can be done across a set of variables. In order to find outliers, if D^2/df (degrees of freedom) is greater than 2.5 in small size samples or greater than 3 or 4 in large size samples, that case or cases could be considered as possible outliers. The reason for that is the larger the value of D^2 , the smaller the corresponding probability value and the more likely it is for there to be

multivariate outliers. After detecting multivariate outliers, the result can be compared with either bivariate or univariate outliers to have a better understanding of the nature of its uniqueness. With the help of SPSS 18, Mahalanobis values can be computed for a set of independent variables. Mahalanobis values are distributed as a chi-square statistic with the degrees of freedom equal to the number of independent variables in the analysis. A case could be considered to be a multivariate outlier if the probability associated with its D^2 value is .001 or less.

Hair *et al.* (2010) argue that outliers in general cannot be considered as something either beneficial or problematic in any study; however, they can bias the mean and inflate the standard deviations (Field and Hole, 2003). Therefore, it is advised that researchers should take extra care when it comes to such values as they may bias the model fit to the data (Field, 2009). By exploring the Mahalanobis distance and resulting chi-square values ($p < .001$) for the dataset, three cases were determined to be multivariate outliers.

Univariate Outliers		Multivariate Outliers		
Case with standard values exceeding ± 3		Case with a value of D^2/df Greater than 3 (df = 13)		
		Case	D^2	D^2/df
CC	45,	30	40.90	3.4
AC	254, 305	38	32.91	3.36
MC	36, 246, 301	69	31.16	3.19
HC	24, 57			
TFLS	No Case			
TLS	No Case			
PLS	93			
OE	267			

Table 5.1: Univariate and Multivariate Outliers Results

5.2.4 Multicollinearity Testing

Multicollinearity is an assumption of linear regression which states that there is too high a correlation between some of the predictors included in the analysis. In order to ensure that this assumption was not violated, measures of tolerance and variance inflation factors were

calculated with regard to the regression analyses conducted in order to determine whether multicollinearity presented an issue with regard to any of these analyses. The tolerance is an indication of the percent of variance in the predictor that cannot be accounted for by the other predictor. The rule of thumb indicates that values less than .10 may need further investigation. Also, for the VIF value, which is the variance inflation factor, values greater than 10 may need further investigation.

Table 5.2: Multi-Collinearity Test

Model		Multi- Collinearity statistics	
		Tolerance	VIF
1	Clan Culture	.362	2.759
	Adhocracy Culture	.741	1.350
	Market Culture	.537	1.863
	Hierarchy Culture	.439	2.276

From these results it is clear that the variable of this study could not produce multi-collinearity problems, since the resulting tolerance values varies in the range from 0.362 to 0.741. According to DeVaus (2002) if the tolerance value is greater than 0.2, it means this variable may not produce multi-collinearity. Furthermore, VIF results in the above table, which refer to the Variable Inflation factor, were ranging from 1.350 to 2.759, they do not indicate a problem with multi-collinearity as VIFs are less than 10 (Hair *et al.*, 2010) or even less than 5 (DeVaus, 2002).

Also for the purpose of testing multi-collinearity a bivariate correlations matrix for independent variables was computed using Pearson’s correlation. The result of the correlation matrix presented in the table below revealed that none of the bivariate correlations was above than 0.8 for any of independent variables.

5.2.5 Linearity Testing

Linearity means the correlation between variables, which is represented by a straight line. Knowing the level of the relationship among variables is considered as an important element in data analysis. Hair *et al.* (2010) argue that linearity is an assumption of all multivariate

techniques based on co-relational measures of association, including regression, multiple regression and factor analysis. Therefore, it is crucial to test the relationship of the variables to identify any departure that may impact the correlation. According to Field (2009) and Hair *et al.* (2010) linearity can be assessed by analysing the Pearson correlation or a scatter plot. Also, both Pearson's correlation coefficient as well as linear regression analysis incorporate the assumption that the relationship between the two measures included in the correlation, as well as the relationship between the predictors and the outcome measures in regression analysis, are linear. In this study Pearson Correlation was analysed here in order to determine that linear relationships exist between all of these measures and found all independent variables significantly correlated to dependent variables. The result of the test showed that all the variables are linear with each other

Table- 5.3: Pearson's Correlation

	CC	AC	MC	HC	TFLS	TLS	PLS	LS	OE
CC	1								
AC	.157**	1							
MC	.368**	-.029	1						
HC	.428**	.027	.436**	1					
TFLS	.137**	.195**	.115*	-.051	1				
TLS	.142**	-.063	.172*	.194**	-.310**	1			
PLS	.113*	.560**	-.137*	-.151*	.369**	-.136*	1		
LS	.383**	.078	.442**	.465**	.126*	-.002	-.050	1	
OE	.471**	-.214**	.374**	.423**	.187**	.019	.003	.550**	1

* $p < .05$; ** $p < .01$

5.2.6 Testing the Normality Assumption

The normality is considered to be fundamental assumption in multivariate analysis (Tabachnick and Fidell, 2007; Hair *et al.*, 2010). The main assumption in normality is that the data distribution in each item and in all linear combination of items is normally distributed (Tabachnick and Fidell, 2007; Hair *et al.*, 2010). According to the Hair *et al.* (2010), if the variation from normal distribution is large enough, then the result of statistical tests are invalid as normality is required to use the F and t statistics. The assumptions of normality can be examined at univariate level (i.e. distribution of scores at an item-level) and at multivariate level (i.e. distribution of scores within a combination of two or more than two items). Hair *et al.* (2010) argues that if the variable/items satisfies the multivariate normality then it

definitely would satisfy the univariate normality, but the reverse is not necessarily correct. In other words, if univariate normality exists there is no guarantee for the assumption of multivariate normality.

After the assessment of missing data and outliers, the next phase is to test the normality of the data, which is one of the important assumptions of multivariate data analysis. There are different recommended methods to test the normality of data (i.e., kurtosis, skewness, and the Kolmogorov-Smirnov and Shapiro-Wilk tests) (Tabachnick and Fidell, 2007; Hair *et al.*, 2010). To identify the shape of distribution, Kolmogorov-Smirnov and Shapiro-Wilk (K-S) statistics are used (Shapiro and Wilk, 1965) which were calculated for each variable. Although the results from these tests revealed (Table 5.4) that all the variables were significant, which violated the assumptions of normality, the significance of the K-S test was expected due to the large sample size (Pallant, 2007, p. 62). According to the Field (2009, p.148) the significance of the K-S test for a large sample size cannot be considered as deviation of data from normal distribution. Furthermore, statisticians generally agree that the K_S test is totally invalid and just needs to be considered as a historical curiosity (Field, 2009; Hair, *et al.*, 2010).

Table 5.4: K-S and S-W Test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CC	.269	353	.000	.832	353	.000
AC	.207	353	.000	.663	353	.000
MC	.165	353	.000	.930	353	.000
HC	.202	353	.000	.940	353	.000
TFLS	.295	353	.000	.724	353	.000
TLS	.101	353	.000	.972	353	.000
PLS	.121	353	.000	.959	353	.000
OE1	.107	353	.000	.947	353	.000

The other method used to identify the shape of distribution is skewness and kurtosis (Pallant, 2007). According to Hair *et al.* (2010) the positive skewness means that the distribution is shifted toward the left and tails toward the right, and negative skewness is where distribution is shifted toward the right and tails toward the left. In order to have normal distribution the

value skewness should be zero which would show a symmetric shape (Curran *et al.*, 1996; Curran *et al.*, 2006).

Table 5.5 presents the skewness and kurtosis values for each item of the constructs. The results indicated that all variables were within the normal range of skewness and kurtosis (i.e. $< \pm 2.58$, c.f. Hair *et al.*, 2010, p.82). However, the results show scores have both positive and negative (right- and left-skewed data). However, according to Pallant (2007, p. 56) having positive or negative skewness and kurtosis does not necessarily represent any problem until and unless they are within the acceptable range. Moreover, having negative and positive skewness and kurtosis show the underlying nature of the constructs that are being measured. Furthermore, according to Hair *et al.* (2010) the severity of normality of our sample is dependent on the sample size in which a large sample size normally reduces the negative effect of non-normality (Pallant, 2007; Hair *et al.*, 2010). In other words, a small sample size (fewer than 50) represents a more serious effect of normality compared to a large sample size (more than 200 cases). Therefore, as this study employed 353 cases and the sample size is large enough, the presence of little non-normal univariate distribution may be avoided

Table 5.5: Skewness and Kurtosis Values

Items	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CC	353	1	3	1.75	.629	.112	.130	-1.012	.259
AC	353	1	7	2.17	.724	3.887	.130	21.732	.259
MC	353	1	7	3.36	1.549	.255	.130	-.929	.259
HC	353	1	7	3.44	1.407	.191	.130	-.948	.259
TFLS	353	1	4	2.59	.634	.331	.130	.197	.259
TLS	353	1	4	3.01	.771	-.027	.130	-1.050	.259
PLS	353	1	4	2.08	.451	.688	.130	2.152	.259
OE	353	2	6	4.57	.619	-.823	.130	.519	.259
Valid N (listwise)	353								

5.2.7 Homoscedasticity

Homoscedasticity is an assumption of linear regression which states that error variance does not substantially change with the values of the predictors (Hair *et al.*, 2010). In research, when data are grouped, homoscedasticity is known as homogeneity which can be assessed by

Levene's test of homogeneity of variances (Tabachnick and Fidell, 2007). Therefore, this study used Levene's test of homogeneity of variance to confirm whether or not this assumption had been violated.

Table 5.6: Test of Homogeneity of Variances (Levene's Test)

	Levene Statistic	df1	df2	Sig.
CC	2.085	2	350	.189
AC	1.448	2	350	.236
MC	3.092	2	350	.047
HC	1.017	2	350	.363
TFLS	2.312	2	350	.126
TLS	2.235	2	350	.145
PLS	1.987	2	350	.201
OE	1.334	2	350	.247

In this study, Levene's test for the metric variables was computed across non-metric variables (organisational size) as part of t-test. The results of Levene's test for this study (Table 5.6) indicated that all obtained scores except market culture (which is very close to 0.05), were higher than the minimum significant value and non-significance (i.e., $p > 0.05$), which suggests that variance for all the variables was equal within groups and had not violated the assumption of homogeneity of variance. Similar to the Kolmogorov-Smirnov and Shapiro-Wilk test, Levene's test is also considered to be sensitive with respect to the sample size and can be significant for a large sample (Field, 2009, p.149). Therefore, for the current study which has a sample of 353, significance of only one of the constructs in Levene's test does not represent the presence of substantial non-normality within the sample.

5.2.8 Common Method Bias

Additionally, in order to examine the possibility of common method bias, Harman's single factor test was used for the constructs of national culture, organisational culture, leadership style and organisational effectiveness. As the data was collected using the same self-administrated questionnaire during one period of time there is a danger that common method variance occurred. Common method variance means the variance that is attributed to the measurement method instead of constructs of the study which potentially could create

systematic error and bias toward the estimation of the true relationship between constructs. In fact the method variance could create inflated or deflated observed relationships among constructs which lead to type1 and type 2 errors (Avolio, *et al.*, 1991; Crampton and Wagner, 1994).

As in the methodology for Harman's single factor test, all items related to each of these constructs were included within a single factor analysis in which it was specified that only a single factor be retained and that no rotation be used. The results of these analyses would then suggest the presence of common method bias if the single factor retained explains the majority (more than 50 percent) of the variance in the model.

First, the following table (Table 5.7) presents the results of the analysis conducted on the national culture items. As indicated in the table, the initial component retained only explained 17.137% of the variance in the model. Therefore, these results indicate that common method bias was not present with respect to national culture.

Table 5.7: Harman's Single Factor Test: National Culture

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.599	17.137	17.137	3.599	17.137	17.137
2	3.155	15.025	32.162			
3	2.574	12.258	44.421			
4	2.027	9.653	54.073			
5	1.042	4.961	59.035			
6	1.006	4.790	63.825			
7	.923	4.396	68.221			
8	.831	3.955	72.176			
9	.756	3.600	75.776			
10	.699	3.329	79.105			
11	.600	2.859	81.965			
12	.575	2.739	84.704			
13	.532	2.533	87.237			
14	.475	2.263	89.500			
15	.462	2.199	91.698			

The following Harman's single factor test was conducted on organisational culture (Table 5.8). As before, all items were included in a single factor analysis, with only one factor retained. The results of this factor analysis are presented in the following table. As shown, the initial component retained only explained 32.432% of the variance in this model. These results suggest that common method bias is not present with respect to organisational culture.

Table 5.8: Harman's Single Factor Test: Organisational Culture

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.784	32.432	32.432	7.784	32.432	32.432
2	3.170	13.208	45.640			
3	1.906	7.942	53.582			
4	1.506	6.274	59.856			
5	1.057	4.406	64.262			
6	.922	3.842	68.104			
7	.769	3.202	71.306			
8	.736	3.065	74.371			
9	.674	2.810	77.181			
10	.614	2.560	79.741			
11	.566	2.358	82.099			
12	.545	2.270	84.369			
13	.491	2.044	86.413			
14	.459	1.912	88.324			
15	.444	1.848	90.172			

The next Harman's single factor test was conducted on leadership style (Table 5.9). The following table presents the results of the factor analysis conducted on these items. These results indicated that the initial component retained only explained 8.814% of the variance in this model. Again, this shows that common method bias was not present with respect to leadership style. Overall, these results indicate that common method bias was not present within these data.

Table 5.9: Harman's Single Factor Test: Leadership Style

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.173	8.814	8.814	3.173	8.814	8.814

2	2.760	7.668	16.482			
3	2.588	7.189	23.671			
4	2.226	6.184	29.855			
5	2.010	5.583	35.438			
6	1.832	5.089	40.528			
7	1.699	4.720	45.248			
8	1.624	4.511	49.759			
9	1.364	3.789	53.548			
10	1.057	2.936	56.485			
11	.921	2.557	59.042			
12	.895	2.486	61.528			
13	.839	2.330	63.858			
14	.806	2.238	66.096			
15	.794	2.206	68.302			

The final Harman's single factor test was conducted on organisational effectiveness (Table 5.10). The table presented below illustrates the results of the factor analysis conducted on these items. These results indicated that the initial component retained only explained 14.694% of the variance in this model. This indicates that common method bias was not present with respect to organisation effectiveness. Overall, these results indicate that common method bias was not present within these data.

Table 5.10: Harman's Single Factor Test: Organisational Effectiveness

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.025	14.694	14.694	6.025	14.694	14.694
2	3.268	7.970	22.664			
3	2.798	6.823	29.488			
4	2.073	5.055	34.543			
5	1.886	4.599	39.142			
6	1.775	4.330	43.472			
7	1.557	3.797	47.269			
8	1.381	3.368	50.637			
9	1.332	3.248	53.885			
10	1.225	2.989	56.874			
11	1.186	2.894	59.768			
12	1.129	2.753	62.521			

13	1.070	2.611	65.132			
14	.977	2.383	67.515			
15	.909	2.218	69.733			

5.3 Demographic Characteristics and Relationships

As mentioned before, the data collected for the main study was from Iran. In total, 150 organisations from varieties of company sizes were contacted originally, but only 40 of them agreed to participate. Out of 1000 questionnaires distributed among managers of organisations in the private sector in Iran, 358 were returned, which provided a response rate of 35.8%. In general, the average response rate of 35.3% can be considered as a good response rate for a mail survey (Pearce and Zahara, 1991; Wiess and Anderson, 1992). This is in part due to the fact that the questionnaire was generally handed over to organisations and followed up by the researcher and in some cases the researcher sent up to three reminders to respondents.

Table 5.11: Organisations Statistics

Size of Organisation	Number of organisations contacted	Number of organisations participated	Response rate	Number of questionnaires sent	Number of questionnaires returned	Response rate
Small	70	15	21.42%	150	50	33.33%
Medium	50	15	30.00%	300	101	33.66%
Large	30	10	33.33%	550	202	36.72%
Total	150	40	26.66%	1000	353	35.30%

Table 5.11 shows that the response rate for small organisations was 33.33% (50/150), for medium size organisations was 33.66% (101/300), and finally for large size organisations was 36.72% (202/550).

Initially, a series of descriptive statistics were conducted in order to better describe this sample of respondents. First, the following table (Table 5.12) focuses on the size of the

organisation, with the majority of organisations being large in size (202, 57.2%), and nearly 30% being medium-sized. Less than 15% of organisations were categorized as small.

Table 5.12: Frequency of Distribution of Questionnaire Based on Size of Organisations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Small	50	14.2	14.2	14.2
	Medium	101	28.6	28.6	42.8
	Large	202	57.2	57.2	100.0
	Total	353	100.0	100.0	

Next, the following table focuses upon gender (Table 5.13). A slight majority of the sample was found to be female, with less than 50% of respondents being male.

Table 5.13: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	168	47.6	47.6	47.6
	Female	185	52.4	52.4	100.0
	Total	353	100.0	100.0	

With regard to age, respondents were most commonly between the ages of 35 and 44, followed closely by the age range of 45 to 54. Following this, nearly 18% of respondents were between the ages of 55 and 64. Only slightly above 10% of the sample were under the age of 35 or over the age of 64 (Table 5.14).

Table 5.14: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 25	1	.3	.3	.3
	25-34	34	9.6	9.6	9.9
	35-44	127	36.0	36.0	45.9
	45-54	123	34.8	34.8	80.7
	55-64	62	17.6	17.6	98.3

	65 and over	6	1.7	1.7	100.0
	Total	353	100.0	100.0	

The following table focuses on education (Table 5.15) in which it shows that a slight majority of respondents have postgraduate degrees as their highest level of education, while nearly 40% had an undergraduate degree. Close to 7% of respondents had a PhD, with less than 1% of respondents only having a pre-university level of education.

Table 5.15: Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PhD	24	6.8	6.8	6.8
	Postgraduate	190	53.8	53.8	60.6
	Undergraduate	138	39.1	39.1	99.7
	Pre university	1	.3	.3	100.0
	Total	353	100.0	100.0	

With regard to position, most commonly, respondents had positions in middle management, with slightly over 30% of individuals being senior managers. Close to 20% of respondents work in junior management, with slightly over 7% acting as chief executives (Table 5.16).

Table 5.16: Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Chief Executive	25	7.1	7.1	7.1
	Senior Management	107	30.3	30.3	37.4
	Middle Management	153	43.3	43.3	80.7
	Junior Management	68	19.3	19.3	100.0
	Total	353	100.0	100.0	

5.4 Exploratory Analysis

In order to test the consistency of the items employed to measure the constructs, exploratory analysis was undertaken. There are a total of 101 items, which measure 8 concepts in this research. All constructs were measured through scales, which were adopted from the literature. Hair *et al.* (2010) explained that exploratory analysis helps to examine the dimension of each construct as well as to test the relationship between constructs. In order to perform exploratory analysis, initially, item analysis was performed to check the reliability of each item.

5.4.1 Item Analysis

Item analysis helps to choose the most suitable items to explain the concept under consideration. The corrected item-total correlation column predicts the correlation for each computed item (McDonald, 1999). Hair *et al.* (2010), Sekaran (2003), and Kehoe (1995) suggested that items having a correlation of less than 0.15 must be deleted before proceeding with multivariate analysis. Items having a correlation of less than 0.15 are considered poor items and it is thus recommended for them to be eliminated from analysis. For the current research, the criteria of corrected item-total correlations less than 0.15 and negative values were used for deleting the items. The highlighted items in Table 5.17 were nominated for elimination from further analysis as their values were less than 0.15, however, the researcher decided to confirm this with factor loading before eliminating any items. Only three items of organisational effectiveness were nominated for deleting.

Table 5.17: Item Analysis

Items	Scale Mean if deleted	Scale variance if item deleted	Corrected item-total Correlation	Cronbach's Alpha if item Deleted
Organisational Effectiveness				
EmJoSa1	181.37	618.466	.254	.821
RevEmJoSa2	181.53	615.119	.301	.820
EmJoSa3	181.78	608.859	.326	.819
MaSuSa1	181.42	600.704	.477	.815
RevMaSuSa2	181.59	599.139	.442	.815
MaSuSa3	181.42	597.221	.502	.814
RevMaSuSa4	181.59	607.605	.382	.817
OrHeRePu1	180.33	637.141	.051	.826
RevOrHeRePu2	180.16	634.874	.111	.824

OrHeRePu3	180.27	620.696	.299	.820
RevOrHeRePu4	180.21	635.689	.100	.824
OrHeRePu5	179.97	625.244	.275	.821
OrHeRePu6	180.31	608.099	.366	.818
EmJoDeCuSa1	181.52	615.165	.276	.820
RevEmJoDeCuSa2	181.81	623.008	.170	.824
RevEmJoDeCuSa3	182.41	642.947	-.019	.827
EmJoDeCuSa4	182.73	634.988	.092	.825
EmJoDeCuSa5	183.15	633.679	.124	.824
PrDeQuDe1	181.35	601.069	.463	.815
RevPrDeQuDe2	181.65	602.496	.386	.817
PrDeQuDe3	181.50	596.052	.492	.814
PrDeQuDe4	181.50	586.961	.605	.811
PrDeQuDe5	181.45	602.947	.426	.816
PrDeQuDe6	181.28	603.776	.406	.817
EmPeDe1	181.25	624.740	.231	.822
RevEmPeDe2	181.61	619.477	.206	.823
EmPeDe3	181.56	615.429	.254	.821
TeTrCo1	181.50	610.376	.292	.820
TeTrCo2	181.46	615.169	.243	.822
TeTrCo3	181.49	613.472	.266	.821
TeTrCo4	181.22	607.641	.453	.816
TeTrCo5	181.54	614.607	.328	.819
TeTrCo6	181.27	610.463	.395	.817
TeTrCo7	181.28	612.553	.392	.818
SyOpCoIn1	181.58	605.909	.357	.818
RevSyOpCoIn2	181.76	635.587	.042	.828
SyOpCoIn3	181.52	614.887	.277	.820
RevSyOpCoIn4	181.63	624.147	.163	.824
AbAcRe1	181.50	630.773	.094	.826
AbAcRe2	181.67	615.581	.239	.822
AbAcRe3	181.61	605.807	.335	.819
Clan Culture				
ComCha1	17.96	36.246	.591	.711
ComLed1	17.81	39.364	.478	.743
ManEm1	17.78	42.059	.423	.755
ComGlu1	17.27	40.579	.649	.708
StrEm1	17.93	35.834	.683	.686
CriSu1	17.61	44.243	.300	.785
Adhocracy Culture				

ComCha2	18.23	36.126	.581	.695
ComLed2	18.11	38.797	.489	.723
ManEm2	18.05	41.761	.426	.738
ComGlu2	17.56	40.235	.639	.692
StrEm2	18.16	35.348	.686	.665
CriSu2	17.98	45.974	.214	.790
Market Culture				
ComCha3	24.11	53.192	.664	.860
ComLed3	24.04	52.763	.572	.877
ManEm3	23.66	52.498	.652	.862
ComGlu3	23.88	51.114	.722	.850
StrEm3	23.76	49.567	.736	.847
CriSu3	23.61	50.141	.768	.842
Hierarchal Culture				
Comcha4	23.92	29.777	.595	.802
ComLed4	23.90	30.133	.625	.796
ManEm4	23.82	31.880	.565	.808
ComGlu4	24.11	28.636	.515	.827
StrEm4	23.84	31.056	.608	.800
CriSu4	23.93	29.000	.738	.773
Transformational Leadership Style				
IA1	40.28	81.913	.253	.700
IA2	39.73	77.571	.371	.689
IA3	39.21	78.979	.308	.695
IA4	39.75	79.371	.286	.697
IB1	39.88	79.040	.342	.692
IB2	39.78	79.836	.301	.696
IB3	39.89	80.642	.269	.699
IB4	39.85	81.088	.228	.702
IM1	39.80	81.061	.224	.703
IM2	39.81	80.997	.241	.701
IM3	39.78	81.249	.221	.703
IM4	39.82	79.486	.305	.695
IS1	39.87	79.943	.273	.698
IS2	39.93	80.822	.236	.702
IS3	39.95	78.552	.329	.693
IS4	39.93	79.836	.275	.698
IC1	39.72	78.844	.314	.694
IC2	39.80	80.691	.250	.700
IC3	39.74	81.598	.209	.704
IC4	39.69	79.664	.269	.699

Transactional Leadership Style				
CR1	16.08	23.584	.471	.663
CR2	16.52	25.489	.373	.686
CR3	16.43	24.683	.420	.676
CR4	16.55	25.220	.366	.687
MBEA1	15.95	24.398	.399	.680
MBEA2	16.48	25.858	.350	.690
MBEA3	16.31	25.866	.397	.681
MBEA4	16.58	24.534	.415	.677
Passive Leadership Style				
MBEP1	9.04	18.737	.371	.638
MBEP2	8.72	18.707	.378	.637
MBEP3	8.32	19.361	.347	.644
MBEP4	8.75	19.117	.376	.638
LF1	8.79	19.585	.327	.649
LF2	8.82	18.177	.403	.630
LF3	8.89	17.703	.416	.626
LF4	8.93	19.327	.275	.663

5.5 Reliability and Validity

It was decided to test the reliability of constructs before factor analysis testing, although the researcher was aware of the possibility of deleting some items during the factor loading process which may affect the reliability of the variable. Reliability of the constructs was measured using Cronbach's Alpha values. Malthotra (1999) and Malhotra and Birks (2006) explained that Cronbach's Alpha measures the internal consistency of each item. Sekaran (2003) recommended that coefficients with Cronbach's Alpha values less than 0.5 are considered to be poor, values of 0.6 are acceptable while values of 0.7 or greater are considered good. Table 5.18 demonstrates that all constructs have values above 0.6, which are acceptable.

Specifically, the scales of organisational effectiveness, market culture, and hierarchical culture all have Cronbach's alpha scores above 0.80, indicating excellent reliability. The remaining constructs of clan culture, adhocracy culture, transformational leadership style, and transactional leadership style have alpha coefficients above 0.70, indicating good reliability. The construct, passive leadership style, has an alpha coefficient of .671, indicating acceptable reliability. The Cronbach's alpha of leadership style which is the combination of all three leadership styles has an alpha of .70 and as the internal reliability of combination for all three

leadership styles is very strong so in regression analysis we can take leadership as one single variable instead of three. The Cronbach's alpha coefficient for the entire survey was found to be .788, which is associated with good reliability.

Validity is related to the issues of measuring accuracy. According to Burns and Bush (2002), both definitions, conceptual and operational, are of equal importance for the measuring of concepts. There are several validity tests available, which include: 1-Content Validity, 2-Validity related to criterion issues, and 3- Construct Validity (Sekaran, 2003).

Table 5.18: Cronbach's Alpha Coefficients of Constructs

Construct	No. of Items	Cronbach's Alpha Coefficients	Total Cronbach's Alpha for survey
Organisational Effectiveness (OE)	41	0.824	0.788
Clan Culture (CC)	6	0.768	
Adhocracy Culture (AC)	6	0.756	
Market Culture (MC)	6	0.878	
Hierarchal Culture (HC)	6	0.829	
Transformational Leadership Style (TFLS)	20	0.709	
Transactional Leadership Style (TLS)	8	0.709	
Passive Leadership Style (PLS)	8	0.671	
Leadership style	36	0.70	

The content validity refers to the subjective professional agreement where the most important thing is for the measurement scales to express accurately the area of measurement (Cooper and Schindler, 2001). This study's validity is tested as well by: 1- prior literature review serving as the source of items, and 2- professional panels as the sources of valuable judgments for the concepts in questions. Also the researcher asked academic members of Brunel Business School and PhD students who were already familiar with the topic to evaluate the measurement items and point out whether the items appeared to be logically valid or not. Certain very minor revisions are possible for the instruments according to the suggestions provided.

The second type of validity test is construct validity. According to Garver and Mentzer, (1999, p. 34) construct validity' is the degree to which a set of items measures what they intend to measure. In other words, construct validity is an external validity of the instrument

which is calculated by observing correlation between a theoretically underpinned set of measurement (Hair *et al.*, 2010). Also construct validity, in general, is the extent to which the set of measured items are free from any systematic or non-random error. Construct validity can be examined through convergent validity, discriminant validity and nomological validity (Campbell *et al.*, 1959; Peter, 1981). For the purposes of this study and as research is intended to only examine the overall validity of the survey instrument only convergent validity was computed to assess the extent through which measuring items of the same concepts were correlated.

Convergent validity includes the items used for the measurement of the elements that are mutually positively related (Parasuraman, 1991). Convergent validity is especially related to criterion validity (Zikmund, 2003). Additionally, they contribute to the degree to which two measurement concepts are related to an appropriate correlation as a clear indication about the measurement scale in question. According to Robinson (1991), the item-to-total correlation is to exceed 0.50, and the inter-item correlation is to exceed 0.30. On the other side, Cohen and Cohen (1983) introduces the larger correlation of $r = 0.50$ to 1.

Table 5.17 (Item analysis) could be used for this section by looking at Corrected item-total Correlation, which shows that except for small exceptions, all the items were correlated medium to high with their relevant construct. Until this stage of the study, items lower than the required correlations were still retained for further exploration through the exploratory factor analysis (i.e., an additional method of convergent validity).

5.6 Factor Loading and Data Analysis

Factor analysis is defined as a tool that helps to simplify data collected in a survey/research and group them according to defined clusters or variables. In developing the factor analysis, factors need to be identified which establishes the relationship between variables and the factor. Field (2009) states that there are three purposes of factor analysis namely, to identify any relationship between chosen variables, to develop a questionnaire to analyse certain variables and to cut down data related to variables without detracting from the originality of the information.

Further, Field, (2009) defines the factor loading as the correlation that exists between a variable and a factor. However, Hair *et al.* (2010) defines the factor loading as the relationship between the original variable and the factor and it is used to study the behaviour

of a certain factor. To analyse what percentage of variance that has occurred as opposed to the original variable as defined by a factor. Hair *et al.* (2010) states that factor analysis is a platform to analyse behaviour and correlations that exist between huge sets of variables and it can also be used to identify interrelated variables that are named as factors. There two types of factor analysis, namely exploratory factor analysis (EFA) and confirmatory factor analysis (CFA), are used for the same purpose of cutting down data. However, Hair *et al.* (2010) identifies the differentiating factor between exploratory factor analysis and confirmatory factor analysis as the fact that exploratory factor analysis takes what the data gives you as opposed to confirmatory factor analysis for grouping and analysis of variables related to a factor. Further, the current study uses only exploratory factor analysis for grouping the data that is gathered.

5.6.1 Exploratory Factor Analysis

There are many investigations that carry more than one variable to identify behaviour of an object and one of the well understood examples is an investigation which has more than one question in a questionnaire. However, using large number of variables makes the investigation very complex where those variables would investigate different angles of the same research subject. To reduce the complexity of studies of this nature, exploratory factor analysis is used.

Principal component analysis is a method that is used to identify the factor with the smallest unique variance/error variance when compared to the total variance. Principal component extraction is a widely used tool where it extracts the maximum variance from gathered data. (Tabachnick and Fidell, 2007). In this method, linear combinations for variables in the study are used to maximize the variance of their component score. (Tabachnick and Fidell, 2007).

Generally, there are many factors in an analysis and in deciding which factors should be included in the analysis is based on the statistical importance and there are many opinions raised (Field, 2009). In measuring the importance of the factor, eigenvalues are used as it is considered to be logical to use factors that have high eigenvalues. Field (2009) states that it is a must to identify the variances in all the variables, before getting into extracting factors. Further, Hair *et al.* (2010) defines communality as the total variance that the main or original variable produces when compared with all the other variables used in the study. Field, (2009) further states that if a variable does not have a random variance it will produce a

communality of 1 whereas a variable with no association with other variables will produce a communality of 0. Communality can be obtained through a factor loading where a model consisting of multiple constructs above 05 or more communalities is needed and to conduct it for a large sample, above 7 communalities is needed. (Hair *et al.*, 2010) The current study included variables above 05 communalities where the outcome indicated that variables that are used in the factor loading consist of values higher than 05 (Table 5.19). The results showed that all the variables retained in the factor loading have communality values above 0.5. The results confirmed the high variation from 0.506 to 0.847, which showed high variance among the variables (Table 5.19).

During examination of the eigenvalue's, unexpectedly 13 components were extracted whose eigenvalue was greater than 1. For identifying the problem, the results within pattern matrix were examined. It was notice that 7 items RevOrHePu2, RevOrHePu4, RevEmJoDeCuSa3, AbAcRe, SyOpCoCr3, IA1 and LF4 were loaded separately (i.e. cross-loading) in different components other than their relevant one. Therefore, in the second round of EFA, excluding 7 cross-loaded items, the remaining 94 were run for data reduction purpose.

Table 5.19: Communalities

Variables	Initial	Extraction	Variables	Initial	Extraction	Variables	Initial	Extraction
ComCha1	1.000	.842	OrHeRePu6	1.000	.637	IM2	1.000	.567
ComLed1	1.000	.821	EmJoDeCuSa1	1.000	.687	IM3	1.000	.591
ManEm1	1.000	.799	RevEmJoDeCuSa2	1.000	.728	IM4	1.000	.591
ComGlu1	1.000	.787	EmJoDeCuSa4	1.000	.728	IS1	1.000	.569
StrEm1	1.000	.867	EmJoDeCuSa5	1.000	.604	IS2	1.000	.697
CriSu1	1.000	.771	PrDeQuDe3	1.000	.608	IS3	1.000	.607
ComCha2	1.000	.660	PrDeQuDe4	1.000	.800	IS4	1.000	.549
ComLed2	1.000	.598	PrDeQuDe5	1.000	.728	IC1	1.000	.592
ManEm2	1.000	.612	PrDeQUDe6	1.000	.607	IC2	1.000	.633
ComGlu2	1.000	.654	EmPeDe1	1.000	.686	IC3	1.000	.606
StrEm2	1.000	.653	RevEmPeDe2	1.000	.642	IC4	1.000	.616
CriSu2	1.000	.653	EmPeDe3	1.000	.750	CR1	1.000	.657
ComCha3	1.000	.667	TeTrCo1	1.000	.632	CR2	1.000	.581
ComLed3	1.000	.594	TeTrCo2	1.000	.696	CR3	1.000	.612
ManEm3	1.000	.669	TeTrCo3	1.000	.636	CR4	1.000	.581
ComGlu3	1.000	.731	TeTrCo4	1.000	.799	MBEA1	1.000	.662

StrEm3	1.000	.753	TeTrCo5	1.000	.803	MBEA2	1.000	.562
CriSu3	1.000	.741	TeTrCo6	1.000	.724	MBEA3	1.000	.589
Comcha4	1.000	.591	TeTrCo7	1.000	.755	MBEA4	1.000	.608
ComLed4	1.000	.686	SyOpCoIn1	1.000	.748	MBEP1	1.000	.529
ManEm4	1.000	.591	RevSyOpCoIn2	1.000	.726	MBEP2	1.000	.506
ComGlu4	1.000	.580	SyOpCoIn3	1.000	.801	MBEP3	1.000	.567
StrEm4	1.000	.636	RevSyOpCoIn4	1.000	.619	MBEP4	1.000	.553
CriSu4	1.000	.721	AbAcRe1	1.000	.614	LF1	1.000	.529
EmJoSa1	1.000	.716	AbAcRe2	1.000	.637	LF2	1.000	.580
RevEmJoSa2	1.000	.622	AbAcRe3	1.000	.676	LF3	1.000	.547
EmJoSa3	1.000	.700	IA2	1.000	.577			
MaSuSa1	1.000	.708	IA3	1.000	.561			
RevMaSuSa2	1.000	.639	IA4	1.000	.596			
MaSuSa3	1.000	.615	IB1	1.000	.566			
RevMaSuSa4	1.000	.648	IB2	1.000	.612			
OrHeRePu1	1.000	.690	IB3	1.000	.598			
OrHeRePu3	1.000	.731	IB4	1.000	.553			
OrHeRePu5	1.000	.721	IM1	1.000	.624			

- **Eigenvalue**

As discussed earlier, the eigenvalues used in principal component extraction are concerned about a variance that determines the statistical significance of a factor. Measuring the number of factors can be carried out through the value of eigenvalue identified as a result of preliminary principal component extraction (Tabachnick and Fidell, 2007).

Since component analysis variance of all the variables is equal to 1, a factor consisting of eigenvalue lower than 1 is not needed, hence factors that have eigenvalues higher than 01 are considered and factors with value less than 01 are considered unimportant and ignored in the study. (Tabachnick and Fidell, 2007; Field, 2009; Hair *et al.*, 2010) The table 5.20 presents data related to the current investigations and it has identified 8 factors with an eigenvalue higher than 01. In the study, the first factor was of significantly large value and later on, smaller eigenvalues are identified. Table 5.20 displays the first 18 components results where

8 components had eigenvalue >1 . These 8 components explained total variance of 59.176% (see column cumulative %) which is higher than the recommendations.

Table 5.20: Total Variance Explained

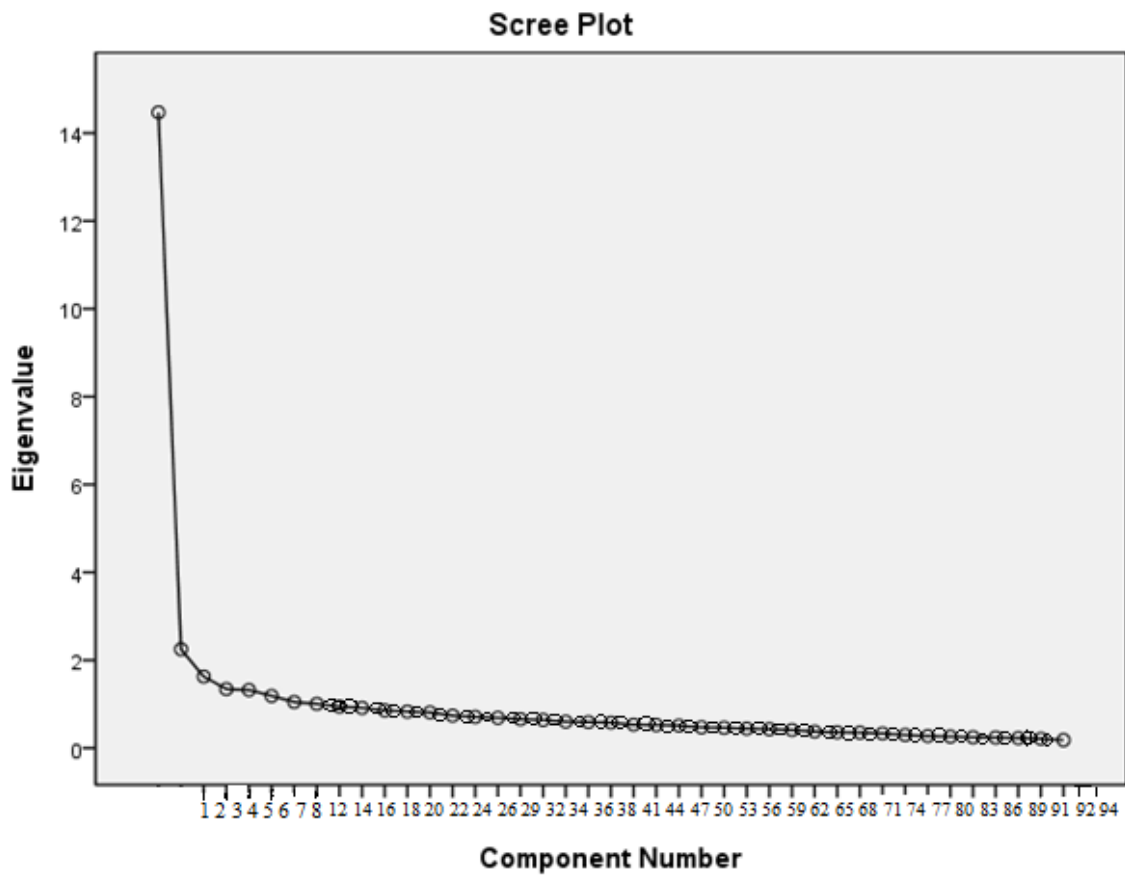
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.471	35.296	35.296	14.471	35.296	35.296	6.455	15.745	15.745
2	2.250	5.488	40.784	2.250	5.488	40.784	4.175	10.182	25.927
3	1.629	3.973	44.756	1.629	3.973	44.756	3.018	7.362	33.289
4	1.344	3.277	48.033	1.344	3.277	48.033	2.764	6.742	40.031
5	1.324	3.230	51.263	1.324	3.230	51.263	2.696	6.575	46.606
6	1.187	2.896	54.159	1.187	2.896	54.159	2.307	5.626	52.232
7	1.051	2.562	56.721	1.051	2.562	56.721	1.497	3.651	55.883
8	1.006	2.455	59.176	1.006	2.455	59.176	1.350	3.293	59.176
9	.943	2.301	61.477						
10	.915	2.233	63.710						
11	.857	2.090	65.800						
12	.831	2.027	67.827						
13	.812	1.980	69.807						
14	.740	1.805	71.611						
15	.710	1.733	73.344						
16	.689	1.680	75.024						
17	.659	1.607	76.631						
18	.642	1.565	78.196						

Extraction Method: Principal Component Analysis.

- **Scree Plot**

The third method to identify the maximum number of factors used is scree plot. In the study, a scree plot can be used where it will draw extraction factors using eigenvalues (Fig 5.1). As according to logic, extracted factors should contain high eigenvalues and the finalization can be made plotting a scree graph. The scree plot is designed though using latent roots and the number of factors according to the order of extraction and the outcome which is a curve is used to identify the cut-off point based on the shape (Hair *et al.*, 2010). In general situations, the scree plot is a negatively decreasing curve with the largest eigenvalue for the first factor and size of a eigenvalue for subsequent factors are moderate and reducing while last factors contain smallest values for them (Tabachnick and Fidell, 2007). After conducting a scree plot test to identify extracted factors via eigenvalues, the outcome was stated as the same number of factors (Fig 5.1).

Figure 5.1: Scree Plot of Eigenvalues



In order to remove the redundant (highly correlated) variables from the survey data and to reduce the variables into a definite number of dimensions, factor analysis is achieved by the principal component extraction method by using SPSS V.18.

- **Factor Loadings**

In order to remove the redundant data with high correlations and also to reduce the number of items from the questionnaire, principal component analysis using Varimax rotation was performed. Originally, there were 101 items in the questionnaire, in which three items were nominated for deleting as their inter-item correlation was less than 0.15 during item analysis (See Table 5.17). Straub *et al.* (2004, 2005) suggest selecting only items having factor loadings above 0.4. Using Straub *et al.*'s (2004, 2005) criteria, Table 5.21 indicates that the factor loading of 8 components were above this value. Approximately 7 items were deleted from the 101 original items including those 3 items that have had less than 0.15 inter-item in

item analysis. All retained items had factor loadings above 0.40 (Table, 5.21), which is the recommended acceptance level for business studies (Hair *et al.*, 2010).

Table 5.21: Factor Loadings

Constructs	Items	F1	F2	F3	F4	F5	F6	F7	F8
CC	ComCha1	.607							
	ComLed1	.606							
	ManEm1	.543							
	ComGlu1	.410							
	StrEm1	.400							
	CriSu1	.405							
AC	ComCha2		.822						
	ComLed2		.452						
	ManEm2		.852						
	ComGlu2		.882						
	StrEm2		.834						
	CriSu2		.421						
MC	ComCha3			.697					
	ComLed3			.611					
	ManEm3			.694					
	ComGlu3			.739					
	StrEm3			.750					
	CriSu3			.757					
HC	Comcha4				.485				
	ComLed4				.555				
	ManEm4				.562				
	ComGlu4				.489				
	StrEm4				.576				
	CriSu4				.588				
OE	EmJoSa1					.504			
	RevEmJoSa2					.535			
	EmJoSa3					.530			
	MaSuSa1					.565			
	RevMaSuSa2					.728			
	MaSuSa3					.758			
	RevMaSuSa4					.681			
	OrHeRePu1					.453			
	OrHeRePu3					.532			
OrHeRePu5					.543				

	OrHeRePu6					.467			
	EmJoDeCuSa1					.400			
	RevEmJoDeCuSa2					.487			
	EmJoDeCuSa4					.555			
	EmJoDeCuSa5					.542			
	PrDeQuDe1					.465			
	RevPrDeQuDe2					.714			
	PrDeQuDe3					.671			
	PrDeQuDe4					.637			
	PrDeQuDe5					.521			
	PrDeQUDe6					.694			
	EmPeDe1					.432			
	RevEmPeDe2					.444			
	EmPeDe3					.424			
	TeTrCo1					.585			
	TeTrCo2					.536			
	TeTrCo3					.495			
	TeTrCo4					.436			
	TeTrCo5					.473			
	TeTrCo6					.407			
	TeTrCo7					.404			
	SyOpCoIn1					.456			
	RevSyOpCoIn2					.564			
	RevSyOpCoIn4					.478			
	AbAcRe2					.498			
	AbAcRe3					.468			
TFLS	IA2					.465			
	IA3					.427			
	IA4					.486			
	IB1					.418			
	IB2					.402			
	IB3					.414			
	IM1					.453			
	IM2					.372			
	IM3					.497			
	IM4					.458			
	IS1					.520			
	IS2					.535			
	IS3					.530			
	IS4					.485			

TLS	IC1							.426		
	IC2							.476		
	IC3							.437		
	IC4							.408		
	CR1								.638	
	CR2								.515	
	CR3								.543	
	CR4								.485	
	MBEA1								.526	
	MBEA2								.487	
	MBEA3								.500	
	MBEA4								.518	
PLS	MBEP1									.524
	MBEP2									.511
	MBEP3									.467
	MBEP4									.497
	LF1									.418
	LF2									.506
	LF3									.486

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

- **Kaiser–Meyer–Olkin Measure of Sampling Adequacy (KMO) Test**

Hinton *et al.* (2004) recommends two tests for factor analysis: Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test of Sphericity. The KMO method can be used for single variables or more than one variable to identify the ratio of squared correlation between factors in considering squared partial correlation among factors. The outcomes of the KMO test ranges from 0 to 1 where based on a rule of thumb it was decided that a results of 0.5 were not acceptable, 0.6 was acceptable and values that are closer to 1 are excellent (Hinton *et al.*, 2004). Furthermore, according to Kaiser (1974), if the value of KMO is between 0.5 and 1.0, this indicates that factor analysis is appropriate for the data, while values less than 0.5 mean that the data are not sufficient to perform factor analysis. Table 5.22 indicates that the value of KMO for sampling adequacy is 0.710 indicating that the sample size is adequate to perform factor analysis. The large KMO value confirms the possibility of identifying factors in the data set as suggested in the conceptual model

Table 5.22: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.710
Bartlett's Test of Sphericity	Approx. Chi-Square	4844.644
	df	4950
	Sig.	.000

• **Bartlett's Test of Sphericity Test**

In order to check the multivariate normality of the distribution, Bartlett’s test was employed. Bartlett's test of sphericity is carried out to confirm the relationships that exist between variables. As a general rule it is stated that if there is no relationship then it is irrelevant to undertake factor analysis. Also if the P value is <0.05, it is relevant to conduct a factor analysis (Hinton *et al.*, 2004). Outcomes presented in the table show that the P value is < 0.00 indicating that there are relationships existing between variables and a factor analysis is recommended for the study. The statistically significant result indicates that the correlation matrix is not an identity matrix, indicating that it would be appropriate to perform factor analysis.

As presented earlier, the principal component analysis presented an outcome of 8 components with eigenvalues above 1 which explains 35.296 percent, 5.488 percent, 3.973 percent, 3.277 percent, 3.230 percent, 2.896 percent, 2.562 percent and 2.455 percent respectively (in total 59.176 percent). Furthermore, the scree plot was clear cut-out in 8 factors. Upon conducting all these analyses to establish consistency, Cronbach’s alpha measure was used to analyse each factor into further details. The following groups of items presented were recommended for the most relevant dimensions.

In the study, first 04 factors are related to the organisational culture namely, 1- clan culture, 2- adhocracy culture, 3- market culture, and 4- hierarchy culture. The four cultures composing CVF proposed by Quinn and Rahbroaugh (1983) were used to study the data gathered. Firstly the preference for extended family culture (clan culture, CC) in the business organisations was evaluated. All 06 items related to the major factor was connected to one single factor generating a Cronbach’s alpha value of .768 (Table 5.23).

Next, the factor named adhocracy culture (AC) was studied where it evaluated the promotion of innovation and the creativity in the organisational culture. All 06 items related to the major

factor was connected to one single factor generating a Cronbach's alpha value of .756 (Table 5.23). The third factor evaluated was market culture (MC) where it evaluated the extent to which the organisational culture is shaped by results orientation and competitiveness. All 06 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .878 (Table 5.23). Finally, the fourth factor evaluated was hierarchy culture (HC) where it evaluated the extent to which the organisational culture is shaped by predefined policies and procedures. All 06 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .829 where the largest was ComCha4 which was considered a dominant organisational feature (Table 5.23).

Table 5.23: Factor Loading and Cronbach's alpha of Organisational Culture Items

Factor and related Items	Factoring loading	Cronbach's alpha
Organisational Culture		
Clan		
ComCha1	.607	.768
ComLed1	.606	
ManEm1	.543	
ComGlu1	.410	
StrSu1	.400	
CriSu1	.405	
Adhocracy		
ComCha2	.822	.752
ComLed2	.452	
ManEm2	.852	
ComGlu2	.882	
StrSu2	.834	
CriSu2	.421	
Market		
ComCha3	.697	.878
ComLed3	.611	
ManEm3	.694	
ComGlu3	.739	
StrSu3	.750	
CriSu3	.757	
Hierarchy		
ComCha4	.485	.829
ComLed4	.555	
ManEm4	.562	

ComGlu4	.489	
StrSu4	.576	
CriSu4	.588	

The next factor evaluated was organisational effectiveness (OE) which includes 41 components based on CVF (Cameron and Quinn, 2006). Not all 41 items related to the major factor was connected to one single variable. Applying factor loading resulted in the deletion of five items which loaded with less than 0.4 (Field, 2009) and so was excluded. Cronbach's alpha value of the new set has improved from .824, before deletion of those items to .829 (Table 5.24).

Table 5.24: Factor Loading and Cronbach's alpha of Organisational Effectiveness Items

Factor and related Items	Factoring loading	Cronbach's alpha
Organisational Effectiveness		
EmJoSa1	.504	.829
RevEmJoSa2	.535	
EmJoSa3	.530	
MaSuSa1	.565	
RevMaSuSa2	.728	
MaSuSa3	.758	
RevMaSuSa4	.681	
OrHeRePu1	.453	
OrHeRePu3	.532	
OrHeRePu6	.543	
EmJoDeCuSa1	.467	
RevEmJoDeCuSa2	.400	
EmJoDeCuSa4	.487	
EmJoDeCuSa5	.555	
PrDeQuDe1	.542	
RevPrDeQuDe2	.465	
PrDeQuDe3	.714	
PrDeQuDe4	.671	
PrDeQuDe5	.637	
PrDeQUDe6	.521	
EmPeDe1	.694	

RevEmPeDe2	.432
EmPeDe3	.444
TeTrCo1	.424
TeTrCo2	.585
TeTrCo3	.536
TeTrCo4	.495
TeTrCo5	.436
TeTrCo6	.473
TeTrCo7	.407
SyOpCoIn1	.404
RevSyOpCoIn2	.456
RevSyOpCoIn4	.564
AbAcRe2	.478
AbAcRe3	.498

The final factor evaluated was leadership style (LS) which included 36 components based on the transformational-transactional theory of leadership (Bass, 1985; Avolio and Bass, 2004). 36 items related to the major factor of leadership style was connected to three components. Applying factor loading resulted in the deletion of two items which loaded with less than 0.4 (Field, 2009), IA1 from transformational leadership and LF4 from passive leadership style, and so was excluded. Cronbach's alpha value of the new set for transformational decreased from .709 to .700 and for passive leadership style decreased from .671, before deletion to .663.

Table 5.24: Factor Loading and Cronbach's alpha of Leadership Styles Items

Factor and related Items	Factoring loading	Factoring loading	Factoring loading	Cronbach's alpha
Leadership Style				
IA2	.465			
IA3	.427			
IA4	.486			
IB1	.418			
IB2	.402			
IB3	.414			
IM1	.453			
IM2	.372			
IM3	.497			
IM4	.458			

IS1	.520			.700
IS2	.535			
IS3	.530			
IS4	.485			
IC1	.426			
IC2	.476			
IC3	.437			
IC4	.408			
CR1		.638		.709
CR2		.515		
CR3		.543		
CR4		.485		
MBEA1		.526		
MBEA2		.487		
MBEA3		.500		
MBEA4		.518		
MBEP1			.524	.671
MBEP2			.511	
MBEP3			.467	
MBEP4			.497	
LF1			.418	
LF2			.506	
LF3			.486	

5.6.2 Exploratory Factor Analysis of National Culture

After scanning and clarifying the items related to organisational culture, leadership style and organisational effectiveness, twenty one items of national culture including, UA, PD, IDV, and MS, which are based on Hofstede' study and measured by Dorfman and Howell (1988) scales, were examined using exploratory factor analysis. As mentioned before the KMO method can be used for single or more than one variable to identify the ratio of squared correlation between factors in considering squared partial correlation among factors. The outcomes of the KMO test ranges from 0 to 1 were based on a rule of thumb and it was decided that a result of 0.5 would not be acceptable, 0.6 to be acceptable and values that are closer to 1 to be excellent (Hinton *et al.*, 2004). Furthermore, according to Kaiser (1974), if the value of KMO is between 0.5 and 1.0, this indicates that factor analysis is appropriate for the data, while values less than 0.5 mean that the data are not sufficient to perform factor

analysis. Table 5.25 indicates that the value of KMO of sampling adequacy is 0.785 indicating that the sample size is adequate to perform factor analysis. The large KMO value confirms the possibility of identifying factors in the data set as suggested in the conceptual model.

Table 5.25: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	2878.249
	df	210
	Sig.	.000

Furthermore, based on Kaiser's criterion table 5.26 shows that all four components were extracted with eigenvalues >1 and the total variance explained by the four components was 56.915% (Table 5.26). Moreover, the scree plot graph showed a clear change in shape at the fourth and fifth components, and verified the number of components extracted using Kaiser's criterion (Fig 5.2). Table 5.27 revealed that 21 items were loaded into 4 factors.

Table 5.26: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.598	17.136	17.136	3.598	17.136	17.136	3.581	17.053	17.053
2	3.512	16.723	33.858	3.512	16.723	33.858	3.468	16.513	33.566
3	2.778	13.230	47.088	2.778	13.230	47.088	2.564	12.207	45.773
4	2.064	9.827	56.915	2.064	9.827	56.915	2.340	11.142	56.915
5	.991	4.720	61.635						
6	.948	4.512	66.147						
7	.877	4.178	70.326						
8	.750	3.571	73.897						
9	.652	3.105	77.002						
10	.627	2.987	79.989						
11	.585	2.784	82.773						
12	.546	2.600	85.373						
13	.520	2.475	87.848						
14	.482	2.296	90.144						
15	.427	2.033	92.177						
16	.352	1.675	93.852						

17	.302	1.437	95.289						
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Extraction Method: Principal Component Analysis.

Figure 5. 2: Scree Plot (Cultural Dimensions)

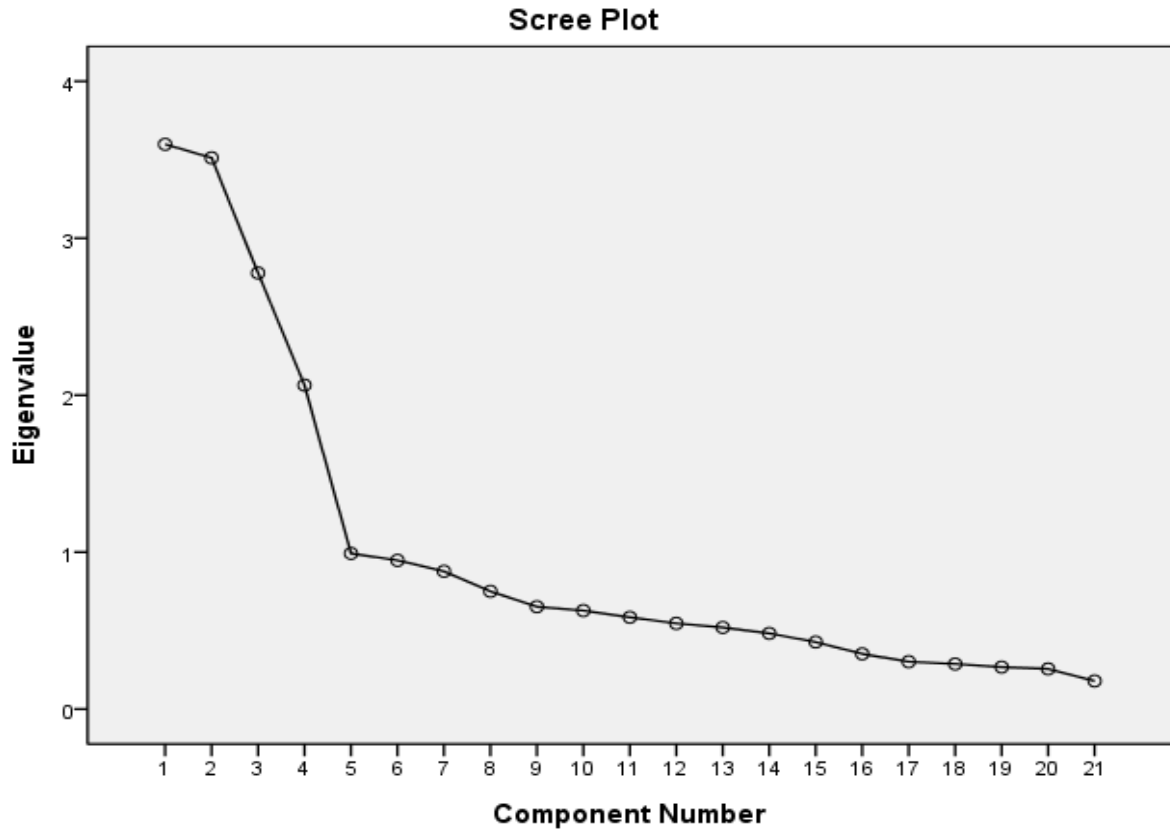


Table 5.27: Factor Loadings of National Culture Dimensions

	Component			
	1	2	3	4
UA1			.552	
UA2			.744	
UA3			.580	
UA4			.758	
UA5			.824	
IDV1				.699
IDV2				.732
IDV3				.629
IDV4				.698
IDV5				.586
PD1		.820		

PD2		.829		
PD3		.719		
PD4		.692		
PD5		.798		
PD6		.587		
MA1	.765			
MA2	.854			
MA3	.816			
MA4	.884			
MA5	.892			
Cronbach's Alpha	.897	.83	.744	.697

Although it was not the researcher's intention to study the direct determinants of national culture dimensions on the culture-effectiveness relationship, for the reliability of measurement items with their relevant constructs it was required to assess the factor analysis. As mentioned in chapter 2 all the items in national culture were based on Hofstede's study and adopted from the research of Dorfman and Howell (1988) with little moderation of context. The description of each factor with respect to the reliability measure Cronbach's α value is given below:

In this study, 04 factors are related to the national culture namely, 1- UA; 2- PD; 3- IDV and 4- MS. As the first factor it measures the uncertainty avoidance among the respondents where it evaluates rate at which employees are uncertain about the procedures and rules relevant to their jobs. All 05 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .744 where the largest component was UA5 indicating the significance of the instructions on the job role (Table 5.27).

The next factor evaluated was the individualism versus collectivism of each respondent where it evaluated the value which measures how much an individual considers self-interest to be more important than the group's interest. All 05 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .697 where the largest component was IDV2 indicating the significance of concern for individual success over the group success (Table 5.27).

The third factor evaluated was the power distance in organisation where the factor identifies the extent to which employees accept the power distance between boss and subordinates. All 06 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .83 where the largest component was PD1 proving that managers should make their subordinates involved in decision making rather than making the decision alone (Table 5.27).

The final factor evaluated was masculinity versus femininity where it evaluated the preference to be masculine in workplace with a challenge seeking attitude. All 05 items related to the major factor was connected to one single factor generating a Cronbach's alpha value of .897 where the largest component was MS5 indicating that respondents like to have male superiors in organisations rather than females at the top of the organisational hierarchy (Table 5.27).

5.7 Multiple Regression Analysis

5.7.1 Regression Analysis I: Explaining the Relationship between Organisational Culture and Leadership Styles

In order to test the relationship between organisational culture and leadership styles, multiple regression analysis was employed. There are four different types of organisational culture: clan culture, adhocracy culture, market culture, and hierarchal culture. For multiple regression analysis, organisational culture dimensions were taken as independent variables, while leadership styles were taken as the dependent variable. In Table 5.28, the R-Squared value indicates that 27.9% of the variance in leadership style (the dependent variable) is explained by organisational culture dimensions (the independent variables). Therefore, the predictor variable of organisational culture types, clan culture, adhocracy culture, market culture and hierarchy culture explain 27 percent of the variance in the dependent variable of leadership style (Table 5.28).

Table 5.28: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528 ^a	.279	.270	1.036
a. Predictors: (Constant), Hierarchy, Adhocracy Culture, Market Culture, Clan Culture				

Table 5.29 presents that the model fits at a good level. If the improvement due to the fitting regression model is much greater than the inaccuracy within the model, then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance. In Table 5.29, the F-statistic (33.609) is also significant at the $p < 0.01$ level, indicating that the variance explained is also statistically significant. F-statistic of 33.609 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.29: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144.236	4	36.059	33.609	.000 ^a
	Residual	373.369	348	1.073		
	Total	517.604	352			
a. Predictors: (Constant), Hierarchy, Adhocracy Culture, Market Culture, Clan Culture						
b. Dependent Variable: Leadership Style						

Table 5.30 displays the standardised beta coefficient (β) between the predictor variables, clan, adhocracy, market and hierarchy culture, and the dependent variable, leadership style. From the regression analysis, it is indicated that the relationship between the independent and dependent variables is more or less statistically significant at the 95 percent confidence level ($p < 0.05$), apart from adhocracy culture, which is not significant. The beta coefficient (β) is shown to be positively and statistically significant at the 0.01 level for all variables, apart from adhocracy culture.

In Table 5.30, all coefficients were found to be statistically significant. The value for clan culture ($B = 0.106$, $p < 0.05$); adhocracy culture ($B = -0.036$, $p > 0.05$), market culture ($B = 0.380$, $p < 0.01$) and hierarchal culture ($B = 0.285$, $p < 0.001$) indicate that all dimensions of organisational culture positively contribute to leadership style with the exception of adhocracy culture, which has a negative impact upon leadership style. Specifically, these results indicate that with regard to clan culture, a one-unit increase in clan culture was associated with a .106 unit increase in leadership style. Next, a one-unit increase in adhocracy

culture was associated with a .036 unit decrease in leadership style, while a one-unit increase in market culture was associated with a .380 unit increase in leadership style. Finally, a one-unit increase in hierarchal culture was associated with a .285 unit increase in leadership style. These results provide support to H1.1, H1.3, and H1.4, suggesting that there is a relationship between organisational culture dimensions (clan, market, and hierarchal) and leadership styles, while H1.2, posits that there is relationship between adhocracy culture and leadership style, was not supported, as this result failed to achieve statistical significance.

Table 5.30: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	VIF	Sig.
		B	Std. Error	Beta			
1	(Constant)	.550	.198		2.806		.005
	Clan Culture	.179	.078	.106	2.280	1.524	.023
	Market Culture	.320	.039	.380	3.106	1.085	.002
	Adhocracy Culture	-.001	.002	-.036	-.766	1.226	.444
	Hierarchy	.249	.042	.285	5.995	1.475	.000
a. Dependent Variable: Leadership Style							

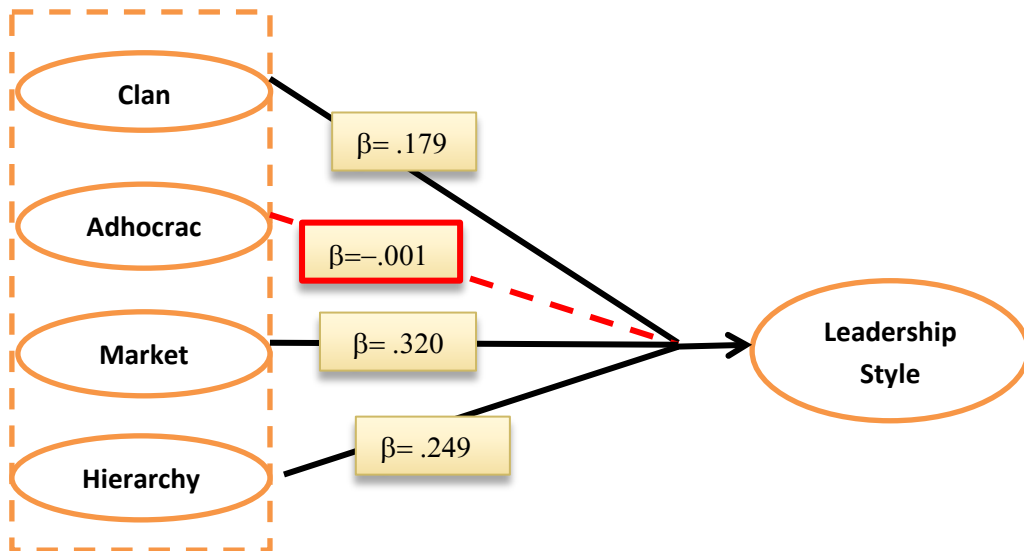
In order to double check the Multicollinearity, the Variance Inflation Factor (VIF) was calculated but this time leadership style was taken as a dependent variable (the multicollinearity section 5.5.4. organisational effectiveness was taken as a dependent variable). VIF is a statistical phenomenon which determines whether more than two predictor variables (independent variables) are highly correlated with each other or not (Brace *et al.*, 2009). According to Myers (1990), if the value of VIF is above 10, it shows that there is a possibility of Multicollinearity among the constructs. The results of VIF (Table 5.30) highlighted that the VIF value is less than 10, which implies that these data have no Multicollinearity problem. Tables 5.31 summarized the results of all hypotheses.

Table 5.31: Hypothesis Assessment

Research Hypothesis	B values	t-values	Results
---------------------	----------	----------	---------

H1.1: CC → LS	.179	2.280	Supported
H1.2: MC → LS	.320	3.106	Supported
H1.3: AC → LS	-.001	-.766	Not Supported
H1.4: HC → LS	.249	5.995	Supported

Figure 5.3: Relationship between Organisational Culture and Leadership Style



5.7.2 Regression Analysis II: Explaining the Relationship between Leadership Styles and Organisational Effectiveness

Multiple regression analysis was employed to test the relationship between leadership styles and organisational effectiveness. The results from model summary table (Table 5.32) show that R-squared was found to be 0.307, indicating that 30.7% of the variance in leadership styles is explained by organisational effectiveness (Table 5.32). Therefore, the predictor variable of leadership style explains 30 percent of the variance in the dependent variable of leadership style (Table 5.32).

Table 5.32: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 ^a	.303	.301	.518
a. Predictors: (Constant), Leadership Style				

Table 5.33 shows that the model fits at a good level. If the improvement due to the fitting regression model is much greater than the inaccuracy within the model, then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance. In Table 5.33, the F-statistic (152.289) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 152.289 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome of the variable.

Table 5.33: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.858	1	40.858	152.289	.000 ^a
	Residual	94.171	351	.268		
	Total	135.029	352			
a. Predictors: (Constant), Leadership Style						
b. Dependent Variable: Organisational Effectiveness						

Table 5.34 displays the standardised beta coefficient (β) between the predictor variables, leadership style and the dependent variable, organisational effectiveness. From the regression analysis, it is indicated that the relationship between the independent and dependent variables is more or less statistically significant at the 99 percent confidence level ($p < 0.01$). The beta coefficient (β) is shown to be positively and statistically significant at the 0.001 level of the variable.

The coefficient associated with leadership style ($B = 0.550$, $p < 0.001$) indicates that leadership style significantly predicts organisational effectiveness. Specifically, this result indicates that a one-unit increase in organisational effectiveness was associated with a .550 unit increase in leadership style. Table 5.35 summarizes the results of the test for this study's fifth hypothesis.

Table 5.34: Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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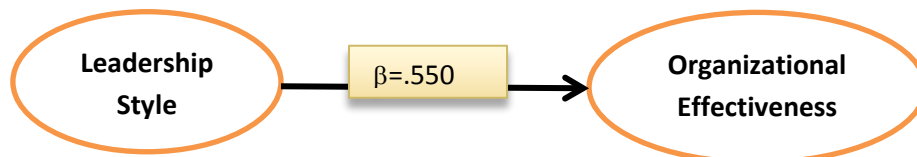
		B	Std. Error	Beta		
1	(Constant)	3.845	.065		58.914	.000
	Leadership Style	.403	.035	.550	12.341	.000

a. Dependent Variable: Organisational Effectiveness

Table 5.35: Hypothesis 5 Assessment

Research Hypothesis	β values	T-values	Results
H2: LS \longrightarrow OE	.550	12.341	Supported

Figure 5.4: Relationship between Leadership Style and Organisational Effectiveness



5.8 Mediation Effects of Leadership Style on the Culture-Effectiveness Relationship

According to Baron and Kenny (1986), the process of testing for mediation is to estimate the indirect effect of the independent variable on the dependent variable by controlling for the mediator. They specify four steps in the measurement of a mediation effect:

- Step 1: Indicate that the predictor variable is significantly associated with the outcome variable.
- Step 2: Indicate that the predictor variable is significantly associated with the mediator.
- Step 3: Indicate that the mediator is significantly associated with the outcome variable.
- Step 4: Indicate that the mediator completely or partially mediates the relationship between the predictor variable and the outcome variable (Baron and Kenny, 1986).

Step 1 is tested through the use of a regression analysis in which the outcome measure is included as the dependent variable, and the predictor is included as the independent variable (Baron and Kenny, 1986). Statistical significance with regard to the regression coefficient would serve to indicate that there is a significant association between these two measures. If

this is found to be the case, a second regression analysis is then conducted in order to test Step 2. This step is also tested through the use of a regression analysis, with the mediator included as the dependent variable in this analysis, and the predictor included as the independent variable. Again, statistical significance with regard to the regression coefficient associated with the predictor variable would serve to support the fact that there is a significant association between the predictor and the mediator. Step 3 and 4 would then be tested if statistical significance was in fact found. Both of these steps are tested using a single regression analysis in which the mediator and the predictor are both included as independent variables in the analysis, with the outcome variable included as the dependent variable. A comparison of the coefficients associated with the predictor variable between the first and third regression model would then serve to determine whether partial or full mediation is present.

5.8.1 Leadership Style Will Mediate the Effect of OC on OE

The initial test of mediation conducted focuses specifically on Hypothesis 3 which hypothesizes that leadership style will mediate the effect of organisational culture on organisational effectiveness. In the first step of mediation, the relationship between organisational culture and organisational effectiveness was calculated.

From the model summary table (Table 5.36) R-squared was found to be 0.308, indicating that 30.8% of the variance in organisational culture is explained by organisational effectiveness (Table 5.32). Therefore, the predictor variable of organisational culture explains 30 percent of the variance in the dependent variable of organisational effectiveness (Table 5.36).

Table 5.36: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.557 ^a	.310	.308	.515
a. Predictors: (Constant), Organisational Culture				

Table 5.37 shows that the model fits at a good level. In Table 5.37, the F-statistic (157.906) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 157.906 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be

argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.37: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.898	1	41.898	157.906	.000 ^a
	Residual	93.132	351	.256		
	Total	135.029	352			
a. Predictors: (Constant), Organisational Culture						
b. Dependent Variable: Organisational Effectiveness						

The coefficient for organisational culture was found to achieve statistical significance at the .001 alpha level ($B=.557$), indicating there is a significant relationship between the predictor and outcome variable (Table 5.38). This result indicates that there is a significant direct effect between organisational culture and organisational effectiveness which may potentially be mediated by leadership style. The regression coefficient itself serves to indicate that there was a positive association between organisational culture and organisational effectiveness.

Table 5.38: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.484	.169		14.736	.000
	OC	.595	.047	.557	12.566	.000
a. Dependent Variable: Organisational Effectiveness						

The following linear regression analysis was conducted in order to test Step 2 in Baron and Kenny's (1986) methodology. Specifically, Step 2 serves to test whether there is a significant association between the predictor variable and the mediator. In this case, organisational culture, the predictor, was included in a regression analysis with leadership style, the mediator, included as the dependent variable. From the model summary table (Table 5.39) R-squared was found to be 0.286, indicating that 28.6% of the variance in organisational culture is explained by leadership style (Table 5.39). Therefore, the predictor variable of organisational culture explains 28.6 percent of the variance in the dependent variable of leadership style (Table 5.39).

Table 5.39: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537 ^a	.288	.286	.714
a. Predictors: (Constant), Organisational Culture				

Table 5.40 shows that the model fits at a good level. In table 5.40, the F-statistic (142.092) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 142.092 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.40: ANOVA

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.411	1	72.411	142.092	.000 ^a
	Residual	178.872	351	.510		
	Total	251.283	352			
a. Predictors: (Constant), Organisational Culture						
b. Dependent Variable: Leadership Style						

The results of the regression coefficient associated with organisational culture were found to achieve statistical significance at the .001 alpha level ($B=.537$). This indicates that a significant association is present between organisational culture and leadership style (Table 5.41). Hence, it would be appropriate to conduct the final regression analysis in order to test steps 3 and 4 of Baron and Kenny's (1986) methodology

Table 5.41: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.938	.234		-4.014	.000
	OC	.782	.066	.537	11.920	.000
a. Dependent Variable: Leadership Style						

The following three tables present the results of the analyses conducted for the third regression analysis, which serves to test Steps 3 and 4 of Baron and Kenny's (1986) methodology. The model summary shows that the R-square is .395 indicating that 39.5 % of the variance in organisational culture and leadership style is explained by organisational effectiveness (Table 5.42). Therefore, the predictor variables of organisational culture and leadership style explain 39.5 percent of the variance in the dependent variable of organisational effectiveness (Table 5.42).

Table 5.42: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632 ^a	.399	.395	.482
a. Predictors: (Constant), Leadership Style, Organisational Culture				

Furthermore, Table 5.43 shows that the model fits at a good level. In table 5.43, the F-statistic (116.100) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 116.100 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.43: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.854	2	26.927	116.100	.000 ^a
	Residual	81.175	350	.232		
	Total	135.029	352			
a. Predictors: (Constant), Leadership Style, Organisational Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown in the third table, the regression coefficients associated with both organisational culture and leadership style were found to achieve statistical significance, with the coefficient associated with organisational culture achieving statistical significance at the .001 alpha level ($B=.368$), and with the coefficient associated with leadership style achieving statistical significance at the .001 alpha level ($B=.353$). Overall, the results of these three linear

regression analyses serve to suggest that leadership style acts as an important mediator of the effect that organisational culture has on organisational effectiveness (Table 5.44).

Table 5.44: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.727	.161		16.916	.000
	Organisational Culture	.393	.052	.368	7.486	.000
	Leadership Style	.259	.036	.353	7.180	.000
a. Dependent Variable: Organisational Effectiveness						

Also to further investigate, the step 4 Baron and Kenny's (1986) was carried out to explore whether the leadership style fully mediates the relationship between organisational culture and organisational effectiveness or only partially (although this can be deduced from the table above as the regression coefficient is substantially reduced at the final step, but remains significant), a set of multi regression analyses were conducted. In this step some form of mediation would be supported if the effect of leadership style remains significant after controlling for organisational culture.

The model summary table (Table 5.45) shows that R-Squares of leadership style and organisational culture are .301 and .395 respectively, indicating that 30.1 and 39.5 % of the variance in organisational culture and leadership style is explained by organisational effectiveness (Table 5.45). Therefore, the predictor variables of organisational culture and leadership style explain 30.1 and 39.5 percent of the variance in the dependent variable of organisational effectiveness (Table 5.45).

Table 5.45: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550a	.303	.301	.518
2	.632b	.399	.395	.482
Predictors: (Constant), Leadership Style, Predictors: (Constant), Organisational Culture Dependent Variable: Organisational Effectiveness				

Furthermore, Table 5.46 shows that the model fits at a good level. In table 5.46, the F-statistics (152.289, 116.100) are also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 152.289, 116.100 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.46: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.858	1	40.858	152.289	.000 ^a
	Residual	94.171	351	.268		
	Total	135.029	352			
2	Regression	53.854	2	26.927	116.100	.000 ^b
	Residual	81.175	350	.232		
	Total	135.029	352			
Predictors: (Constant), Leadership Style						
Predictors: (Constant), Organisational Culture						
Dependent Variable: Organisational Effectiveness						

If organisational culture is no longer significant when leadership style is controlled, the finding supports full mediation. If the organisational culture is still significant (both organisational culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation (Table 5.47). The result indicates that there is no complete mediation and leadership style only partially mediates the relationship between organisational culture and organisational effectiveness.

Table 5.47: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.845	.065		58.914	.000
	Leadership	.403	.033	.550	12.341	.000
2	(Constant)	2.727	.161		16.916	.000
	Leadership	.259	.036	.353	7.180	.000

	Organisational Culture	.393	.052	.368	7.486	.000
a. Dependent Variable: Organisational Effectiveness						

5.8.2 Leadership Style Will Mediate the Effect of Clan Culture on OE

The initial test of mediation conducted focuses specifically on Hypothesis 3.1, which hypothesizes that leadership style will mediate the effect of clan culture on organisational effectiveness. In the first step of mediation, the relationship between clan culture and organisational effectiveness was calculated.

From the model summary table (Table 5.48) R-squared was found to be 0.22, indicating that 22% of the variance in clan culture is explained by organisational effectiveness (Table 5.48). Therefore, the predictor variable of clan culture explains 22 percent of the variance in the dependent variable of organisational effectiveness (Table 5.48).

Table 5.48: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.471a	.222	.219	.547
a. Predictors: (Constant), Clan Culture				

Table 5.49 shows that the model fits at a good level. In Table 5.49, the F-statistic (99.918) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 99.918 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.49: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.921	1	29.921	99.918	.000a
	Residual	105.109	351	.299		
	Total	135.029	352			
a. Predictors: (Constant), Clan Culture						
b. Dependent Variable: Organisational Effectiveness						

The coefficient for clan culture was found to achieve statistical significance at the .001 alpha level (B=.471), indicating there is a significant relationship between the predictor and outcome variable (Table 5.50). This result indicates that there is an effect to be mediated, and hence that Steps 2 through 4 needs to be conducted. The regression coefficient itself serves to indicate that there was a positive association between clan culture and organisational effectiveness.

Table 5.50: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.765	.086		43.729	.000
	Clan Culture	.464	.046	.471	9.996	.000
a. Dependent Variable: Organisational Effectiveness						

The following linear regression analysis was conducted in order to test Step 2 in Baron and Kenny's (1986) methodology. Specifically, Step 2 serves to test whether there is a significant association between the predictor variable and the mediator. In this case, clan culture, the predictor, was included in a regression analysis with leadership style, the mediator, included as the dependent variable. From the model summary table (Table 5.51) R-squared was found to be 0.144, indicating that 14.4% of the variance in clan culture is explained by leadership style (Table 5.51). Therefore, the predictor variable of organisational culture explain 14.4 percent of the variance in the dependent variable of leadership style (Table 5.51).

Table 5.51: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.383a	.147	.144	.781
a. Predictors: (Constant), Clan Culture				

Table 5.52 presents that the model fits at a good level. In table 5.52, the F-statistic (60.455) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 60.455 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued

that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.52: ANOVA

Model		Sum of Squares	Df1	Mean Square	F	Sig.
1	Regression	36.921	1	36.921	60.455	.000a
	Residual	214.362	351	.611		
	Total	251.283	352			
a. Predictors: (Constant), Clan Culture						
b. Dependent Variable: Leadership Style						

The results of the regression coefficient associated with clan culture was found to achieve statistical significance at the .001 alpha level (.383). This indicates that a significant association is present between clan culture and leadership style. Hence, it would be appropriate to conduct the final regression analysis in order to test Steps 3 and 4 of Baron and Kenny's (1986) methodology.

Table 5.53: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.911	.123		7.407	.000
	Clan Culture	.515	.066	.383	7.775	.000
a. Dependent Variable: Leadership Style						

The following three tables present the results of the analyses conducted for the third regression analysis, which serves to test Steps 3 and 4 of Baron and Kenny's (1986) methodology. The model summary shows that the R-square is .378 indicating that 37.8 % of the variance in organisational culture and leadership style is explained by organisational effectiveness (Table 5.44). Therefore, the predictor variables of clan culture and leadership style explain 37.8 percent of the variance in the dependent variable of organisational effectiveness (Table 5.42).

Table 5.54: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.618a	.382	.378	.488
a. Predictors: (Constant), Leadership Style, Clan Culture				

Furthermore, Table 5.55 presents that the model fits at a good level. In table 5.55, the F-statistic (108.060) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 108.060 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$).

Table 5.55: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.548	2	25.774	108.060	.000a
	Residual	83.481	350	.239		
	Total	135.029	352			
a. Predictors: (Constant), Leadership Style, Clan Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown in the third table, the regression coefficients associated with both clan culture and leadership style were found to achieve statistical significance, with the coefficient associated with clan culture achieving statistical significance at the .001 alpha level ($B=.305$), and with the coefficient associated with leadership style achieving statistical significance at the .001 alpha level ($B=.433$). Overall, the results of these three linear regression analyses serve to suggest that leadership style acts as an important mediator of the effect that clan culture has on organisational effectiveness.

Table 5.56: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.476	.083		42.065	.000
	Clan Culture	.300	.045	.305	6.695	.000
	Leadership Style	.318	.033	.433	9.522	.000
a. Dependent Variable: Organisational Effectiveness						

Also further investigation using step 4 of Baron and Kenny's (1986) set of multi regression analysis was conducted. In this step some form of mediation would be supported if the effect of leadership style remains significant after controlling for clan culture. If clan culture is no longer significant when leadership style is controlled, the findings support full mediation. If the clan culture is still significant (both clan culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation.

The model summary table (Table 5.57) shows that R-Squares of leadership style and clan culture are .301 and .378 respectively, indicating that 30.1 and 37.8 % of the variance in leadership style and clan culture is explained by organisational effectiveness (Table 5.57). Therefore, the predictor variables of organisational culture and leadership style explain 30.1 and 37.8 percent of the variance in the dependent variable of organisational effectiveness (Table 5.57).

Table 5.57: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550a	.303	.301	.518
2	.618b	.382	.378	.488
Predictors: (Constant), Leadership Style, Predictors: (Constant), Clan Culture Dependent Variable: Organisational Effectiveness				

Furthermore, Table 5.58 presents that the model fits at a good level. In table 5.58, the F-statistics (152.289, 108.060) are also significant at the $p < 0.001$ level, indicating that the variance explained are also statistically significant. The F-statistics of 152.289, 108.060 show that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$).

Table 5.58: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.858	1	40.858	152.289	.000a
	Residual	94.171	351	.268		
	Total	135.029	352			
2	Regression	51.548	2	25.774	108.060	.000b
	Residual	83.481	350	.239		
	Total	135.029	352			
Predictors: (Constant), Leadership style						
Predictors: (Constant), Clan Culture						
Dependent Variable: Organisational Effectiveness						

As mentioned before, if clan culture is no longer significant when leadership style is controlled, the finding supports full mediation. If the clan culture is still significant (both clan culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation (Table 5.59). The result indicates that there is no complete mediation and leadership style only partially mediate the relationship between clan culture and organisational effectiveness.

Table 5.59: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.845	.065		58.914	.000
	Leadership	.403	.033	.550	12.341	.000
2	(Constant)	3.476	.083		42.065	.000
	Leadership	.318	.033	.433	9.522	.000
	Clan Culture	.300	.045	.305	6.695	.000
a. Dependent Variable: Organisational Effectiveness						

5.8.3 Leadership Style Will Mediate the Effect of Adhocracy Culture on OE

The following analysis serves to test Hypothesis 3.2, which posited that leadership style mediates the relationship between adhocracy culture and organisational effectiveness. As before, regression analyses were used as in Baron and Kenny's (1986) methodology for testing mediation. As in the previous analysis, testing Step 1 involved conducting a

regression analysis in which the predictor variable, adhocracy culture, was included as the independent variable, with organisational effectiveness included as the dependent variable in this analysis. Linear regression was again used as it was used in the previous analysis. The following three tables present the results of this initial regression analysis conducted in order to complete Step 1 of Baron and Kenny's (1986) methodology.

From the model summary table (Table 5.60) R-squared was found to be -.003, indicating that -.3 % of the variance in adhocracy culture is explained by organisational effectiveness (Table 5.60). Therefore, the predictor variable of organisational culture explains -.3 percent of the variance in the dependent variable of organisational effectiveness (Table 5.60).

Table 5.60: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.004a	.000	-.003	.620
a. Predictors: (Constant), Adhocracy				

In Table 5.61, the F-statistic (.006) is not also significant at the $p > 0.05$ level, indicating that the variance explained is not statistically significant. The F-statistic of .006 shows that it is very likely that the results are computed by chance. Therefore, it could be argued that the results cannot be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.61: ANOVA

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.002	1	.002	.006	.940a
	Residual	135.027	351	.385		
	Total	135.029	352			
a. Predictors: (Constant), Adhocracy						
b. Dependent Variable: Organisational Effectiveness						

In this analysis, the regression coefficient associated with adhocracy culture was not found to achieve statistical significance. This result indicates that there is no significant association between the predictor associated with this hypothesis, adhocracy culture, and the outcome

variable of organisational effectiveness (Table 5.62). This result indicates that there is no significant direct effect to be mediated, and hence that Steps 2 through 4 do not need to be tested.

Table 5.62: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.582	.104		43.947	.000
	Adhocracy	-.003	.046	-.004	-.075	.940

a. Dependent Variable: Organisational Effectiveness

5.8.4 Leadership Style Will Mediate the Effect of Market Culture on OE

Next, additional regression analyses were conducted in order to test Hypothesis 3.3, which posited that leadership style will mediate the relationship between market culture and organisational effectiveness. Initially, as before, the first regression analysis consisted of the regression of organisational effectiveness, the outcome measure, on, in this analysis, market culture. This serves as a test of Step 1 in which it is determined whether or not the predictor variable significantly predicts the outcome measure. These results are presented in the following three tables.

From the model summary table (Table 5.63) R-squared was found to be 0.138, indicating that 13.8% of the variance in market culture is explained by organisational effectiveness (Table 5.63). Therefore, the predictor variable of market culture explains 13.8 percent of the variance in the dependent variable of organisational effectiveness (Table 5.63).

Table 5.63: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374a	.140	.138	.575

a. Predictors: (Constant), Market Culture

Table 5.64 shows that the model fits at a good level. In Table 5.64, the F-statistic (57.146) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 57.146 shows that it is very unlikely that the results

are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.64: ANOVA

Model		Sum of Squares	Df1	Mean Square	F	Sig.
1	Regression	18.906	1	18.906	57.146	.000a
	Residual	116.123	351	.331		
	Total	135.029	352			
a. Predictors: (Constant), Market Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown, the regression coefficient associated with market culture was found to achieve statistical significance at the .001 alpha level ($B=.374$). This result determines that there is a significant effect of market culture on organisational effectiveness, and hence that there is a direct association between these two measures which may or may not be mediated by leadership style (Table 5.65). The following regression analysis will serve to test Step 2 of Baron and Kenny's (1986) methodology.

Table 5.65: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.072	.073		55.593	.000
	Market Culture	.150	.020	.374	7.560	.000
a. Dependent Variable: Organisational Effectiveness						

Next, the following three tables present the results of the second linear regression analysis conducted in order to test Step 2 of Baron and Kenny's (1986) methodology. Specifically, this second linear regression serves to test whether there is a significant association between the predictor and the mediator. Specifically, market culture is included in this analysis as the predictor, with leadership style included as the dependent variable. From the model summary table (Table 5.66) R-squared was found to be 0.193, indicating that 19.3% of the variance in market culture is explained by leadership style (Table 5.66). Therefore, the predictor variable

of organisational culture explains 19.3 percent of the variance in the dependent variable of leadership style (Table 5.66).

Table 5.66: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.442a	.196	.193	.759
a. Predictors: (Constant), Market Culture				

Table 5.67 shows that the model fits at a good level. In table 5.67, the F-statistic (85.394) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. F-statistic of 85.394 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.67: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.171	1	49.171	85.394	.000a
	Residual	202.112	351	.576		
	Total	251.283	352			
a. Predictors: (Constant), Market Culture						
b. Dependent Variable: Leadership Style						

As shown in the third table, the regression coefficient associated with market culture was found to achieve statistical significance at the .001 alpha level ($B=.442$). This result indicates that there is a significant association between the predictor variable in this analysis and the mediator of leadership style. Hence, it would be appropriate to conduct the final regression analysis in order to test Steps 3 and 4 of Baron and Kenny's (1986) methodology.

Table 5.68: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.999	.097		10.340	.000

	Market Culture	.241	.026	.442	9.241	.000
a. Dependent Variable: Leadership Style						

The following three tables present the results of the analyses conducted for the third regression analysis, which serves to test Steps 3 and 4 of Baron and Kenny's (1986) methodology. The model summary shows that the R-square is .320 indicating that 32.0 % of the variance in market culture and leadership style is explained by organisational effectiveness (Table 5.69). Therefore, the predictor variables of market culture and leadership style explain 32.0 percent of the variance in the dependent variable of organisational effectiveness (Table 5.69).

Table 5.69: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569a	.324	.320	.511
a. Predictors: (Constant), Leadership Style, Market Culture				

Furthermore, Table 5.70 shows that the model fits at a good level. In table 5.70, the F-statistic (83.828) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 83.828 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.70: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.733	2	21.866	83.828	.000a
	Residual	91.297	350	.261		
	Total	135.029	352			
a. Predictors: (Constant), Leadership Style, Market Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown in the third table, the regression coefficients associated with both market culture and leadership style were found to achieve statistical significance, with the coefficient associated with market culture achieving statistical significance at the .001 alpha level ($B=.163$), and also with the coefficient associated with leadership style achieving statistical significance at the .001 alpha level ($B=.478$). Overall, the results of these three linear regression analyses serve to suggest that leadership style acts as an important mediator of the effect that market culture has on organisational effectiveness (Table 5.71).

Table 5.71: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.722	.074		50.100	.000
	Market Culture	.065	.020	.163	3.320	.001
	Leadership Style	.350	.036	.478	9.756	.000
a. Dependent Variable: Organisational Effectiveness						

As mentioned before to further investigate the step 4 Baron and Kenny's (1986) a set of multi regression analyses were conducted. In this step some form of mediation would be supported if the effect of leadership style remains significant after controlling for market culture. If market culture is no longer significant when leadership style is controlled, the findings support full mediation. If the market culture is still significant (both market culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation.

The model summary table (Table 5.72) shows that R-Squares of leadership style and organisational culture are .301 and .332 respectively, indicating that 30.1 and 32.0 % of the variance in market culture and leadership style is explained by organisational effectiveness (Table 5.72). Therefore, the predictor variables of market culture and leadership style explain 30.1 and 32.0 percent of the variance in the dependent variable of organisational effectiveness (Table 5.72).

Table 5.72: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 ^a	.303	.301	.518
2	.569 ^b	.324	.320	.511
Predictors: (Constant), Leadership Style, Predictors: (Constant), Market Culture Dependent Variable: Organisational Effectiveness				

Furthermore, Table 5.73 shows that the model fits at a good level. In table 5.73, the F-statistics (152.289, 83.828) are also significant at the $p < 0.001$ level, indicating that the variance explained are also statistically significant. The F-statistics of 152.289, 83.828 show that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.73: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.858	1	40.858	152.289	.000 ^a
	Residual	94.171	351	.268		
	Total	135.029	352			
2	Regression	43.733	2	21.866	83.828	.000 ^b
	Residual	91.297	350	.261		
	Total	135.029	352			
Predictors: (Constant), Leadership Style Predictors: (Constant), Market Culture Dependent Variable: Organisational Effectiveness						

If market culture is no longer significant when leadership style is controlled, the findings support full mediation. If the market culture is still significant (both market culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation (Table 5.74). The result indicates that there is no complete mediation and leadership style only partially mediates the relationship between market culture and organisational effectiveness.

Table 5.74: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.845	.065		58.914	.000
	Leadership	.403	.033	.550	12.341	.000
2	(Constant)	3.722	.074		50.100	.000
	Leadership	.350	.036	.478	9.756	.000
	Organisational Culture	.065	.020	.163	3.320	.001

a. Dependent Variable: Organisational Effectiveness

5.8.5 Leadership Style Will Mediate the Effect of Hierarchy Culture on OE

The final set of analyses were conducted testing mediation and served to test Hypothesis 3.4, which posited that leadership style will mediate the effect of hierarchy culture on organisational effectiveness. As before, the initial linear regression analysis conducted served to test Step 1 of Baron and Kenny's (1986) methodology, in which the predictor of hierarchy culture was included in the regression analysis as the sole predictor of organisational effectiveness, the outcome measure included in this hypothesis.

From the model summary table (Table 5.75) R-squared was found to be 0.177, indicating that 17.7% of the variance in hierarchy culture is explained by organisational effectiveness (Table 5.75). Therefore, the predictor variable of hierarchy culture explain 17.7 percent of the variance in the dependent variable of organisational effectiveness (Table 5.75).

Table 5.75: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423a	.179	.177	.562

a. Predictors: (Constant), Hierarchy Culture

Table 5.76 shows that the model fits at a good level. In Table 5.76, the F-statistic (76.627) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 76.627 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued

that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.76: ANOVA

Model		Sum of Squares	Df1	Mean Square	F	Sig.
1	Regression	24.196	1	24.196	76.627	.000a
	Residual	110.833	351	.316		
	Total	135.029	352			
a. Predictors: (Constant), Hierarchy Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown in the third table (Table 5.77), the regression coefficient associated with hierarchy culture was found to achieve statistical significance at the .001 alpha level ($B=.423$). This result indicates that there is a significant direct effect between hierarchy culture and organisational effectiveness which may potentially be mediated by leadership style. The regression coefficient itself serves to indicate that there was a positive association between hierarchy culture and organisational effectiveness.

Table 5.77: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.933	.079		49.681	.000
	Hierarchy Culture	.186	.021	.423	8.754	.000
a. Dependent Variable: Organisational Effectiveness						

The following linear regression analysis was conducted in order to test Step 2 in Baron and Kenny's (1986) methodology. Specifically, Step 2 serves to test whether there is a significant association between the predictor variable and the mediator. In this case, hierarchy culture, the predictor, was included in a regression analysis with leadership style, the mediator, included as the dependent variable. From the model summary table (Table 5.78) R-squared was found to be 0.214, indicating that 21.4% of the variance in hierarchy culture is explained by leadership style (Table 5.78). Therefore, the predictor variable of hierarchy culture explains 21.4 percent of the variance in the dependent variable of leadership style (Table 5.78).

Table 5.78: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465a	.216	.214	.749
a. Predictors: (Constant), Hierarchy Culture				

Table 5.79 shows that the model fits at a good level. In table 5.79, the F-statistic (96.576) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 96.576 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.79: ANOVA

Model		Sum of Squares	Df1	Mean Square	F	Sig.
1	Regression	54.220	1	54.220	96.576	.000a
	Residual	197.062	351	.561		
	Total	251.283	352			
a. Predictors: (Constant), Hierarchy Culture						
b. Dependent Variable: Leadership Style						

The result of the regression coefficient associated with hierarchy culture was found to achieve statistical significance at the .001 alpha level ($B=.465$). This indicates that a significant association is present between hierarchy culture and leadership style, specifically that hierarchy culture has a negative impact on the mediator of leadership style (Table 5.80). Hence, it would be appropriate to conduct the final regression analysis in order to test Steps 3 and 4 of Baron and Kenny's (1986) methodology.

Table 5.80: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.850	.106		8.050	.000
	Hierarchy Culture	.279	.028	.465	9.827	.000
a. Dependent Variable: Leadership Style						

The following three tables present the results of the analyses conducted for the third regression analysis, which serves to test Steps 3 and 4 of Baron and Kenny's (1986) methodology. The model summary shows that the R-square is .335 indicating that indicating that 33.5 % of the variance in hierarchy culture and leadership style is explained by organisational effectiveness (Table 5.81). Therefore, the predictor variables of hierarchy culture and leadership style explain 33.5 percent of the variance in the dependent variable of organisational effectiveness (Table 5.81).

Table 5.81: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582a	.338	.335	.505
a. Predictors: (Constant), Leadership Style, Hierarchy Culture				

Furthermore, Table 5.82 presents that the model fits at a good level. In table 5.82, the F-statistic (89.545) is also significant at the $p < 0.001$ level, indicating that the variance explained is also statistically significant. The F-statistic of 89.545 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.82: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.706	2	22.853	89.545	.000a
	Residual	89.324	350	.255		
	Total	135.029	352			
a. Predictors: (Constant), Leadership Style, Hierarchy Culture						
b. Dependent Variable: Organisational Effectiveness						

As shown in the third table (Table 5.83), the regression coefficients associated with both hierarchy culture and leadership style were found to achieve statistical significance, with the coefficient associated with both hierarchy culture and leadership style achieving statistical significance at the .001 alpha level ($B=.214$ and $B=.451$). Overall, the results of these three

linear regression analyses serve to suggest that leadership style acts as an important mediator of the effect that hierarchy culture has on organisational effectiveness.

Table 5.83: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.653	.077		47.149	.000
	Hierarchy Culture	.094	.022	.214	4.358	.000
	Leadership Style	.330	.036	.451	9.180	.000
a. Dependent Variable: Organisational Effectiveness						

To further investigate the step 4 Baron and Kenny's (1986) a set of multi regression analyses were conducted. In this step some form of mediation would be supported if the effect of leadership style remains significant after controlling for hierarchy culture. If hierarchy culture is no longer significant when leadership style is controlled, the findings support full mediation. If the hierarchy culture is still significant (both hierarchy culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation.

The model summary table (Table 5.84) shows that R-Squares of leadership style and organisational culture are .301 and .335 respectively, indicating that 30.1 and 33.5 % of the variance in hierarchy culture and leadership style is explained by organisational effectiveness (Table 5.84). Therefore, the predictor variables of hierarchy culture and leadership style explain 30.1 and 33.5 percent of the variance in the dependent variable of organisational effectiveness (Table 5.84).

Table 5.84: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 ^a	.303	.301	.518
2	.582 ^b	.338	.335	.505
Predictors: (Constant), Leadership style,				
Predictors: (Constant), Hierarchy Culture				

Dependent Variable: Organisational Effectiveness

Furthermore, Table 5.85 presents that the model fits at a good level. In table 5.85, the F-statistics (152.289, 89.545) are also significant at the $p < 0.001$ level, indicating that the variance explained are also statistically significant. The F-statistic of 152.289, 89.545 shows that it is very unlikely that the results are computed by chance and are highly significant ($p < 0.001$). Therefore, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable.

Table 5.85: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.858	1	40.858	152.289	.000 ^a
	Residual	94.171	351	.268		
	Total	135.029	352			
2	Regression	45.706	2	22.853	89.545	.000 ^b
	Residual	89.324	350	.255		
	Total	135.029	352			
Predictors: (Constant), Leadership style						
Predictors: (Constant), Hierarchy Culture						
Dependent Variable: OE						

If hierarchy culture is no longer significant when leadership style is controlled, the findings support full mediation. If the hierarchy culture is still significant (both hierarchy culture and leadership style significantly predict organisational effectiveness), the findings support partial mediation (Table 5.86). The result indicates that there is no complete mediation and leadership style only partially mediates the relationship between organisational culture and organisational effectiveness.

Table 5.86: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.845	.065		58.914	.000
	Leadership	.403	.033	.550	12.341	.000
2	(Constant)	3.653	.077		47.149	.000
	Leadership	.330	.036	.451	9.180	.000
	Organisational	.094	.022	.214	4.358	.000

	Culture					
a. Dependent Variable: Organisational Effectiveness						

5.9 Moderation Effect

After examining the direct relationship within the core model, the next step was to examine the moderating effect of the national culture dimensions (UA, PD, MS, and IDV) and organisational size. According to Baron and Kenny (1986, p.1174) a moderator can be a qualitative or quantitative variable which can affect the direction and/or strength of the relationship between an independent and dependent variable. The purpose for testing the moderating effect is to test whether the prediction of the dependent variable, in this case organisational culture types, from an independent variable, in this case national culture dimensions, differs across levels of a third variable, in this case organisational size. Based on Aiken and West (1991) the moderator variable will affect the strength or direction of the relationship between the independent and dependent variables (predictor and outcome) either by enhancing or reducing the relationship or even by changing the direction and influence of the predictor. In other words the moderation effect could be discussed as an interaction between variables where the effect of one variable depend on levels of other variables in the analysis (Aiken and West, 1991).

The moderation effect of all four national culture dimensions (UA, PD, MS and IDV) and organisational size on the relationship between organisational culture types (clan culture, adhocracy culture, hierarchy culture, and market culture) with leadership styles and between leadership styles and organisational effectiveness was tested in these analyses. For testing the moderation impact of national culture dimensions and organisational size this study incorporates the Moderated Causal Steps Approach or moderated regression analysis. The moderating impact of organisational size tested with multiple regression analysis, where all predictor variables and their interaction term were cantered prior to model estimation in order to improve our interpretation of the regression coefficient (Fairchild and MacKinnon, 2009).

5.9.1 Moderation Effect of National Culture (UA, PD, MS and IDV) on the Relationship between Organisational Culture and Leadership Style

➤ **5.9.1.1 National culture dimensions (UA, PD, MS and IDV)**

The moderating constructs included in this study include Uncertainty Avoidance (UA), Power Distance (PD), Masculinity vs. Femininity (MS) and Individualism vs. Collectivism (IDV). The UA construct was based on five items, the PD construct was based on six items, the MS construct was based on five constructs and the IDV construct initially was based on six items but due to cross-loading, item IDV6 was removed from analysis. Each item was measured on a seven-point Likert scale ranging from “extremely strongly disagree” to “extremely strongly agree”. The overall mean of the constructs are 5.81/7, 2.82/7, 3.57/7, and 5.52/7, respectively. The results indicate that there was high UA, low PD, average MS, and high IDV in respondents in this study’s context. Furthermore, the reliability indicator, Cronbach’s alpha for all constructs was found to be above the threshold of 0.6 (UA=.74, PD=.83, MS=.89, and IDV=.69).

Table 5.87: National Culture Dimensions Mean and Reliability

Item	No of Items	Mean	Cronbach’s α
UA	5	5.81	0.74
PD	6	2.82	0.83
MS	5	3.57	0.89
IDV	5	5.52	0.69

The moderation effect of national culture dimensions (UA, PD, MS and IDV) on the relationship between organisational culture (clan culture, adhocracy culture, market culture, hierarchy culture) and leadership style was tested separately. The first set of hypotheses, Hypotheses 4.1a through 4.4a, focus upon PD as a moderator variable. Significant moderation was found with respect to clan culture with R-square of .131 and an F-statistic of 17.461 which is significant at the $p < 0.001$ level ($\beta = -.154$, $p < 0.001$). This indicates the moderating impact of PD on the relationship between clan culture and leadership style. Moreover, significant moderation was found with respect to market culture with a R-square of .227 and a F-statistic of 34.122 which is significant at the $p < 0.001$ level ($\beta = -.156$, $p < 0.001$). This indicates the moderating impact of PD on the relationship between market culture and leadership style. Also, significant moderation was found with respect to hierarchy culture with a R-square of .302 and a F-statistic of 50.367 which is significant at the $p < 0.001$ level ($\beta = .179$, $p < 0.001$). This also indicates the moderating impact of PD on the

relationship between hierarchy culture and leadership style. However, hypothesis 4.2a, which focused on adhocracy culture, was not supported in these analyses as a result of low R-square (.007) and F-statistic (.812) also interaction term ($\beta = -.026$, $p > 0.05$) was found to be not statistically significant.

The same methods followed for other national culture dimensions and the results presented in table 5.88. The next set of analyses, testing Hypotheses 4.1b through 4.4b, focused upon UA as the moderator of interest. Similarly, statistical significance was found with regard to clan culture, market culture, and hierarchy culture, while significance was not found in the case of adhocracy culture (Hypothesis 4.2b). Following this, four additional analyses were conducted focusing upon MS as the moderator. As before, significant moderation was found in the cases of clan culture, market culture, and hierarchy culture, while no significant moderation was found with respect to adhocracy culture (Hypothesis 4.2c). The final four regression analyses conducted within this group of analyses focused upon IDV as a moderator of interest. Significant moderation was found with respect to Hypothesis 4.1d, focusing upon clan culture, as well as Hypothesis 4.4d, which focused on hierarchy culture. No significant moderation was found with respect to adhocracy culture (Hypothesis 4.2d) or market culture (Hypothesis 4.3d).

Table 5.88: National Culture as Moderators

PD as moderator						
Hypothesis #	Relationships	R ²	F-statistics	Interaction term (T-statistics)	Interaction term (β)	Supported/Not Supported
4.1a	CC ----> LS	.131	17.461**	-2.944**	-.154**	Supported
4.2a	AC----> L S	.007	.812	-.222	-.026	Not Supported
4.3a	MC----> LS	.227	34.122**	-1.919*	-.156*	Supported
4.4a	HC-----> LS	.302	50.367**	4.008**	.179**	Supported
UA as moderator						
4.1b	CC ----> L S	.283	45.811**	9.251**	.707**	Supported
4.2b	AC----> LS	.009	1.060	1.338	.071	Not Supported
4.3b	MC----> LS	.196	28.339**	4.471**	.509**	Supported
4.4b	HC-----> LS	.219	32.659**	-4.740**	-.307**	Supported
MS as moderator						
4.1c	CC ----> L S	.409	80.454**	13.363**	.961**	Supported
4.2c	AC----> LS	.067	.529	.396	.055	Not Supported
4.3c	MC----> LS	.202	29.474**	5.626**	.419**	Supported
4.4c	HC-----> LS	.320	54.86**	10.87**	.732**	Supported
IDV as moderator						

4.1d	CC ----> LS	.157	21.665**	7.615**	.377**	Supported
4.2d	AC----> LS	.005	.615	-.151	-.008	Not Supported
4.3d	MC----> LS	.201	29.318**	.411	.022	Not Supported
4.4d	HC-----> LS	.258	40.409**	3.129**	.151**	Supported
Dependent variable: Leadership Style				**p< 0.001 , *p< 0.05		

5.9.2 Moderation Effect of Organisational Size on the Relationship between Organisational Culture and Leadership Style.

The moderating effect of organisational size on the relationship between organisational culture (clan culture, adhocracy culture, market culture, and hierarchy culture) and leadership style was tested separately. The results demonstrated that organisational size significantly moderates the relationship between clan culture and leadership style as R-square is .328 indicating that 32.8 percent of variance of clan culture is explained by leadership style. Furthermore, the interaction term ($\beta = .776$) is statistically significant at $p < 0.001$ which indicates the moderating impact of size on the clan culture and leadership style relationship.

The results demonstrate that organisational size significantly moderates the relationship between adhocracy culture and leadership style as the R-square is .132 indicating that 13.2 percent of the variance of adhocracy culture is explained by leadership style. Furthermore, interaction term ($\beta = .634$) is statistically significant at $p < 0.001$ which indicates the moderating impact of size on the adhocracy culture and leadership style relationship.

Furthermore, results from table 5.89 demonstrate that organisational size significantly moderates the relationship between market culture and leadership style as R-square is .203 indicating that 20.3 percent of the variance of market culture is explained by leadership style. Furthermore, the interaction term ($\beta = .462$) is statistically significant at $p < 0.05$ which indicates the moderating impact of size on the market culture and leadership style relationship.

Moreover, as can be seen from table 5.89 organisational size significantly moderates the relationship between hierarchy culture and leadership style as R-square is .298 indicating that 29.8 percent of the variance of hierarchy culture is explained by leadership style. Furthermore, the interaction term ($\beta = .744$) is statistically significant at $p < 0.001$ which indicates the moderating impact of size on hierarchy culture and leadership style relationship. The results provide support for all four hypotheses (i.e., H5.1 through H5.4).

Table 5.89: Size as a Moderator

Organisational Size as moderator						
Hypothesis #	Relationships	R ²	F-statistics	Interaction term (T-statistics)	Interaction term (β)	Supported/Not Supported
H5.1	CC ----> LS	.328	56.66**	10.527**	.776**	Supported
H5.2	AC----> LS	.132	13.835**	3.394**	.634**	Supported
H5.3	MC----> LS	.203	29.682**	6.923*	.462*	Supported
H5.4	HC-----> LS	.298	49.414**	9.961**	.744**	Supported
Dependent variable: Leadership Style **p< 0.001 , *p< 0.05						

5.9.2 Moderation Effect Organisational Size on the Relationship between Leadership style and Organisational Effectiveness

The moderating effect of organisational size on the relationship between leadership style and organisational effectiveness was tested. Table 5.90, model summary and ANOVA shows that the R-square is .343. Furthermore, the F-statistic is significant at p<0.001 (62.217), which shows that it is very unlikely that the results are computed by chance and are highly significant (p < 0.001).

Table 5.90: Model Summary and ANOVA

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F-Statistics
1	.590 ^a	.348	.343	5.07958	62.217**
a. Predictors: (Constant), ZLDRxOsize, Zscore (Leadership style), Zscore(Size)					

However, the coefficient table (Table 5.88) indicates that organisational size does not significantly moderate the relationship between leadership style and organisational effectiveness ($\beta = -.031$, p > 0.10), therefore Hypothesis 6 was not supported.

Table 5.88: Coefficient

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	48.964	.272		179.952	.000
	Zscore(Leadership_Style)	3.688	.273	.589	13.526	.000
	Zscore(Size)	-.122	.273	-.019	-.448	.655
	ZLDRxOsize	-.201	.278	-.031	-.724	.470
a. Dependent Variable: Organisational Effectiveness						

5.10 Conclusions

This chapter presents the results and findings of the main study and hypotheses testing. The data was collected from management levels of private sector organisations in Iran using a self-administrated survey. In the first step, data collected from respondents for the main study was tested for outliers, normality, and homoscedasticity using statistical techniques. In order to test for outliers, univariate outlier, using z-scores, and multivariate outliers, using Mahalanobis D2 were tested. Furthermore, observing outliers from a box plot showed that all outliers were mild and could be retained to certain of the generalisation. By reviewing the P-P-plot and the result from skewness and kurtosis it was concluded that data was normal at univariate level. In the next step, the assumption of mulitcollinearity was examined using bivariate Pearson correlation and multiple regression and it was found that both VIF and tolerance effects were within acceptable range which confirms the nonexistence of multicollinearity.

Also this chapter presents the descriptive statistics of the demographic in which the response rate was 35.3 per cent (n=353). Also, further statistics based on age, education, gender and position were provided. In the next step the reliability and validity of all the constructs were examined and found to be all in the acceptable range. After descriptive statistics on demographics and checking reliability and validity of constructs the explanation of factor loading to identify groups or clusters of variables were presented. Also, in order to show the relationship between variables and factors an exploratory factor analysis technique was adopted by using Varimax of orthogonal technique in principal components, in which factors were rotated to show the maximum variance of factor loading.

All independent variables (IVs) apart from adhocracy culture were found positively and significantly correlated to the dependent variables. Also multiple regression analysis confirms that there is significant relationship between all independent variables apart from adhocracy culture with leadership style and organisational effectiveness. Furthermore, the correlation analysis shows positive and significant correlation between leadership style and organisational effectiveness; moreover multiple regression analysis shows that there is a significant relationship between leadership style and organisational effectiveness.

In the next step of the analysis, the impact of leadership style was examined as a mediator between organisational culture type and organisational effectiveness. In order to test the mediating impact of leadership style four steps of Baron and Kenny's method was used which requires four regression analyses to find whether the mediator acts as a full or partial mediator. After analysing the results it was clear that leadership style acts as a partial mediator and not as a full mediator.

Finally, the impact of four cultural dimensions (PD, UA, IDV, and MS) and organisational size were examined as moderators between the path relations presented in the framework. The impact of moderators was examined using the Moderated Causal Steps Approach (MCSA) or moderated regression analysis. The results suggested that it can be generalised that national culture dimensions act as moderator between organisational culture and leadership style, although the culture dimensions show no significant impact on the relationship between adhocracy culture and leadership style. Furthermore, the results show support for the moderating impact of organisational size on the relationship between organisational culture type and leadership style, however, the results show no support for the moderating impact of organisational size on the relationship between leadership style and organisational effectiveness.

Chapter Six

Discussion

6.1 Introduction

The previous chapter presented a rigorous analysis of the findings of the main study. The aim of the previous chapter was to empirically examine the potential mediating impact of leadership style as well as the potential moderating impact of national culture and organisational size on the culture-effectiveness relationship. Following the analysis of the research data in chapter five, this chapter aims to discuss the findings, significance and insignificance of the relationships proposed in the conceptual framework (see figure 3.9), their implications, draw conclusions, and make recommendations. The chapter begins with a short discussion of Iran which is the context of this study with a brief history of the economy of Iran in the period from shortly before to after revolution. There follows a discussion relating to the research hypotheses including a discussion of the mediating impact of leadership style and the moderating impact of national culture and organisational size on the culture-effectiveness relationship.

6.2 Context of Study

Iran is an ancient country with 6,000 years of uninterrupted written history. It is located in southwest Asia with an area of around 636,000 square miles. It borders the Persian Gulf, the Oman Sea in the south, the Caspian Sea, Azerbaijan and Turkmenistan in the north, Afghanistan and Pakistan in the east and Turkey and Iraq in the west.

Iran's population doubled after the Islamic Revolution of 1979, reaching 75 million (Iran Statistical Centre, 2010). However, Iran's birth rate has dropped significantly since a decade ago and it is anticipated to continue to fall so that the population will reach 90 million by 2050. According to official data from the national census, more than two thirds of the population are under 30, making Iran one of the youngest countries in the world.

The literacy rate stands at 83 per cent: 90 per cent among males and 77 per cent among females. However, among the younger generation (between the ages of six and 24), it is around 93 per cent: 97 per cent among males and 96 per cent among females in urban areas

and 93 per cent among males and 83 per cent among females in rural areas. The number of women pursuing higher education has increased dramatically since the Islamic Revolution in 1979. The percentage of female students enrolled in Iranian universities doubled between 1978 and 2003, increasing from 31 per cent to 62 per cent.

According to the CIA World Factbook (2012), Iran's ethnic breakdown is as follows: Persians (51%), Azari (24%), Gilaki and Mazandarani (8%), Kurds (7%), Arabs (3%), Baluchi (2%), Lurs (2%), Turkmens (2%), Laks, Qashqai, Armenian, Persian Jews, Georgians, Assyrians, Circassians, Tats, Mandaeans, Gypsies, Brahuis, Hazara, Kazakhs and other (1%). However, there are other figures such as estimates by the Library of Congress which are quite different from those mentioned here.

The official language of Iran is Farsi (Persian) but, according to the Assembly of Experts, use of local languages is permitted in the mass media and in schools. According to The CIA World Factbook, the proportion of the population speaking these languages as their first language are: Persian and Persian dialects are spoken by 58 per cent, Azari by 26 per cent, Kurdish by nine per cent, Luri by two per cent, Baluchi by one per cent and Arabic by one per cent of the population. The remaining three per cent speak other languages such as Armenian, Assyrian and Georgian.

The official state religion is Twelve Shi'a Islam, to which about 89 per cent of the population belong. Around eight per cent belong to the largest religious minority, Sunni Islam, and the remaining two to three per cent of Iranians follow non-Muslim religions including Zoroastrianism, Bahá'í faith, Judaism, Christianity, and Mandaeism.

In the 20th century Iran experienced two major revolutions, two World Wars and the Iran-Iraq War. The second revolution of 1979, called 'The Islamic Revolution', had a major impact on Iran's welfare both regionally and internationally. The Iran-Iraq War (1980-1988) came as a consequence of this, with Saddam Hussein attacking Iran to prevent the export of Islamic fundamentalism to other countries. In the 21st century, Iran is facing different issues that could have a significant impact on its future. These include problems such as conflicts over national identity and ethnic background, freedom of speech, democracy, human rights, the widening gap between rich and poor, and high unemployment. The country is also facing some major issues in its external affairs, such as the dispute with the West over the country's nuclear energy programme.

6.2 Economic Background before the 1979 Revolution

The major modern Iranian economic history goes back to the Mosadegh era. Dr. Mosadegh became the prime minister (or head of the government) in 1951 and nationalised the oil industry. At first England, followed by the USA, France, and Holland tried to put pressure on Iran by sending their navies to the Persian Gulf to impede the export of Iran's crude oil; introducing economic sanctions against Iran; freezing Iranian government bank accounts outside Iran; deterring loans from being granted to Iran by the world central bank, and so forth in order to force the Iranian government to suspend its plans for the nationalisation of the oil industry.

Consequently, the government was left with no choice but to ration necessities such as textiles, sugar, medicine, transportation equipment and machinery to its citizens. Moreover, the government tried to limit imports and encouraged businessmen to export by offering loans and tax exemptions. Thus, as a result of sanctions, the gold reserves which backed the currency decreased dramatically. Despite all the government's efforts, it was still almost impossible to have economic development without crude oil income because Iran had become a single product economy. After a coup d'état in 1953 and the downfall of the Mosadegh government, the new government put all its efforts into signing new oil contracts with European countries, notably with England. So many plans were to be made after the coup-d'état to ameliorate economic sanctions; however, the only advantage brought by this coup d'état was the recommencement of exporting crude oil. This was followed by trade and military help from the USA which led to Iran's books being balanced. From the beginning of the 1960s, after the Shah's agrarian reforms, Iran's economy changed for the worse with seemingly no chances for a bright future for a period of time. Budget deficits, inflation, decreases in gold and foreign exchange money reserves, increases in the government debt to the central bank, and rising government foreign debt put considerable pressure on the government, which faced critical financial problems despite significant earnings from crude oil (Ghanbari and Sadeghi, 2007).

After the coup d'état the new government had to address the deadlock brought about by the old economic policies which were based on land owning farmers. The new method, known as the White Revolution, was introduced with help from the Americans. With implementing the Shah's White Revolution, many cooperatives like Iran National were established. Gradually,

many different industrial fields with total support, direct government supervision and indirect foreign company interference were brought to Iran. In order to support these companies financially, one bank network was established. Furthermore, communications and road networks were expanded in order to help provide better services for the local market as well as supplying necessities for importing industries (Mossalanejad, 2005).

In 1973, with the crude oil price reaching its peak, Iran's oil revenue dramatically increased, which brought about a considerable expansion in various industrial fields. Accordingly, Iran became the first destination for Americans and Europeans to import their products, goods, raw materials, machinery, and skilled labour; therefore, gradually, foreign trade began to play a very important role in two main areas of Iran's economy. Foreign trade provided the opportunity of exporting a million barrels of crude oil a day while at the same time importing ready-made goods and raw materials with a value of billions of dollars per year. Transportation network systems were improved to handle this increased traffic through the ports (Razeghi, 2005).

As a result of not adequately investing in the agricultural sector, the import of foodstuffs for herbivorous animals significantly declined. By increasing Iran's income from crude oil and being the peacekeeper in the Persian Gulf region, it was necessary to have a very powerful army. Thus, billions of dollars were spent annually on strengthening the army for training costs, purchasing modern arms, building camps for training, and infrastructure such as airports, roads, and communication networks. By making the military a high priority there was a negative effect on the economy and cultural investment. In this period, Iran's economy was running so well that direct foreign interference was unnecessary. The interests of multinational companies working in banking, the army, and business were inseparable from those of their Iranian partners (Mossalanejad, 2005).

6.3 The Iranian Economy after the Islamic Revolution of 1979

Iran's economy, according to the Constitution of the Islamic Republic of Iran, can be divided into three constituent parts: Public, Co-operative and Private. The Public Sector includes all major and generative industries such as foreign trade, mining, banking, insurance, power generation, major water distribution networks, radio and television, telecommunications, airlines, shipping lines and railways. The Co-operative Sector includes manufacturing and distributive organisations set up in towns and villages on the basis of Islamic guidelines.

Finally, the Private Sector includes sectors of agriculture, animal husbandry, industry, and commerce. Until the beginning of the 21st Century, it remained the smallest contributor to Iran's economy (Azimi, 2009).

Since the revolution, the economy has remained mixed market capitalist in nature, yet as a result of government intervention and Western sanctions, it has been run on a strict protectionist and statist model. Despite remaining capitalist, the government's share of ownership in the economy is estimated to be around 70 per cent (Azimi, 2009). Therefore, the majority of those industries which would normally be part of the private sector in western countries are either owned by the government or have been sold to elites associated with the Revolutionary Guard, or have a relationship with the government.

The transfer of investment from agriculture, industry and property to services such as dealerships and brokering (which has made some people very wealthy) and war with Saddam Hussein's Iraqi government in 1980 created a weak economy with very high inflation and unemployment by the end of 20th century. For those in dealerships and brokering it was very easy to escape from paying taxes due to inadequate tax laws. The transfer of investment from manufacturing businesses to dealerships and brokering businesses created a big gap between the demand and supply of goods. As a result of an excess in demand and shortage of supply, the government was forced to intervene in the economy by nationalising major factories and organisations. This had negative effects on the economy, shifting it from a free market towards a centralised command economy. Banks, insurance companies, and many big industries were nationalised, and there was a transfer in ownership of industries, services, and agriculture from some well-known businessmen and celebrities to the Revolutionary Guard organisations and National Industries Organisation (NIO). However, although this was influential, it did not make a great impact on the economy. Since it was almost impossible to change people's culture of consumption in a short time while maintaining normal living conditions, the government was forced to continue selling crude oil and import finished goods (Ghanbari and Sadeghi, 2007; Razeghi, 2005).

Like many other developing countries, Iran's protectionist policy was partly a reaction to political events. The end of the Iran-Iraq War, which destroyed 95 per cent of the oil industry and infrastructure, was around the same time as the disintegration of the Soviet Union in 1989. Therefore, the Iranian government, along with many socialist countries in the region,

was forced to realign its economic policy towards capitalism. The new policy followed by the government from 1989-1993 involved setting up an open economy with privatisation and a free currency exchange rate. It proposed getting loans from other countries, reducing subsidies, indirectly decreasing the currency value and controlling income systems. This economic policy bore fruit temporarily, due to imports of goods worth \$50bn in 1991 and 1992. In order to deal with the balance of payments deficit \$30bn was borrowed and crude oil was exported excessively. This policy led to high rates of inflation in 1992 which rose and reached their peak at 60 per cent in 1994. However, after inflation reached its highest level in 60 years, the government decided that some economic policies should be reviewed. Controlling and stabilizing foreign currency exchange and imports was the first move in order to pay back capital and interest from the foreign loans. Inflation was the main concern for the government and, although it reached its lowest level in 1989 (under 10 per cent), it jumped to 50 per cent between 1994 and 1995 (Mossalanejad, 2005; Omidvar, 2011).

Economists predicted that Iran would be suffering from high inflation for a long time as the government's budget structure and construction projects were actually supporting it. Many people moved to urban areas such as Tehran, as a result of poor economic policy and particularly a lack of support for agriculture. Therefore, the previous economic pattern of exporting crude oil in order to import the necessary goods and products effectively went unchanged.

The second attempt toward privatisation was during the presidency of Khatami between 1997 to 2005 which, although it was not entirely successful, started a new era for Iranian businessmen and women. However, the major attempt toward privatisation was during the Ahmainezad government in which the government's plan was to sell around 80 percent of those companies run, not very effectively, by the government to private owners (Azimi, 2009). Although the privatisation policy pursued by the government was much more successful than Khatami's attempt during his first term of presidency, due to strict sanctions implemented by other countries on Iranian banking and export systems had a major negative impact on the Iranian economy. Many major private investors had either gone bankrupt or sold or closed down their businesses (Omidvar, 2011). The future of the private sector, , is not quite clear and the outlook is not bright, however, many business are hoping that after the end of the present government and the election of a more moderate government there will be

a land of opportunity for private sector organisations to establish themselves as major players in the Iranian economy.

6.4 Discussion of Findings

This study empirically examines the practice of management in private sector organisations in the context of Iran. The rationale for the study was the analysis of the important role of private sector organisations in the country's economy. More specifically, the private sector in Iran has undergone enormous growth and change in the last 20 years so the management of change must be seriously addressed. Private sector organisations in the 21st century face serious challenges in dealing with tighter competition, in acquiring cheaper resources and in achieving the highest possible standards of efficiency and effectiveness. Therefore, there is a need for private sector organisations to become more responsible and responsive to environmental challenges and pressures. More specifically private sector organisations in Iran have entered a new era that requires better strategic thinking and planning to become more competitive. Therefore, as Bennis (1997) and Bennis *et al.* (2008) argue, there is a need for a more adaptive organisational culture that would create an atmosphere more responsive to environmental challenges. This study examines the culture-effectiveness relationship in private sector organisations and the influence of leadership style, as a mediator, and national culture and organisational size as moderators on this relationship.

As mentioned in chapter 3 and 4 , in order to explore this relationship, the relevant literature was reviewed and used to develop the research questions, hypotheses, conceptual framework, and the research questionnaire as well as to support the interpretation of the findings. The literature review was drawn from a variety of disciplines including organisational culture, organisational effectiveness, national culture and leadership style. Therefore, the elements in the conceptual framework proposed for this study were derived from a synthesis of these disciplines.

Specifically, this study was based on the previous research on organisational effectiveness, based on the Competing Values framework (Cameron, 1978, 1986; Quinn and Rohrbaugh, 1983), on organisational culture based on the Competing Values Framework (Quinn, 1988; Cameron and Quinn, 2011), on leadership style based on transactional/ transformational theory (Avolio and Bass, 2004) and on national culture based on Hofstede' dimensions (Dorfman and Howell, 1988) and on other relevant theories. The conceptual framework was

designed to show the relationship among these factors that have an influence on the culture-effectiveness relationship. Therefore, the concept of organisational culture, organisational effectiveness, leadership style and national culture and the relationships between them have been hypothesised.

This study examines the relationship between the independent variables clan culture, adhocracy culture, market culture and hierarchy culture and the dependent variables leadership style and organisational effectiveness. Based on the research model designed for this study four research questions were posed to assist in attaining the objectives of this study. To meet the objectives of this study six main hypotheses with sixteen sub-hypotheses were developed as guidance to test the relationship between the variables (dependents and independents). As mentioned in the methodology chapter, the survey research method proved to be the suitable method for this study and the data collection method was questionnaire using mail survey method. A thousand employees from different management levels of 40 organisations of different sizes were targeted in which 353 questionnaires were returned for analysis.

Correlation analysis revealed both positive and negative significant relationships between independent variables, organisational culture types, and dependent variables, leadership style and organisational effectiveness (Table 5.3). Positive correlation was found between clan culture, market culture and hierarchy culture with organisational effectiveness, with correlations coefficient of $r=0.471^{**}$, $r=0.374^{**}$ and $r=0.423^{**}$ respectively. The highly positive correlation between these organisational culture types and organisational effectiveness could be as a result of the perceived level of organisational effectiveness which is normally affected by the perceived level of organisational culture type. The result is consistent with previous literature which argues that there is a relationship between organisational culture and organisational effectiveness (Dension, 1990, 1997; Cameron and Quinn, 2011; Hartnell, *et al.*, 2011). However, the correlation coefficient between adhocracy culture and organisational effectiveness is negatively significant. This negative significant correlation between adhocracy culture and organisational effectiveness could be considered as a good basis for future study on the reasons why this type of culture could actually have negative impact on organisational effectiveness in private sector organisations in Iran. However, the negative correlation between adhocracy culture and organisational effectiveness, as will be explained later in this chapter, could be as a result of other factors such as data collection and

participants of this study which is lacking in organisations that are based on innovation, or could be as a result of severe sanctions imposed on Iran which has forced Iranian managers to avoid risk.

Furthermore, the objective of this study was also to explore the relationship between organisational culture and leadership style and between leadership style and organisational effectiveness and finally, and more importantly, to explore the mediating impact of leadership style between the relationship of organisational culture and organisational effectiveness. In order to investigate these objectives regression analysis was conducted. The data shows that all organisational culture types, apart from adhocracy culture, have significant relationship with leadership style. Furthermore, the result also confirms that leadership style has significant relationship with organisational effectiveness. Moreover, in order to test the mediating impact of leadership style on the culture-effectiveness relationship, Baron and Kenny's (1985) method of investigating mediator impact was used. The results show that leadership style was a partial mediator between all organisational culture types and organisational effectiveness apart from between adhocracy culture and organisational effectiveness. Although leadership style shows no mediation between adhocracy culture and organisational effectiveness, as leadership style shows partial mediation among all other organisational culture types and organisational effectiveness, it could be deduced that in general leadership style could be considered as a mediator between organisational culture and organisational effectiveness.

Also, the moderating impact of national culture and organisational size on the relationship between organisational culture, leadership style and organisational effectiveness was tested. The results show that both national culture and organisational size have a major impact on the culture-effectiveness relationship. In the next section the results of the analysis of the data for each hypothesis are explained in detail. The table below summarises the hypotheses proposed in chapter 3 and states whether they have been accepted or rejected after analysis of the data.

Table 6.1: Research Hypotheses Assessment

HN	Description	Result
H1.1	There is a relationship between Clan Culture and Leadership Style	Supported
H1.2	There is a relationship between Adhocracy Culture and Leadership Style	Supported
H1.3	There is a relationship between Market Culture and Leadership Style	Not Supported
H1.4	There is a relationship between Hierarchy Culture and Leadership Style	Supported
H2	There is a relationship between Leadership Style and Organisational Effectiveness	Supported
H3.1	Leadership Style will mediate the effect of Clan Culture on OE	Supported
H3.2	Leadership Style will mediate the effect of Adhocracy Culture on OE	Not Supported
H3.3	Leadership Style will mediate the effect of Market culture on OE	Supported
H3.4	Leadership Style will mediate the effect of Hierarchy Culture on OE	Supported
H4.1	The relationship between Clan Culture and Leadership Style is moderated by National Culture dimensions (PD, UA, MS, IDV)	Supported
H4.2	The relationship between Adhocracy Culture and Leadership Style is moderated by National Culture dimensions (PD, UA, MS, IDV)	Not Supported
H4.3	The relationship between Market Culture and Leadership Style is moderated by National Culture dimensions (PD, UA, MS, IDV)	Supported (partially)
H4.4	The relationship between Hierarchy Culture and Leadership Style is moderated by National Culture dimensions (PD, UA, MS, IDV)	Supported
H5.1	The relationship between Clan Culture and Leadership Style is moderated organisational size	Supported
H5.2	The relationship between Adhocracy Culture and Leadership Style is moderated by organisational size	Supported
H5.3	The relationship between Market Culture and Leadership Style is moderated by organisational size	Supported
H5.4	The relationship between Hierarchy culture and leadership style is moderated by organisational size	Supported
H6	The relationship between Leadership Style and Organisational Effectiveness is moderated by organisational size	Not Supported

6.4.1 Population, Sample and Method of Analysis

The survey used in this study was administered from August 2012 to beginning of 2013, with the survey questionnaire being distributed to 1000 participants working in 40 organisations utilizing convenience sampling. These organisations were in the private sector in Iran and varied in size. Participants in this study were all employed in managerial-level positions, ranging from junior management to that of CEO. Of the original 1000 questionnaires distributed, 353 were returned in total, leading to a response rate of 35.3%.

In order to make sure our sample represents the population and underlying structure, the researcher tried to have a sufficiently large sample. Also, correlations were tested for reliability and the predictive power of the factors was assessed (Tabachnick and Fidell, 2007; Hair et al., 2010). Comery and Lee (1992) argue that a sample size of 1000 and above is considered as excellent, 500 as very good, 300 as good, 200 as fair and less than 100 is considered as poor. The sample size of this study would be considered as an excellent (1000 questionnaire), however, the response rate of this study falls into a good category because participation in this study was voluntary.

In any study, missing data is an important issue which requires the researcher's attention. There are several suggestion on how to deal with missing data in the social sciences such as using mean score (Stevens, 1992) or deleting those responses (Norusis, 1995). It was found that only 9 responses needed to be categorised as having missing data in this study, which is only 1.7 percent of sample of this study and is accepted as not changing the outcome of the analysis. After dealing with missing data, the data were tested for outliers. Outliers can bias the research model fit to the data (Field, 2009). The data was tested for both univariate and multivariate outliers using the SPSS tool which eventually found 10 univariate outliers and 3 cases of multivariate outliers

SPSS (version 18) was used for all the analyses conducted. This software package was primarily chosen as it is was designed for the analysis of quantitative data, and all the survey responses consisted of numerical values. A series of descriptive statistics were conducted initially in order to better describe the sample of data utilized in this study as well as the sample of respondents obtained. Descriptive statistics included frequency tables focusing upon categories of response for categorical measures, and measures of sample size, minimum

and maximum scores, as well as measures of the mean and standard deviation for continuous measures.

Following these descriptive statistics, factor analyses were conducted focusing upon the national culture dimensions of uncertainty avoidance, individualism/collectivism, power distance, and masculinity/femininity. Additionally, further factor analyses were also conducted on the organisational culture dimensions of clan, adhocracy, market, and hierarchy, as well as on leadership style and organisational effectiveness.

6.4.2 Summary of Results

Due to a number of important changes which have taken place in the economy and politics of Iran during the past three decades, a number of changes in Iranian culture have taken place, which include the change from a more male dominated to a less male dominated society as well as increasing individualism (Thiebaut, 2008; Ali and Amirshahi, 2002). The main focus of this study was to investigate the impact of organisational culture on organisational effectiveness in Iran's private sector on a contemporary basis. Furthermore, this study also has secondary aims such as investigating the mediating impact of leadership style on the relationship between organisational culture and organisational effectiveness as well as exploring the impact of national culture dimensions and organisational size as moderators on the culture-effectiveness relationship.

The following issue, specifically, was addressed within this current study:

Due to significant changes since the Islamic revolution, what categorisation of organisational culture can explain the variance in effectiveness of different size organisations in the private sector and, moreover, how can managers influence the culture-effectiveness relationship through their leadership style?

According to the previous literatures of organisational studies and organisational behaviour, organisational culture and leadership style within an organisation both have a major influence on organisational effectiveness. There are countless studies of the direct impact of organisational culture and leadership style on organisational effectiveness. However, there is a lack of empirical studies on the indirect impact of organisational culture on organisational effectiveness through leadership style. Leadership style may change as the result of internal factors (organisational culture change and organisational size) or external factors (national

culture of host country). Both national culture and organisational culture support leadership style and, as leaders and managers play an important part in organisational effectiveness, leadership style also consequently influences organisational effectiveness.

Four research questions, based on the conceptual framework, were proposed to assist the researcher in achieving the objectives of this research. First, does organisational culture affect organisational effectiveness in private sector organisations? Second, is there any relationship between organisational culture types and leadership style? Third, how does organisational culture influence organisational effectiveness through leadership style and does leadership style mediate the culture-effectiveness relationship? Finally, fourth how is the culture-effectiveness relationship influenced by the moderating impact of national culture dimensions and organisational size?

In order to answer these questions and test the proposed hypotheses the researcher divided the analysis into 3 parts: 1-analysis of the relationships between the main constructs including organisational culture, leadership style and organisational effectiveness, 2- testing the mediating impact of leadership style on culture-effectiveness, and finally 3- test the moderating impact of national culture and organisational size. In the first part, the correlation analysis revealed a positive significant relationship between organisational culture, leadership style and organisational effectiveness, apart from adhocracy culture.

Showing positive correlation among the main constructs was not surprising as previous studies had proved it, however, what was surprising for the researcher was the relationship between adhocracy with leadership style and organisational effectiveness. To further investigate this result the researcher tried to search in the literature to find an explanation for this unexpected result, however unfortunately, the researcher was not able to find any proper reason in the literature that could be related to the case of Iran. In fact as there are very few cases or countries that are experiencing a similar situation to Iran, studies on those countries and cases are very limited or do not exist. However, the researcher used anecdotal evidence and conversation with experts on organisational studies and experts familiar with the Iranian situation managed to develop a theory. Possibly the main three reasons that the results do not show any significant relationship between adhocracy culture, leadership style and organisational effectiveness would be due to 1-the nature of adhocracy culture and 2-data collected from organisations for this study, 3- and, more importantly, the external factors.

Adhocracy culture is strongly based on innovation and creativity and organisations that are involved in high-tech and innovation are often dominated by this culture and the absence of these organisations from the sample might be a reason for not finding a relationship between adhocracy, leadership style and organisational effectiveness. Furthermore, in adhocracy culture leaders are creative risk takers, where subordinates follow them in making developmental initiatives. In the case of Iran as a result of international pressure in the form of economic sanctions, including restrictions on joint ventures or banking, it could be deduced that organisational cultures in Iran might discourage leaders from taking risks. Being risk averse has a negative impact on implementing adhocracy culture which is based on change, uncertainty and taking risks. Therefore, finding negative correlation or even no significant relationship, in regression analysis, between adhocracy with leadership style and organisational effectiveness could be explained in the case of this study.

The correlation analysis shows that other organisational culture types have a positive significant relationship with leadership style and organisational effectiveness which is parallel with previous studies that claimed there is a relationship between organisational culture, leadership style and organisational effectiveness (Denison *et al.*, 2004; Gergory *et al.*, 2009; Zheng, *et al.*, 2010; Cameron and Quinn, 2011). Furthermore, leadership style shows a mediation impact on the culture-effectiveness relationship, but only partially, which is also in line with the previous literature. Full mediation can only be achieved if the relationships with organisational culture and organisational effectiveness are insignificant. Such a result would be in contrast with the previous literature which argues that there is a strong relationship between organisational culture and organisational effectiveness. Therefore, it was expected that partial mediation of leadership style on the culture-effectiveness relationship would be found (Ogbonna and Harris, 2000; Parry and Proctor-Thomson, 2033; Xenikou and Simosi, 2006; Steyrer, *et al.*, 2008; de Poel, *et al.*, 2012).

The results also indicate that there is a positive significant moderation impact of national culture on the relationship between organisational culture and leadership style which consequently affects organisational effectiveness. As it was argued in chapter 2, national culture is viewed as the main contributor to organisational culture and leadership style implemented by leaders. Therefore, this finding is in line with previous studies which indicate that there is a relationship between national culture and organisational culture (Hofstede, *et al.*, 2010; Schein, 2010; Minkov and Hofstdded, 2012) and also between national

culture, organisational culture and leadership style (Dastmalchian *et al.*, 2000; House *et al.*, 2002; Javidan and Dastmalchian, 2003; Lok and Crawford, 2004; Javidan *et al.*, 2010; Dickson *et al.*, 2012). However, although there are very few studies that have investigated the impact of national culture on organisational effectiveness, the result of this study could be good evidence for further research on this relationship. Although this study did not investigate the direct impact of national culture on organisational effectiveness, it could be deduced from the result that national culture has an indirect impact, if not a direct one, on organisational effectiveness through influencing organisational culture and leadership style.

On the other hand, with regard to the moderation impact of organisational size, the data only shows a positive significant impact of organisational size on the first part of the model (i.e. the relationship between organisational culture and leadership style) and shows an insignificant impact of organisational size on the second part (i.e. leadership style and organisational effectiveness). The significant impact of organisational size on the relationship between organisational culture and leadership style is consistent with previous literature on the culture-leadership relationship and organisational size (Connell, 2001; Vadi and Alas, 2006; Reino and Vadi, 2010).

Although, there are very few studies that study the impact of organisational size and the results are mixed, however, it could be concluded that organisational size has a major impact on the implementation of organisational culture either directly or indirectly through the structure or value of organisations. The findings of this study could be in line with Cameron and Quinn's (2011) argument that organisational culture changes as organisation's move on in their life cycle. Organisations in the early stage of life, like most of those small organisations which participated in study, are dominated by clan culture as they need to establish a firm relationship with employees and make sure employees feel they are part of the organisation. On the other hand, Cameron and Quinn argue that as organisations grow they need to establish new rules and regulations in which sometimes employees feel that the organisation has lost its sense of family and community. In this case organisations moving toward implementing market or hierarchy culture, which the data collected for this study suggests are dominant among medium and large size organisations. Therefore, it could be concluded that the organisational culture type implemented, or leadership style chosen, would be affected by organisational size and would not be the same as the organisation requirements and objectives change as the organisation grows or diminishes in size. Moreover, the

influence of organisational size on the culture-effectiveness relationship has been studied and size has been shown to have a significant impact on this relationship (Aidla and Vadi, 2007).

However, the insignificant impact of organisational size on the relationship between leadership style and organisational effectiveness might be due to the fact that organisational size has already influenced the relationship between organisational culture and leadership style and consequently both organisational culture and leadership style affect organisational effectiveness and, therefore, there was no need for demonstrating the moderating impact of size again and studying the impact of organisational size on the relationship between organisational culture and leadership style would suffice. As mentioned, if organisational culture and leadership style both influence organisational effectiveness, and the results show organisational size has an impact on the relationship between organisational culture and leadership style, it also has impact on organisational effectiveness. Therefore, the moderating impact of organisational size on the relationship between leadership style and organisational effectiveness in the conceptual framework could be deleted. Also this study confirms other studies in showing a significant impact of organisational size on the culture-leadership style relationship. Therefore, it could be deduced that organisational size has a significant impact on the all relationships proposed in the conceptual framework.

6.4.3 Organisational Culture and Leadership Style

In this section each hypothesis and its results has been discussed in detail. Separate statistical tests were conducted in order to test each of this study's six hypotheses. The first hypothesis included in this study consists of the following:

H1: there is a relationship between organisational culture and leadership style

H1.1: There is a relationship between Clan Culture and Leadership Style

H1.2: There is a relationship between Adhocracy Culture and Leadership Style

H1.3: There is a relationship between Market Culture and Leadership Style

H1.4: There is a relationship between Hierarchy Culture and Leadership Style

As discussed in chapter 2 and 3 there are several previous studies that have indicated the relationship between organisational culture and leadership style (Ogbonna and Harris, 2000; Tojari et al., 2011; Schein, 2010). Most of this literature argues that the impact leaders have is on creating organisational culture or how managers try to implement organisational change by changing organisational culture, or in some cases investigating the mediating impact of

organisational culture on the relationship between leadership style and other factor such as effectiveness (Tojari *et al.*, 2011). However, this study tries to reveal the influence of organisational culture on managers and leaders on choosing an appropriate leadership style to achieve higher organisational effectiveness. Therefore, this study proposes the first hypothesis by claiming a positive effect and a direct relationship between organisational culture types and leadership style.

The correlations analysis show positive significant relationships between clan, market, hierarchy culture and leadership style with $r=383$, $r=442$, and $r=465$ ($p<.01$) respectively and only adhocracy culture shows no significant impact ($r=.078$, $p>0.05$). Furthermore, the regression analysis indicates a significant relationship between clan, market and hierarchy culture with $B= .106$, $p<0.05$, $B=.380$, $p<0.01$, and $B=.285$, $p<0.001$ respectively with $R^2=.279$. In general it could be argued that the first hypothesis of this study which is based on a relationship between organisational culture and leadership style is confirmed by the findings, which show a positive significant relationship between clan, market and hierarchy culture and leadership style, despite the fact that adhocracy culture shows insignificant relationship with leadership. The results are also in line with previous literature that claims there is a relationship between organisational culture and leadership style (Ogbonna and Harris, 2000; Xenikou and Simosi, 2006; Tsai *et al.*, 2009; Schein, 2010; Acar, 2012). However, the insignificant relationship between adhocracy culture and leadership style as mentioned before could be because of three possible reasons: 1- absence of high-tech industry based on innovation such as computer manufacture and, 2- nature of adhocracy culture and 3-the economic sanctions have led to risk aversion among industry leaders.

In general it can be concluded that, although there is no doubt that leaders and managers have s major impact on creating organisational culture or changing organisational culture to manage organisational change, it is also equally important to bear in mind the impact organisational culture has on managers and leaders in choosing an appropriate leadership style to achieve higher performance and organisational effectiveness.

6.4.4 Leadership Style and Organisational Effectiveness

The second hypothesis of this study was based on the relationships between leadership style and organisational effectiveness.

➤ H2: There is a relationship between Leadership Style and Organisational Effectiveness

As mentioned in chapters 2 and 3 there have been countless studies that investigated the relationship between leadership style and organisational effectiveness (Parry and Proctor-Thomson, 2003; Xenikou and Simosi, 2006; Hawkins, and Dulewicz, 2009; Timothy, *et al.*, 2011). The findings of this study confirmed the hypothesis that leadership style has a positive influence on organisational effectiveness. The correlation analysis shows a positive significant relationship between leadership style and organisational effectiveness with $r=.550$, ($p<0.01$). Moreover, the regression analysis also indicates a significant relationship between leadership style and organisational effectiveness with $B= .550$, $p<0.001$ and $R^2= .303$. These results confirm that there is a relationship between leadership style and organisational effectiveness. These findings are also consistent with previous studies of Haakonsson *et al.* (2008), Steyre *et al.* (2008) and dePoel *et al.* (2012) that claim that leadership style is one of the main factors that influences organisational effectiveness. An appropriate leadership style results in a higher level of trust between employees and managers which improves productivity, job satisfaction and employee morale (Lok and Crawford, 2004) that consequently results in higher organisational effectiveness or performance (Harris and Ogbonna, 2002; Keller, 2006; Jing and Avery, 2008; Peterson, *et al.*, 2009; Wang, *et al.*, 2010).

In view of the argument provided in chapter 2 and 3 concerning Iranian national culture's emphasis on paternalism and the centrality of family it is to be expected that employees want their managers to create a paternal and familial culture at work, so it could be argued that implementing an appropriate leadership style is very challenging for Iranian Managers. According to Javidan and Dastmalchian (2003), Iranians are collectivistic when comes to family and close friends and very individualistic when it comes to outsiders. In addition, the level of trust among people would depend on whether people are seen as an insider or outsider. If you are proved to be an insider and considered by people as an insider you would do your best to prove your worthiness. However, if there is slight feeling, whether wrong or right, of not being part of the inner circle or people tend to ignore your existence therefore, as a result of a high level of moral and emotional commitment which is required your individual goals become replaced by organisation goals (Dastmalchian, *et al.*, 2001; Javidan and Dastmalchian, 2003). Therefore, the impact of appropriate leadership style on employees' job

satisfaction and productivity, which consequently has an influence on organisational effectiveness, is significant.

6.4.5 Meditating Impact of Leadership Style on Culture-Effectiveness Relationship

The third hypothesis of this study was designed to explore the mediating impact of leadership on the organisational culture and organisational effectiveness relationship or, in other words, about the indirect relationship between organisational culture and organisational effectiveness through leadership style

H3: Leadership Style will mediate the effect of OC on OE

H3.1: Leadership Style will mediate the effect of Clan Culture on OE

H3.2: Leadership Style will mediate the effect of Adhocracy Culture on OE

H3.3: Leadership Style will mediate the effect of Market Culture on OE

H3.4: Leadership Style will mediate the effect of Hierarchy Culture on OE

Previous researchers have identified an association between organisational culture and performance as well as effectiveness (Dension, 1990; Dension and Mishra, 1995; Dutt, 2009; Zheng, *et al.*, 2010; Hartnell, *et al.*, 2011). For example, studies show that employees tend to feel more satisfied when their needs are aligned with the culture of the organisation (Lok and Crawford, 2004; Dutt, 2009). Also, it has been suggested that organisational culture is very relevant to managers and explains much of what happens within organisations, while it also provides guidance for making improvements to organisational effectiveness (Armstrong, 1998; Fey and Denison, 2003; Tojari, *et al.*, 2011). Another study found an association between organisational culture and organisational effectiveness when examining 230 organisations in a number of industries from around the world (Denison, *et al.*, 2004). Specifically, regions included in the study were North America, Asia, Europe, the Middle East, and Africa, and it was found that having a strong positive organisational culture was significantly related to high organisational effectiveness. Aspects of organisational culture that were associated with effectiveness included empowering employees, having a team orientation, having a clear strategic direction and intent, as well as possessing a strong and recognizable vision. Finally, a study by Jans and Frazer-Jans (2008) focused upon the association between two dimensions of organisational culture and organisational effectiveness. The results of the analyses conducted found that organisations which prioritize human resources management are more likely to be effective as compared with those located

in cultures which provide little support to human resources management. Also, organisations which are more hierarchical are less effective than those which are not (Jans and Frazer-Jans, 2008).

Furthermore, researchers have also identified a direct relationship between leadership style and organisational culture (Block, 2003; Sharma and Sharma, 2010; Schimmoeller, 2010, Acar, 2012) and a relationship between leadership style and organisational effectiveness (Robinson, *et al.*, 2008; Wang, *et al.*, 2010; Timothy, *et al.*, 2011; de Poel, *et al.*, 2012) as well as studies on the relationship among all three, organisational culture, leadership style and organisational effectiveness (Ogbonna and Harris, 2000; Parry and Proctor-Thomson, 2003; Xenikou and Simosi, 2006; Tojari, *et al.*, 2011). Ogbonna and Harris (2000) investigated the mediating impact of organisational culture on the leadership-effectiveness relationship. Studies such as Xenikou and Simosi, (2006), and Tojari, *et al.* (2011) also found some kind of mediation impact of organisational culture on the leadership-effectiveness relationship. On the other hand, other studies in the same field claim mediation impact of leadership style on the culture-effectiveness relationship (Steyrer, *et al.*, 2008).

This study proposed that leadership style acts as a mediator between organisational culture and organisational effectiveness or, in other words, there is an indirect relationship between organisational culture and organisational effectiveness through leadership style. The main purpose of this hypothesis was to investigate the impact of organisational culture on managers and leaders on choosing an appropriate leadership style in order to achieve higher organisational effectiveness. An inappropriate leadership style that is not aligned with the organisational culture of the organisation could result in demotivation, less moral satisfaction and less job satisfaction of employees that consequently could result in lower organisational effectiveness (Lok and Crawford, 2004; Steyrer, *et al.*, 2008). This strategic mistake could have an even more fatal impact on the organisation and organisational effectiveness in a country like Iran which has a distinctive national culture, values and expectations.

In order to test this hypothesis, as mentioned before a series of correlations and regression analysis were conducted, which focused on the association between dimensions of organisational culture, leadership style and organisational effectiveness. The results of these analyses provided support for the view that there is a relationship between organisational culture, leadership style and organisational effectiveness. Additionally to test the mediation

impact of leadership style, a series of multi-regression analyses were conducted (Baron and Kenny, 1985). Regression analysis, which included 4 steps, also provided some support for this hypothesis apart from the case of adhocracy culture. The findings of this research indicate support for the proposed hypothesis, that leadership style mediates the relationship between organisational culture and organisational effectiveness. Of the four types of organisational culture only adhocracy culture shows that it has not been mediated by leadership style in its relationship with organisational effectiveness. This means that there are three of the culture types which do show this mediation and therefore it can be said that leadership style does mediate the relationship between organisational culture in general and organisational effectiveness.

In the case of Iranian organisations managers are not just a mediator between the organisation and employees or their job is not just to make sure organisational goals are achieved, they are also view as a role model, older brother or head of the family who also needs to make sure employees' welfare is considered. In the view of Iranian employees, managers should make a balance between organisational goals and employee satisfaction, professional development and achievement. This might be among many other reasons that studies on leadership style in Iran identify the preference of Iranian employees for the transformational leadership style compared to transactional and passive styles (Aslankhani, 1999; Bikmoradi, *et al.*, 2010; Tojari, *et al.*, 2011).

Based on this analysis it can be concluded that leadership style in general acts as a partial mediator between the relationship of organisational culture and organisational effectiveness. The partial mediating impact of leadership style on the culture-effectiveness relationship was expected from previous studies and organisational culture has also a major direct impact on organisational effectiveness.

6.4.6 Moderating Impact of National Culture on Organisational Culture and Leadership Style Relationship

The next three hypotheses were designed to explore the moderating impact of national culture and organisational size on the culture-effectiveness relationship. The first sets of hypotheses from this range are based on the moderating impact of national culture on the relationship between organisational culture and leadership style

H4: The relationship between OC and LS is moderated by NC dimensions (PD, UA, MS, IDV)

H4.1: The relationship between Clan Culture and LS is moderated by NC dimensions (PD, UA, MS, IDV)

H4.2: The relationship between Adhocracy Culture and LS is moderated by NC dimensions (PD, UA, MS, IDV)

H4.3: The relationship between Market Culture and LS is moderated by NC dimensions (PD, UA, MS, IDV)

H4.4: The relationship between Hierarchy Culture and LS is moderated by NC dimensions (PD, UA, MS, IDV)

Table 6.2 shows a comparison of the national culture dimension scores of Hofstede in 1980 and this study. This study uses a 7 likert scale score to measure national culture dimensions and in order to be able to compare with Hofstede's scores the researcher created a table that would translate the 7 likert scale to Hofstede's VCM model (Appendix E).

Table 6.2: National Culture Dimensions' Score

country	PDI	IDV	MAS	UAI	LTO
Hofstede	58	41	43	59	(36)*
Current Study	41	65	50	75	*

Some very interesting results from this study compared to Hofstede's findings of around 30 years ago were detected. Regarding the power distance score (PD), Hofstede's finding was around 58 compared to new scores from this study ($2.90/7=41$) which indicates that there has been a decrease on this index since thirty years ago. With regard to individualism versus collectivism (IDV) the total mean of the items was $4.6/7$ which suggests that the respondents in this study were more inclined towards individualism rather than collectivism. The IDV score in Hofstede's findings was around 41 which indicated that Iranians were more inclined toward collectivistic society compared with the new score from this study ($4.6/7=65$). Therefore, this result indicates that there is a dramatic change in Iranian society from a collectivistic society toward an individualistic society. The findings of this study are consistent with the previous studies of Tayeb (1979) and Javaidan and Dastmalchian (2003)

which argue that Iranian culture should be better viewed as 'individualistic' rather than 'collectivistic'.

The overall mean of the uncertainty avoidance (UAI) is 5.25/7, which in fact suggests that there is a moderately high score on uncertainty avoidance in this study. According to Hofstede's findings, Iran scores on UAI was around 59 compared to new scores (5.25/7= 75) which indicates that there has been a considerably large increase on this index since the original study in 1980. The high uncertainty avoidance score of this study is consistent with previous studies (Javidan and Dastmalchia, 2003; Nazemi, 2003) that argued that Iranian trust of rules and regulations has improved in the last 15 years. The main characteristic of countries which score high on this dimension is to have law abiding citizens who in order to avoid uncertainty create rules and regulations.

Finally, the overall mean for masculinity versus femininity is 3.5/7 suggests that both feminine and masculine culture have equal emphasis in this study. Hofstede's findings suggested that Iran was inclined toward feminine culture, 43 compared with new score from this study (3.5/7=50). According to Hofstede and Hofstede (2005), age and gender are factors associated with the nature of MAS culture. In order to have a better view of national culture change in Iran the researcher has provided a comprehensive discussion on this subject based on previous studies and investigations of Iranian culture, however, as the discussion on this topic was out of the scope of this study, a full version of this discussion is presented in Appendix F.

The findings of this study clearly indicate that national culture in general has a major impact on the relationship between organisational culture and leadership, although the results show no significant impact of national culture on the relationship between adhocracy culture and leadership style. The insignificant results of adhocracy culture could be due to other factors that have already been mentioned in previous sections. However, in general it can be deduced that the national culture of employees and managers has an influence on implementing or changing organisational culture as well as on choosing the type of leadership style. Therefore, the results of this study are consistent with a number of previous studies which have focused on the association between dimensions of national culture and organisational culture (Dastmalchian, *et al.*, 2003; Hofstede, 2007; Hofstede, *et al.*, 2010; Minkove and Hofstede, 2012) or the relationship between national culture and leadership style (House, *et al.*, 2002;

Lok and Crawford, 2004; Javidan, *et al.*, 2006). Previous researchers in the field have suggested that organisational cultures are commonly derived from national culture, (Dastmalchian, *et al.*, 2003; Hofstede, 2007; Hofstede *et al.*, 2010; Ferrell, *et al.*, 2012; Minkov and Hofstede, 2012). Some researchers have emphasized the distinction between national and organisational culture (Ferrell, *et al.*, 2012). Gillis and Nicholson (2011) further discuss the interrelationship between organisational culture and national culture. They state that the leadership and control functions impose a corporation's particular brand of corporate culture through the filter of the local national culture. This suggests that multinational organisations should consider the national values and customs that may constrain their practices in their various corporate locations.

Gillis and Nicholson (2011) suggest that organisations typically reflect the national culture of their country of origin, and further suggest that corporations which do business outside their home country that are successful have learned to adapt their approaches to these new areas. Other researchers have stated an analogy between organisational culture and national or ethnic cultures (Kitayama and Cohen, 2007). It has been stated that both organisational as well as national cultures incorporate shared beliefs, values, and norms relating to a specific social system, whether a business organisation or society. One perspective which can be applied here would be to consider organisations being nested within nations, and with organisational cultures being influenced by the larger national culture in which the organisations operate (Kitayama and Cohen, 2007).

It has also been suggested that a comparison of national and organisational cultures reveals the fact that the same concepts and dimensions have been used to describe both organisational and national cultures (Kitayama and Cohen, 2007). It has also been suggested that the relationship between organisational and national cultures may be used to predict leadership style and organisational performance. Specifically, it has been suggested that organisations which have a high degree of correspondence between their organisational culture and the overarching national culture may be more successful or looked upon more favourably by the public as well as by shareholders (Kitayama and Cohen, 2007). Additionally, Marković (2012) suggests that with regard to national culture, different nationalities can perform better within different organisational cultures.

Although, as mentioned there are many studies that investigate national culture and its impact on different factors such as organisational culture or leadership style, what is predominant in most of the studies of the culture-effectiveness concept is to take national culture for granted. This study intends to investigate the moderating impact of national culture on the relationship between organisational culture and leadership style and its impact on choosing an appropriate organisational culture and leadership style which constantly has an impact on organisational effectiveness. In other words, it is an indirect objective of this study to explore the impact of national culture on organisational effectiveness, which to the best of the researcher's knowledge, somehow has lacked of scholars' attention.

In order to test this hypothesis, a series of correlation coefficients were utilized in order to determine whether significant associations exist between dimensions of national culture, organisational culture and leadership style. In order to test the moderating effect of national culture dimensions on the culture-leadership relationship, all dimensions of national culture and organisational culture were standardised using SPSS 18. Then a series multi- regression analyses based on standardised items was conducted. A number of these dimensions were found to have significant moderation impact on the culture-leadership style relationship, which provided some support for this hypothesis. Therefore, based on these findings it can be concluded that national culture can be considered as a significant moderator of the relationship between organisational culture and leadership style. It can also be concluded that as organisational culture and leadership style have major impact on organisational effectiveness and national culture acts as a moderator on culture-leadership style relationship, therefore, national culture also has an impact, or, more accurately, an indirect impact, on organisational effectiveness and achieving a higher level of effectiveness.

6.4.7 Moderating Impact of Organisational Size on the Organisational Culture and Leadership Style Relationship

The fifth hypothesis was design to investigate the moderating impact of organisational size on the relationship between organisational culture and leadership style

H5: The relationship between OC and LS is moderated by OS

H5.1: The relationship between Clan Culture and LS is moderated by OS

H5.2: The relationship between Adhocracy Culture and LS is moderated by OS

H5.3: The relationship between Market Culture and LS is moderated by OS

H5.4: The relationship between Hierarchy Culture and LS is moderated by OS

Findings indicate that in general organisational size has a major impact on the relationship between organisational culture and leadership style. The results show the significant impact of organisational size on the relationship between all four organisational culture types with leadership style. Cameron and Quinn (2011) explain the impact of changes in size on organisations in implementing new organisational culture or changing the existing one by arguing that these changes in culture are apparent when organisations move on in their life cycle. For instance, they argue for the domination of clan culture and adhocracy culture at the beginning and growth stages of the life cycle of any organisation and this suggestion can be compared with data collected for this study from small organisations where almost all of them were fairly newly established and are dominated by clan culture. They further argue that as organisations move from the growth to the maturity stage their organisational culture tends toward more stability (market or hierarchy culture), and again our data shows medium and large size organisations in this study are dominated by market and hierarchy culture.

Furthermore, a number of previous studies have been conducted focusing on the issue of clan culture and adhocracy culture. The primary focus within clan culture is on the involvement and participation of members of the organisation as well as rapidly changing expectations while the primary focus in adhocracy culture is creativity and innovation (Daft, 2009). Clan culture has been described as a setting which is both engaging and friendly, and in which people share much of their personal selves whereas adhocracy culture emphasises flexibility and readiness as well as growth and resource acquisition (O'Connor and Netting, 2009; Cameron and Quinn, 2011). The organisational patterns and communications present in an organisation in which clan culture is dominant have been described as similar to that of an extended family. On the other hand, organisations that are dominated by adhocracy culture are dynamic and entrepreneurial, leaders are risk takers and organisation systems are based on reward and individual initiative. Leaders within such organisations are viewed primarily as members of the group, while simultaneously being viewed as mentors or parent figures whereas in adhocracy culture leaders are expected to be risk takers and prioritise tasks.

Organisations with dominant clan or adhocracy culture are held together by tradition and loyalty (Iweka, 2007), while employees are generally quite committed to the organisation as well as to other members of the organisation (O'Connor and Netting, 2009), whereas, the glue

that holds the organisation together in adhocracy culture is innovation and openness to change (Cameron and Quinn, 2011). The long-term benefits of the development of human resources are highlighted and cohesion and morale are considered to be very important within these organisations. Furthermore, success is defined "in terms of sensitivity to customers and concern for people inside and outside the organisation" (O'Connor and Netting, 2009, p. 60). Teamwork, participation, and consensus are viewed as essential elements within these organisations, with flexibility and concern for other individuals being highlighted (O'Connor and Netting, 2009). It has been stated that organisations in which clan culture is dominant may be expected to be more internally focused and hence not as good performers as other organisations based upon external measures of success (Mannion, *et al.*, 2008). Previous research has found organisations in which clan culture is dominant generally to be smaller, more resistant to mergers, more highly specialized, and more concerned with staff morale and with treating individuals with dignity and respect (Mannion, *et al.*, 2008).

On other hand, change, development and being creative and innovative are considered to be very important within those organisations that are dominated by adhocracy culture (Cameron and Quinn, 2011). Being a risk taker, dynamic and entrepreneurial are highlighted in adhocracy culture and could be argued to be its most important elements (Cameron and Quinn, 2011). It has been stated that organisations in which adhocracy culture is dominant may be expected to be more externally focused and hence appeal to external measures of success (Cameron and Quinn, 2011). Previous research has found organisations in which adhocracy culture is dominant to be found across the range from small to large size organisations, to be very open in nature, to be more highly specialized, and to be more concerned with customer satisfaction and external competition (Cameron and Quinn, 2011).

A number of previous studies have focused on hierarchy culture. Hierarchy culture focuses upon rules, policies, procedures, and order (Crandall and Crandall, 2008). Organisations whose dominant culture type is hierarchy culture are dominant in stability, order, and control, and also have an internal focus (Cameron and Quinn, 2011). These organisations have a much formalized structure, with a firm set of rules in place providing instructions on employees' work and behaviour. The primary focus within these organisations is to provide stability and order (Cameron and Quinn, 2011). Organisations which concentrate upon hierarchy culture are internally focused, having the goal of making operations predictable and to maintain smoothly running business operations. This type of culture does best in slow-

changing environments, which result in the fact that businesses which focus upon hierarchy culture tend to focus less on innovation. Additionally, individuals who perform best in this type of culture tend to prefer order, efficiency, and predictability (Crandall and Crandall, 2008). Companies which are mainly characterized by hierarchy culture can commonly develop elaborate processes and systems in order to process information, while these companies are also prone to homogeneity (Yeung, *et al.*, 1999). Therefore, an organisation focusing on hierarchy culture can be a very formalized and structured place of employment, where employee actions are strongly monitored through procedures and protocols (O'Connor and Netting, 2009). The focus among leaders in these organisations is on being good coordinators and organizers who perform well with regard to the maintenance of an organisation, with formal rules and policies structuring the organisation itself. Within these organisations, success is defined as "dependable delivery, seamless scheduling, and efficient costs" (O'Connor and Netting, 2009, p. 60). Managers work to create a work environment in which employees feel secure and in which things are predictable (O'Connor and Netting, 2009). Furthermore, previous literature suggested that organisations which rely upon hierarchy culture tend to be larger as they are more likely to be vertically integrated (Mayfield, 2008).

With respect to this hypothesis, market culture again relates to an external focus with the primary interest of stability being present (Cameron and Freeman, 1991). This type of organisation focuses upon results (Cameron and Freeman, 1991) such as competitiveness and profit (Koigi, 2011) with these organisations seeing themselves as being dictated to by the market and as providing whatever the market requires. The general characterization of this type of organisation is that they have an external focus, and can primarily be characterized by control rather than with flexibility (Reiman and Oedewald, 2004). Aggressive strategies are used by organisations focusing upon market culture in order to maximize productivity and profitability of the firm. Overall, it has been found that an entrepreneurial, market, and strategic management orientation is significantly associated with increased organisational performance (Koigi, 2011).

With regard to previous literature in this area, market culture, overall, focuses on competitive measures, including external positioning and differentiation. The market culture tends to be associated with better business performance, with employees of this type of organisation focusing more externally on business as compared with internal processes and procedures

(Mayfield, 2008). Within a market culture, success is defined through an evaluation of financial concerns. The focus within this type of organisation is on "increasing market share, productivity, and profits to improve their organisations' position" (Mayfield, 2008, p. 32). Initiative and diversity are focused upon within this type of culture (Rosa, 2006). A major goal is competitive advantage, with an organisation's primary objectives including "profitability, bottom-line results, strong market niches...and secure customer bases" (Mayfield, 2008, p.32). Internal factors are not highlighted, with employees having unsatisfactory performance being replaced. Leadership attributes within these organisations include competitiveness, productivity, and an emphasis on being successful. Market share and penetration are highlighted as measures of success (Mayfield, 2008). Previous research has also identified market culture to significantly influence the degree of an organisation's market orientation, which is present across national boundaries (Iweka, 2007).

To test this hypothesis, a series of multi regressions were utilized in order to test the moderational effect of organisational size on the organisational culture and leadership style relationship. All dimensions of organisational culture as well as organisation size were standardised using SPSS 18. Then series multi- regression analysis based on standardised items was conducted. Organisational size shows significant moderation impact on the relationship of all organisational culture types with leadership style, which provided support for this hypothesis. Therefore, based on these findings it can be concluded that organisational size can be considered as a significant moderation of the relationship between organisational culture and leadership style.

It can also be deduced from the results that organisational size could have major impact on establishing appropriate organisational culture as well as choosing appropriate leadership style and consequently the relationship between these two constructs with organisational effectiveness. In other words, managers should bear in mind the organisational size as a major factor when planning to manage organisational changes including cultural change, structural changes, or leadership style changes.

6.4.8 Moderating Impact of Organisational Size on the Relationship of Leadership Style and Organisational Effectiveness

Finally the last hypothesis was designed to explore the moderating impact of organisational size on the relationship between leadership style and organisational effectiveness.

H6: The relationship between leadership style and organisational effectiveness is moderated by organisational size

As mentioned before there are several previous studies which have been conducted that show the relationship between leadership style and organisational effectiveness and impact of organisational size on organisational performance or effectiveness (Lok and Crawford, 2004; Xenikou and Simosi, 2006; Aida and Vadi, 2007; de Poel, *et al.*, 2012). The findings of this study do not provide support for this hypotheses, although there is some support in the literature on the impact of organisational size on organisational effectiveness. The reason for the insignificant result for this hypothesis, as mentioned before, could be the fact that the impact of organisational size on the relationship between organisational culture and leadership style has already been examined and support found for the relationship. Therefore, if organisational culture and leadership style are among those factors that have major impact on organisational effectiveness and organisational size show significant impact on these constructs, it could be deduced that consequently organisational size has an impact on the relationship of organisational culture and leadership style with organisational effectiveness. However, it is possible that there was no need for showing the impact of organisational size on the relationship between leadership style and organisational effectiveness as it has already shown its impact in the previous relationship and therefore, it could be deleted.

Nonetheless, it is important to mention that although this hypothesis was rejected because of the data, the general argument that organisational size has a major impact on the culture-effectiveness relationship remains intact and is consistent with previous studies. The data show that there is a significant relationship between leadership style and organisational effectiveness which is also consistent with previous studies in this field. For example, a study conducted by Wang, *et al.* (2010) focused upon the association between leadership style and organisational effectiveness, finding a significant link between these two measures. They found that charismatic, transformational and visionary leadership styles were positively associated with organisational effectiveness. The results of the analyses conducted also found that interaction between leadership style and human resource management strategy contributes significantly to higher organisational effectiveness (Wang, *et al.*, 2010).

Furthermore, another focused upon the influence of organisational size on organisational culture, employees' morale and consequently on organisational effectiveness. Within this

study, it was found that the organisational culture of small firms were more positive and management more consultative which created higher employee morale and consequently higher organisational effectiveness compared to the large firms investigated (Connell, 2001). Another study focused also on the impact of organisational size on the leadership style and organisational innovation. Their findings indicate that organisational size significantly moderates the relationship between transformational leadership style and organisational innovation, which may help organisations to improve organisational effectiveness (Khan, *et al.*, 2009).

To test this hypothesis, a series of multi-regression analyses were conducted between leadership style, organisational size and organisational effectiveness. The results of these analyses provided no support for this hypothesis. Therefore, it could be argued that the results of this study do not show that organisational size moderates the relationship between leadership style and organisational effectiveness, however, as mentioned the general argument for the impact of size on culture-effectiveness remained true and the results show support for that.

However, the prime reason for finding no significant relationship for this hypothesis could be rooted in the fifth hypothesis which shows that organisational size significantly moderates the relationship between organisational culture and leadership style. In the conceptual framework proposed for this study it was the researcher's intention to show the importance of organisational size and its strong influence on the relationship between organisational culture, leadership style and organisational effectiveness. Generally speaking, the results indicate that organisational size has a major impact on the relationship between organisational culture, leadership style and organisational effectiveness and possibly from the beginning there was no need to show the moderating effect of size twice in the same conceptual framework.

6.5 Culture-Effectiveness Model

In the previous section the author provided a summary of the research hypotheses as well as relating the hypotheses to the conceptual framework proposed in Chapter three. In this section the author intends to summarise the above discussion and reflect on the proposed framework.

Figure 6.1: the full model of the culture-effectiveness relationship

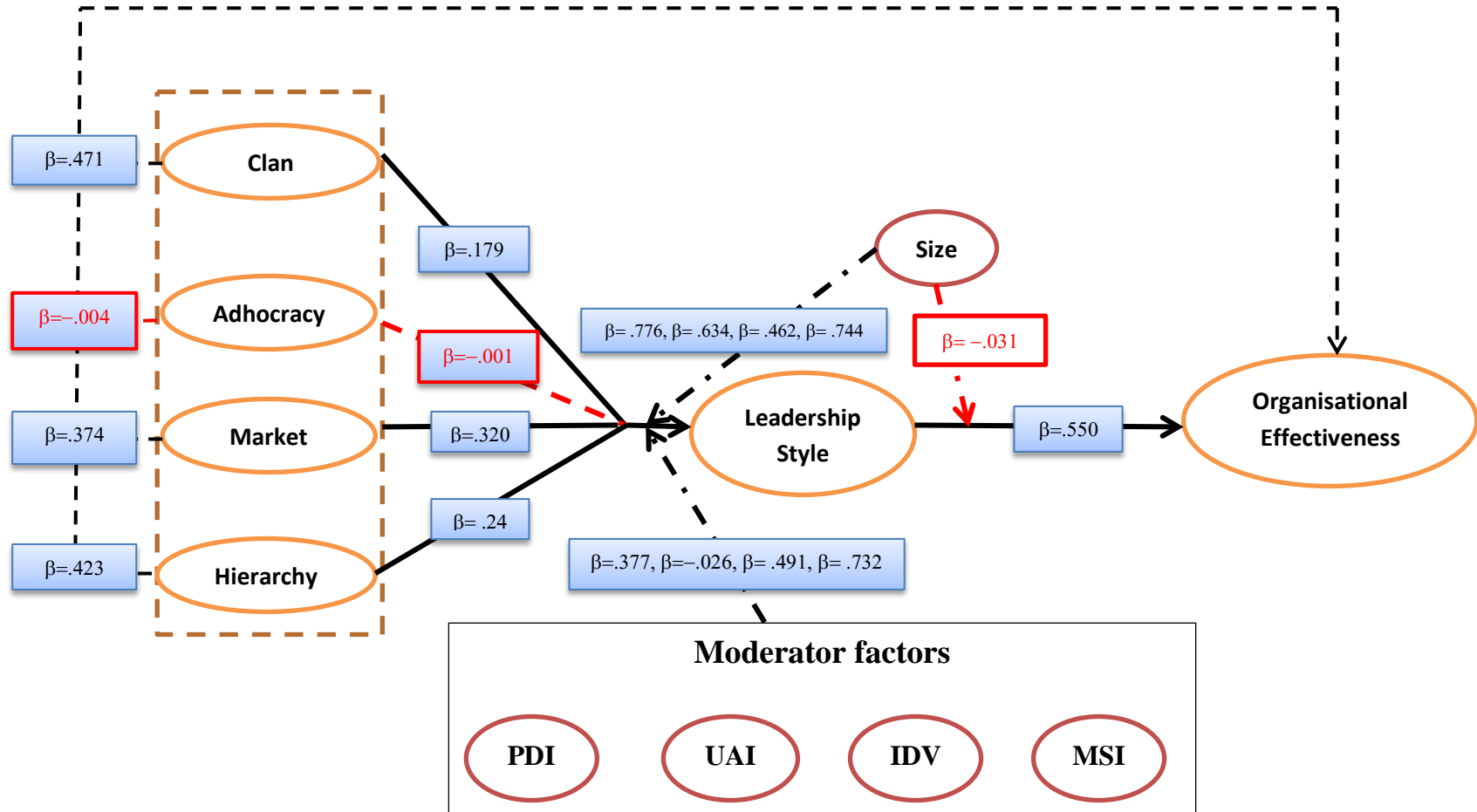


Figure 6.1 illustrates the validated model of culture-effectiveness that was proposed in Chapter 3 (Figure 3.2). Figure 6.1 shows that the paths from different organisational culture types to leadership style are significant apart from adhocracy culture. Furthermore, in order to have a better understanding of the relationship between organisational culture and leadership style all four organisational culture types have been transformed into one variable called OC with internal reliability of $\alpha = .678$ (this was not hypothesised and therefore it was not part of the analysis shown in Chapter 5) and the result shows that the path from organisational culture (overall of all 4 cultures) to leadership is also significant ($R^2 = .288$, Adj $R^2 = .286$, $F = 142.092^{***}$, $\beta = .537$, $t = 11.920^{***}$). Therefore, it may be deduced from the results that as the organisational culture shows significant relationship with leadership style, there is a strong possibility that the non-significance of adhocracy culture would be as the result of other reasons some of which have been mentioned before such as external factors. Also the path from leadership style to organisational effectiveness is significant. Finally, both organisational culture and leadership style are significant determinants of organisational effectiveness

The results of the data analysis and hypotheses testing show that organisational culture in general, and in particular clan, market and hierarchy cultures, have a strong effect on leadership style which in turn has a significant effect on organisational effectiveness. The results confirm that leadership style plays a mediating role to partially mediate the relationship between clan, market and hierarchy culture and organisational effectiveness. It implies that leaders, in order to achieve higher organisational effectiveness, should adopt a leadership style which is aligned with the dominant organisational culture. Furthermore, this study does not intend to deny the previous studies that claim organisational culture mediates the relationship between leadership style and organisational effectiveness (Ogbonna and Harris, 2000; Xenikou and Simosi, 2006; Tojari, *et al.*, 2011) but to show an alternative view of the culture-effectiveness relationship.

Furthermore, the results confirm that national culture and organisational size play moderating roles in the relationship between organisational culture types and leadership style. However, the results show no support for the hypothesis that claims that organisational size plays a moderating role in the relationship between leadership style and organisational effectiveness.

6.6 Conclusions

In conclusion, this chapter provides discussion related to the data analysis in the previous chapter. All hypotheses proposed for this study have been discussed in the light of the previous literature in the field. Independent variables in this study show significant relationship with leadership style and organisational effectiveness apart from adhocracy culture. The results of data analysis and hypotheses testing show that, although adhocracy culture shows insignificant relationship, generally organisational culture has a strong effect on leadership style and leadership style in turn has a significant impact on organisational effectiveness. Furthermore, the results also confirm that leadership style plays a mediation role, but only partially, in the culture-effectiveness relationship. In brief, it could be deduced that although there is no doubt about the direct impact of organisational culture on organisational effectiveness, it is also equally important to bear in mind the impact of the leadership style chosen by managers on organisational effectiveness. Furthermore, as leadership style is affected by organisational culture and leadership also has a major impact on organisational effectiveness, managers and practitioners should also study the indirect impact of organisational culture on organisational effectiveness through leadership style in order to achieve higher organisational effectiveness.

Furthermore, what this study uncovers is the lack of empirical work on the impact of national culture and organisational size on organisational effectiveness. Unfortunately, in the previous studies of the culture-effectiveness relationship national culture is mostly taken for granted and is not explicitly studied while this study has tried to use national culture as a moderating variable in investigating the impact of national culture on organisational culture and leadership, and consequently on organisational effectiveness, for private sector organisations. On the other hand, as mentioned before the researcher also found that there is lack of studies of the impact of organisational size on choosing organisational culture, or chosen leadership style, which indirectly has an impact on organisational effectiveness. Therefore, this study investigates the moderating impact of national culture and organisational size on the culture-effectiveness relationship and the findings provide support for the hypotheses of the moderating role of national culture and organisational size in the relationship between organisational culture type and leadership style. However, the results show no support for the moderational role of organisational size in the relationship between leadership style and

organisational effectiveness and the question why size does not influence the relationship between leadership style and organisational effectiveness needs further investigation.

Overall, it could be concluded that the effect of organisational culture on organisational effectiveness, in order to achieve higher organisational effectiveness, is dependent upon the leadership style adopted by managers as well as the national culture of employees and the size of organisations we are operating in. In the next chapter the author will discuss the implications for theory and practice from these results as well as the limitations of this study.

Chapter Seven

Conclusions, Contributions and Limitations

7.1 Introduction

The previous chapter focused on providing a summary of all research questions and analyses conducted as they related to the research questions included in this study. The primary objective of this study is to provide an extended model of the culture-effectiveness relationship that is affected by the mediating impact of leadership style on the one hand and the moderating impact of national culture and organisational size on the other. To achieve this objective, questions for this research were: Does organisational culture affect organisational effectiveness in private sector organisations? Is there any relationship between organisational culture types and leadership style? How does organisational culture influence Organisational Effectiveness through Leadership Style and does Leadership Style mediate the culture-effectiveness relationship? How is the culture-effectiveness relationship influenced by the moderating impact of National Culture dimensions and Organisational Size?

This study applied a positivist methodology by using a survey questionnaire to obtain data to test its hypotheses. The questionnaire was distributed among 1000 employees in management levels in 40 private sector organisations in Iran. The survey questionnaire was administered personally or posted to organisations with a stamped return envelope accompanied by a supporting letter to fully explain the aims and objectives of this study. For the purpose of this study SPSS 18.0 software was used to analyse the hypotheses relationships.

In order to achieve the aim of this study, the researcher conducts a structured literature review in Chapter 2 and then constructs a conceptual framework in Chapter 3. In Chapter 4 the researcher proposes a methodology for this study based on the positivist paradigm and subsequently, in Chapter 5, all the analyses related to the proposed model and hypotheses are presented. Chapter 6 presents a discussion in the light of the research aim, objectives and findings of the research. Finally, in the last chapter the researcher presents a summary of the research alongside the implications and contributions of the research based on the theoretical, methodological and practical perspectives. Furthermore, this chapter also presents the limitations of this study with suggested future research directions.

7.2 Implications and Contributions

There might be several different perspectives on the implications or contributions but generally implications and contributions could be divided into three perspectives: theoretical, managerial and practical, and methodological implications. Overall the findings of this study could have several theoretical implications on modelling culture-effectiveness and its relationship with leadership style, national culture and organisational size.

7.2.1 Theoretical Implication and Contribution

The main objective of this study is to develop a conceptual framework that shows, on the one hand, factors which mediate the culture-effectiveness relationship (leadership style), and, on the other hand, how this relationship is moderated by national culture and organisational size. In order to achieve these study objectives and build the theoretical background, the researcher conducted a systematic literature review which is presented in Chapter 2. In this literature review the researcher critically reviewed those most influential theories and approaches related to the culture-effectiveness relationship and related concepts. Furthermore, both national culture and leadership style based on individual differences was explored.

From the literature review and the synthesis the researcher concluded that the most useful approach to studying the culture-effectiveness relationship would be CVF which is based on the multiple constituency perspective. CVF has been used in many different studies in organisational research including the organisational culture-performance relationship, the organisational culture-strategy relationship, the organisational culture and resource acquisition relationship and, more importantly, the organisational culture and organisational effectiveness relationship, and many more. However, most of the studies which explore the culture-effectiveness relationship study the direct relationship between organisational culture and organisational effectiveness and there was a need to examine additional variables such as mediators and moderators in this relationship.

While varying levels of support were found with regard to each of these six hypotheses, the results of the analyses conducted, which included correlations and regression analyses, did provide support for these hypotheses apart from the last hypothesis. Overall, the results indicated that a positive relationship exists between organisational culture and leadership style, between leadership style and organisational effectiveness and between organisational

culture and organisational effectiveness. Furthermore, leadership style plays a role of partial mediator in the culture-effectiveness relationship. Furthermore, with regard to the association between organisational culture and leadership style, this was found to be moderated by size and national culture. However, with regard to the association found between leadership style and organisational effectiveness, this was not found to be moderated by size.

The results of these analyses not only demonstrate a number of positive relationships between organisational culture, leadership style, national culture, organisational size and organisational effectiveness, but also the fact that leadership style serves as a partial mediator and national culture and organisational size serve to strongly moderate these relationships. This would suggest that leadership style, national culture and organisational size are extremely relevant to the association found between organisational culture and organisational effectiveness. Therefore, this study provides new findings which are extremely relevant to this area of research.

➤ *Integration of a mediator and moderators into culture-effectiveness relationship*

The comprehensive model developed for this study makes a contribution to the literature by grounding the impact of other factors such as leadership style (mediator), national culture and organisational size (moderators) in the culture-effectiveness relationship and then applying it to a new context. Contrary to the existing literatures that mostly investigate the direct impact of organisational culture on organisational effectiveness, this study presents the indirect impact of organisational culture on organisational effectiveness. Although, this study by no means intends to deny the culture-effectiveness relationship, the extended model was designed to identify the other influential variables suggested in the literature that have an impact on the culture-effectiveness relationship. In doing so, the culture-effectiveness relationship based on CVF was extended by integrating various lines of research: culture-leadership style, leadership style-effectiveness, and national culture theory of Hofstede as theoretical backdrop. The extended model explained a partial mediation of leadership style and moderating impact of national culture and organisational size in the culture-effectiveness relationship which shows that merely changing the organisational culture may not be sufficient on improving organisational effectiveness if an individual's culture, the organisational size and style of leadership were ignored. Therefore, the theoretical implication and contribution of this study is based on an attempt to produce a conceptual

framework that integrates leadership style, national culture and organisational size into the culture-effectiveness relationship.

Although there are many studies that investigate the relationship between organisational culture, leadership style and organisational effectiveness, almost all tend to focus on the impact of leaders and managers on creating organisational culture, or the relationship between leadership style and organisational effectiveness or, in some cases, the mediating impact of organisational culture on the leadership style and organisational effectiveness relationship (Ogbonna and Harris, 2000; Parry and Proctor-Thomson, 2003; Xenikou and Simosi, 2006; Tojari, *et al.*, 2011). It is worth mentioning that this study does not intend to deny the impact of leaders and leadership style on the implementation of organisational culture, in fact, it promotes this relationship. Nonetheless the findings of this study confirm that this relationship works in both directions. Therefore, this study strongly supports the proposition that leadership style could be influenced by organisational culture and, therefore, that leadership style plays an important mediating role in the culture-effectiveness relationship.

The suggestion that organisational culture types and leadership style influences organisational effectiveness ($R^2=0.32$, $R^2= 0.30$) reported in this study is consistent with the findings of previous studies (Xenikou and Simosi, 2006; Gregory, *et al.*, 2009; de Poel, *et al.*, 2012). Furthermore, one of the main theoretical contributions of this study is that it confirms that leadership style plays a partial mediating role between organisational culture and organisational effectiveness. Moreover, the other major theoretical contribution of this study is that this study confirms the moderating impact of national culture and organisational size on the relationships between organisational culture, leadership style and organisational effectiveness. As mentioned before, there are very few empirical studies that clearly look at the moderating impact of organisational size on the culture-effectiveness relationship. In fact, it can be claimed that it is the first time that an attempt has been made to study the moderation impact of organisational size on the relationship between organisational culture, leadership and organisational effectiveness.

7.2.2 Managerial and Practical Implications

The findings of this study provide meaningful insights for managers of private sector organisations for achieving higher organisational effectiveness. These insights can be used

generally by any organisation as a guideline; or they can be specifically applied to the culture-effectiveness relationship in the private sector in a developing country.

With regard to general implications for managers, the primary questions proposed by this study were: How does organisational culture influence organisational effectiveness through leadership style and whether leadership style mediates the culture-effectiveness relationship? And, how is the culture-effectiveness relationship influenced by the moderating impact of national culture dimensions and organisational size? The answer obtained from the result of this study was that organisational culture definitely influences organisational effectiveness; nonetheless this relationship is mediated by leadership style. Therefore, in order to achieve higher organisational effectiveness it is very important for organisations that managers should adopt an organisational culture and leadership style that are, firstly, consistent with each other and, secondly, consistent with the national culture of the employees as well as the size of the organisation.

The findings of this study also show that although organisational culture plays an important role in achieving high organisational effectiveness, as leadership style is also being influenced by organisational culture and also leadership style influences organisational effectiveness, it could be argued that organisational culture influences organisational effectiveness through leadership style. Thus as mentioned before, in order to achieve higher organisational effectiveness managers should consider both organisational culture and leadership style that are consistent with each other and help to enhance effectiveness.

Additionally, it is observed that the relationship between organisational culture, leadership style and organisational effectiveness is influenced by national culture and organisational size. Therefore, these findings are very important for firms that are going through changes. During their life cycle, organisations inevitably need to go through changes including structural, cultural and managerial. It is important for managers to understand the organisational culture and leadership style relationship in two ways because both have a big impact on organisational effectiveness and they cannot be separated from each other since organisational culture influences leadership style and vice versa. Organisational factors such as flexibility/stability, focus on internal/external, or two way effective communications have crucial impact on the success of any organisation which shows how organisational culture and leadership style are related and should be managed. Furthermore, it is also crucial to keep

in mind that the culture-leadership style relationship is also influenced by national culture and the size of the organisation. Therefore, management needs to consider the importance of cultural dimensions and cultural differences that exist among employees which cannot be considered the same or similar for every individual even within the same country. Over all, in order to achieve higher organisational effectiveness to create meaningful and successful changes, managers should be mindful of the relationship and alignment between organisational culture and leadership style as well as the influence which the national culture of employees and size have on this relationship.

Furthermore, following the general implications of this study it could also be argued that its findings can have practical implications for the management of private sector organisations in developing countries. In order to be more competitive, private sector organisations need to improve organisational effectiveness and, to achieve that, they need to implement changes including structural and cultural changes. This study can provide a guide for managers to achieve higher organisational effectiveness.

7.2.3 Methodological Contribution

The methodological contribution of this study is based on the fact that, firstly, this study is one of the few studies to examine the mediating impact of leadership style and the moderational impact of national culture and size on the culture-effectiveness relationship outside of the western cultural set and, specifically, in the Middle East. Secondly, the examination of previous studies which use the well-established model of the culture-effectiveness relationship in the context of Iran have been developed mostly for Europe and North American which are culturally different (Namzi, 2003; Javidan and Dastmalchian, 2003). This study has filled this gap in organisational studies by investigating the predictor variables that influence the culture-effectiveness relationship in the private sector which it might be useful to generalise.

This study uses rigorous statistical analysis to check the reliability and validity of the measurement items before incorporating them into this study. According to the findings, all the scales which have been used appear valid and reliable in their general content but, of course, the numbers of purified items used in this study are not the same as the original scales which were used in other countries. Although some items were deleted, mostly from the organisational effectiveness part, the constructs showed a high degree of convergent and

discriminant validity, reliability and, most importantly, satisfied the fit indices along with more than half of the relations found to be statistically significant. Therefore, it could be argued that this study contributes to the literature by examining constructs of well-established models in the context of private sector organisations in a developing country.

7.3 Limitations

While this study served to advance the literature with regard to organisational culture, national culture, leadership style and organisational effectiveness within the country of Iran, a number of limitations were present in this study. The current study was conducted on employees who were working in a variety of private sector organisations within Iran, with respondents derived from multiple levels of these organisations' management, including supervisors, junior managers, senior managers, and CEOs. As the majority of private organisations in Iran are located in large cities, the population included in this study consisted of small, medium, and large organisations in major cities, including Tehran, Mashhad, Kerman, Shiraz, Tabriz and Esfahan. In total, 150 organisations were selected from a variety of sectors and sizes in the Iranian private sector for participation in this study. In total, 45 organisations out of these 150 agreed to participation in the study.

While the population and sample selected and used in this study does serve to focus very specifically on private sector organisations operating in Iran and despite the relatively large sample size of this research, it also leads to a limitation of the study. Specifically, this study utilized a convenience sample, which is a sample based on convenience to the researcher as opposed to a random or stratified random sample. When a non-random sample is used, as it was in this case, it is more difficult to generalise the results to a larger population. This means that any results obtained from the quantitative analysis in this study, would be more difficult than random sampling to generalize to a larger population. Therefore, this serves to limit the external validity of the study, as the extent to which these results can be applied to other organisations outside Iran is unknown.

Secondly, this study utilized a survey questionnaire which could include common method bias which has occurred in other studies using the same method (Balu, 1985). Using the questionnaire method may be problematic in relating to data obtained from a single source for causal prediction based on the survey. Also, this study used a questionnaire which was administered to respondents at a single point in time. This type of data allows for quantitative

analysis; however, it is impossible to determine causality when only using cross-sectional data. With regard to the hypotheses included in this study, associations can be determined between organisational culture, leadership style and organisational effectiveness, along with the measures of other factors such as size or national culture, though it is impossible to determine whether any causal relationships exist between these measures. The determination of causal relationships would require panel data, which is data collected on a single sample at multiple time points. This type of data would allow for analyses such as panel data regression and causal modelling to be conducted, which would allow for the determination of causality between measures. Thirdly, this study gathered data only from private sector organisations in Iran which limits the generalizability of the research findings. At this stage it is also not clear whether the same result would be achieved in other countries with different cultures and whether our findings could be generalised to other populations with different cultures. Possibly future studies could remedy this limitation by conducting cross-cultural studies on this topic.

7.4 Future Research

The limitations present in this study provide suggestions for future research. Firstly, in the previous section, the fact that the study used a convenience sample as opposed to a random or stratified random sample was discussed, with this issue limiting the generalizability of the results obtained and the external validity of the study. Future studies could potentially aim to achieve a random/stratified random sample of organisations or respondents in order to allow for the ability to generalize any results obtained to a larger population.

Secondly, the previous section also discusses the fact that cross-sectional data was used in this study, which does not allow for issues of causality to be determined. The collection of panel data, which would require administering a survey to one set of respondents over multiple time points, would allow for more complex analyses to be conducted in which it can be determined whether or not causal relationships exist between these measures.

Additionally, the survey used in this study was quantitative in nature. One main benefit of quantitative analysis is that hypotheses can be directly tested based on the data collected. However, a future study incorporating qualitative analysis could serve to further explore organisational culture, national culture, and organisational culture in Iran or abroad in greater depth than can be achieved through the use of a survey questionnaire. In-depth interviews

utilizing open-ended questions could allow for deeper exploration of these measures as well as their association with organisational factors including size and culture.

Further research in another setting such as the public sector should include some modifications of the questionnaire because this questionnaire was designed for private sector organisations. Furthermore, it is also important to take in account the internal and external environment impact such as sanction and economics restriction on organisational behaviour in both public and private sector. It is also crucial to investigate the impact to of both internal and external environment including employees and managers behaviours, organisational culture and organisational climate on leadership style and how managers and leaders perceive organisational culture and national culture and how they implemented in their leadership style. Although, it is typically the leadership style in private sector should be different from public sector but how managers perceive organisational culture and national culture should remain the same. Also, in order to test the relationship between organisational culture and organisational effectiveness another model of organisational culture such as OCP could be used and the results could be compared with those of this study. Another suggestion for further research is to study the impact of other moderating factors such as religion or technology and then compare the result with those of this study.

The researcher strongly recommends for future study to look at effectiveness objectively by taking profitability, ROI or other measures into the analysis. Therefore, the perception of organisational effectiveness could be crosschecked with objective data.

7.5 Statement of the Research Novelty

In this study each of the components proposed was the basis of a contribution produced for this thesis. The first three chapters of this thesis were related to information that helped the researcher to develop the conceptual model of this study for the research methodology which was presented in Chapter 5. Furthermore, detail on the development and demonstration of the survey as the method of data collection was also presented in Chapter 5. Also, practical data analysis, in both pilot and main study, as well as redevelopment of the conceptual model proposed in Chapter 3 were presented in both Chapter 5 and 6. The results and findings of this research have produced a novel contribution to the subject of culture-effectiveness studies and so expand the knowledge of the subject in terms of the following:

- A comprehensive novel model for the implementation and evaluation of organisational culture and organisational effectiveness features presented in Figure 3.1 is the main contribution of this thesis. This model is presented to address the lack of a theoretical model explaining the relationship between organisational culture types and organisational effectiveness as reported in Chapter 2 and 3. This model was developed as a conceptual model in chapter 3 and empirically investigated in Chapter 5. The results of this investigation were the basis for the evidence and model modification in Chapter 6.
- There are two levels of original contribution in this model. Firstly, the proposed model takes account of previous studies on organisational culture and organisational effectiveness and this supports the conceptual level of this contribution. The researcher included these studies and extended them to merge the factors recognised in the normative literature. In addition, the factors from empirical work have also been combined in the proposed model, thus developing a consistent model for the adoption and evaluation of culture-effectiveness. Secondly, the concept and process of the proposed model can be applied as a map for the evaluation process of culture-effectiveness not only for private sector managers also for the public sector and not for profit organisations as a learning process.

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Appendix A



A Covering Letter

Dear Respondent,

I am a PhD candidate at Brunel University West London, under the supervision of Professor. Zahir Irani, Head of Brunel Business School, Brunel University, London, UK. This research is entitled as:

The Mediating Influence of Leadership Style and Moderating Impact of National Culture and Organisational Size on the Culture-Effectiveness Relationship: The Case of Iran

The aim of study is twofold, i.e. to assess whether the impact of organisational culture on organisational effectiveness is mediated by leadership style and to explore the moderating effects of national culture and organisational size on the relationship between Organizational Culture, leadership style and Organizational Effectiveness. Secondly, to generate a comprehensive model to contribute the knowledge regarding the constructs which significantly determine the impact of organisational culture on organisational effectiveness using leadership style as mediator and national culture and organisational size as moderators.

This study will require you to complete the survey questionnaire (attached) which takes approximately 45 to 60 minutes. Your participation is voluntary, and if you do not wish to participate please discards the questionnaire. Your name and any information you provide will be kept strictly confidential and will not be attributed to the individual or organisation. Completed questionnaire response will be stored in secure environment, and the results of research would be used for only academic purpose.

If you have any question or concern about this study, please contact the investigator: Mr. Alireza Nazarian, PhD Student, Brunel Business School, Brunel University, West London, UB8, 3PH, email: alireza.nazarian@brunel.ac.uk or my supervisor email: zahir.irani@brunel.ac.uk. Your help would be greatly appreciated, thank you very much for your time and cooperation.

Consent:

I wish to be identified in the report

YES NO

I have read the above information and I agree to participate in this study (Please Tick)

Researcher Signature

Alireza Nazarian

Brunel Business School

Research Ethics

Participant Information Sheet

- 1. Title of Research:** The mediating influence of leadership style and moderating impact of national culture and organisational size on the culture-effectiveness relationship: the case of Iran
- 2. Researcher:** Alireza Nazarian on PhD, Brunel Business School, Brunel University
- 3. Contact Email:** cbpgaan@brunel.ac.uk
- 4. Purpose of the research:** To investigate the relationship among national and organisational culture, leadership style and organisational effectiveness.
- 5. What is involved:** participants will be asked to fill the questionnaire
- 6. Voluntary nature of participation and confidentiality.**

This is an anonymous survey whereby all responses will remain confidential and analysed at an aggregate. The data collected will be used for academic purpose only and has been approved by the Brunel Business School ethics committee. Your participation is strictly voluntary. You can freely skip any question if you do not feel comfortable in answering. The estimated time to fill the questionnaire is about 35 to 40 minutes. Please be assured that the data collected from you and others are stored electronically at the university and are password protected. It will be kept for a minimum of five years.

Survey Questionnaire

Section A: Demography

No	Questions	Questions 1-to-4 are related with <i>Your Background information</i> : please mark [x] only one option					
1	Your gender	Male <input type="checkbox"/>			Female <input type="checkbox"/>		
2	Your age group –	Under 25 <input type="checkbox"/>	25 – 34 <input type="checkbox"/>	35 – 44 <input type="checkbox"/>	45 – 54 <input type="checkbox"/>	55 – 64 <input type="checkbox"/>	65 and over <input type="checkbox"/>
3	For data analysis purposes. please TICK (V) the size of your company	Micro-enterprise (less than 10) <input type="checkbox"/>	Small (between 10-49) <input type="checkbox"/>	Medium (from 50 to 249 employees) <input type="checkbox"/>	Large (250 and more employees) <input type="checkbox"/>		
4	your position in the company –	CEO <input type="checkbox"/>	Senior Manag <input type="checkbox"/>	Middle Manag <input type="checkbox"/>	Junior Manag <input type="checkbox"/>		

No	Section B	1	2	3	4	5	6	7
Questions 1-to- 22 are related with your personality: please rate the extent to which you agree with each statement. 1= Extremely Strongly Disagree 2= Strongly Disagree 3= Disagree 4= Neutral 5= Agree 6= Strongly Agree 7= Extremely Strongly Agree								
1	It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Managers expect employees to closely follow instructions and procedures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Rules and regulations are important because they inform employees what the organization expects of them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Standard operating procedures are helpful to employees on the job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Instructions for operations are important for employees on the job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Group welfare is more important than individual rewards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Group success is more important than individual success.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Being accepted by the members of your workgroup is very important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Employees should only pursue their goals after considering the welfare of the group.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Managers should encourage group loyalty even if individual goals suffer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Individuals may be expected to give up their goals in order to benefit group success.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Managers should make most decisions without consulting subordinates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	It is frequently necessary for a manager to use authority and power when dealing with subordinates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Managers should seldom ask for the opinions of employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Managers should avoid off-the-job social contacts with employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Employees should not disagree with management decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Managers should not delegate important tasks to employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Meetings are usually run more effectively when they are chaired by a man.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	It is more important for men to have a professional career than it is for women to have a professional career.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Men usually solve problems with logical analysis; women usually solve problems with intuition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Solving organizational problems usually requires an active forcible approach which is typical of men.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	It is preferable to have a man in a high level position rather than a woman.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No	Section C	1	2	3	4	5	6	7

Questions 23-to- 46 are related with your understanding of the organisational culture of the place you work at: please rate the extent to which you agree with each statement.

**1= Extremely Strongly Disagree 2= Strongly Disagree 3= Disagree
4= Neutral 5= Agree 6= Strongly Agree 7= Extremely Strongly Agree**

23	The company is a personal place, it is like an extended family, People seem to share a lot of themselves.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	The leadership in the company is generally considered to exemplify mentoring, facilitating, or nurturing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	The management style in the company is characterized by teamwork, consensus and participation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26	The 'glue' that holds the company together is loyalty and mutual trust. Commitment to the company runs high.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	The company emphasises human development. High trust, openness and participation persist.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	The company defines success on the basis of the development of human resources, teamwork, employee commitment and concern for people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29	The company is a dynamic entrepreneurial place. People are willing to stick their necks out and take risks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	The leadership in the company is generally considered to exemplify entrepreneurship, innovating, or risk-taking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	The management style in the company is characterized by individual risk-taking, innovation, freedom and uniqueness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	The 'glue' that holds the company together is commitment to innovation and development. There is an emphasis on being on the cutting edge.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	The company emphasises acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34	The company defines success on the basis of having unique, or the newest, products. It is a product leader and innovator.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35	The Company is results orientated. A major concern is with getting the job done. People are very competitive and achievement orientated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	The leadership in the company is generally considered to exemplify a no-nonsense, aggressive, results-orientated focus.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37	The management style in the company is characterized by hard-driving competitiveness, high demands and achievement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38	The 'glue' that holds the company together is the emphasis on achievement and goal accomplishment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
39	The company emphasises competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40	The company defines success on the basis of winning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	in the marketplace and outpacing the competition. Competitive market leadership is the key.							
41	The company is a controlled and structured place. Formal procedures generally govern what people do.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
42	The leadership in the company is generally considered to exemplify co-coordinating, organizing, and smooth-running efficiency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
43	The management style in the company is characterized by security of employment, conformity, predictability and stability in relationships.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44	The 'glue' that holds the company together is formal rules and policies. Maintaining a smooth-running company is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45	The company emphasises permanence and stability. Efficiency, control and smooth operations are important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
46	The company defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No	Section D	1	2	3	4	5	6	7
Questions 47-to- 87 are related with organisational effectiveness: please rate the extent to which you agree with each statement. 1= Extremely Strongly Disagree 2= Strongly Disagree 3= Disagree 4= Neutral 5= Agree 6= Strongly Agree 7= Extremely Strongly Agree								
47	In my organisation the number of employee complaints about their job experience received at the organisation is decreasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
48	In my organisation employee attrition resulting from dissatisfaction is increasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
49	In my organisation the number of employee visit the consulting centre is decreasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
50	In my organisation managers and supervisors are satisfied with their jobs and employment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
51	In my organisation, managers and supervisors' satisfaction of their organisation is decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
52	In my organisation absenteeism of managers and supervisor is decreasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
53	In my organisation the number of leaving managers and supervisors is increasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
54	In my organisation talents and expertise exist to increase the quality of the employees' work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
55	In my organisation complaint about type and adequacy of recognition and reward is increasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56	In my organisation complaint about equity of treatment and rewards is decreasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
57	In our organisation performance-related rewards are decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
58	In our organisation performance-related rewards are treated seriously.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

59	Organisational rewards and promotion schemes are not only influenced by superior performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
60	In my organisation quality of employee's skill is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
61	In my organisation the number of employees attending training course or workshop on outside working time is decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
62	In my organisation complaint concerning employee working capability is Increasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
63	In my organisation training and development greatly valued.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
64	Our Organisation prime goal is customer satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
65	In my organisation employee's attendance at professional training course is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
66	In my organisation employees' output such as product or service is Decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
67	In my organisation High quality work is always expected from us.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
68	In my organisation the number of training course offered to employees is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
69	My Organisation gives great emphasis on checking and focusing on quality in performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
70	My Organisation constantly develops new services or products.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
71	In my organisation regular and continuous non-professional activities offered for employee's personal development is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
72	In my organisation the numbers of employees participate actively in non-professional activities is decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
73	In my organisation opportunities to access supporting facilities for non-professional activities is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
74	My Organisation encourages teamwork among employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
75	My organisation promotes open and trusting communication among members of organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
76	My organisation promotes important communication should be transferred by formal channels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
77	My organisation has a very effective system of communication to transfer management information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
78	In my organisation there is a good level of trust in the management's view of the workforce.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
79	My organisation believes that employees are more effective when working as a team.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
80	In my organisation communications' methods are effective at all levels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

81	In my organisation community service activities done by employees is increasing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
82	In my organisation professional activities such as consultancy and training outside the workplace and served by employees is Decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
83	In my organisation the number of programme to enhance the community relation is increasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
84	In my organisation the number of conferences and workshop for non-employed people done by our employees is Decreasing (reverse).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
85	My Organisation does not miss opportunities ay any levels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
86	My Organisation can easily attract talented people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
87	My Organisation is always looking for the best way of using limited resources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No	Section E	0	1	2	3	4		
Questions 88-to- 123 are related with leadership style: please rate the extent to which you agree with each statement. 0= Not at all 1= Once in a while 2= Sometimes 3= Fairly often 4= Frequently								
88	Provides me with assistance in exchange for my efforts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
89	Re-examines critical assumptions to question whether they are appropriate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
90	Fails to interfere until problems become serious	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
91	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
92	Avoids getting involved when important issues arise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
93	Talks about his/her most important values and beliefs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
94	Is absent when needed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
95	Seeks differing perspectives when solving problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
96	Talks optimistically about the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
97	In stills pride in me for being associated with him/her	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
98	Discusses in specific terms who is responsible for achieving performance targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
99	Waits for things to go wrong before taking action	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
100	Talks enthusiastically about what needs to be accomplished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
101	Specifies the importance of having a strong sense of purpose	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
102	Spends time teaching and coaching	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
103	Makes clear what one can expect to receive when performance goals are achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
104	Shows that he/she is a firm believer in "If it ain't broke, don't fix it."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
105	Goes beyond self-interest for the good of the group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
106	Treats me as an individual rather than just as a member of a group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
107	Demonstrates that problems must become chronic before taking action	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
108	Acts in ways that builds my respect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
109	Concentrates his/her full attention on dealing with mistakes, complaints, and failures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

110	Considers the moral and ethical consequences of decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
111	Keeps track of all mistakes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
112	Displays a sense of power and confidence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
113	Articulates a compelling vision of the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
114	Directs my attention toward failures to meet standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
115	Avoids making decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
116	Considers me as having different needs, abilities, and aspirations from others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
117	Gets me to look at problems from many different angles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
118	Helps me to develop my strengths	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
119	Suggests new ways of looking at how to complete assignments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
120	Delays responding to urgent questions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
121	Emphasizes the importance of having a collective sense of mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
122	Expresses satisfaction when I meet expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
123	Expresses confidence that goals will be achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix B

Partial Correlation

Control Variables			OE	Clan	Adhocracy	Market	Hierarchy	Leadership	Small, Medium, Large
-none- ^a	OE	Correlation	1.000						
	clan	Correlation	.471***	1.000					
	Adhocracy	Correlation	-.004	.157**	1.000				
	Market	Correlation	.374***	.368***	-.029	1.000			
	Hierarchy	Correlation	.423***	.428***	.027	.436***	1.000		
	Leadership	Correlation	.550***	.383***	.078	.442***	.465***	1.000	
	Small, Medium, Large	Correlation	-.066	.204***	-.006	.328***	.379***	.127**	1.000
Small, Medium, Large	OE	Correlation	1.000						
	clan	Correlation	.496***	1.000					
	Adhocracy	Correlation	-.004	.162**	1.000				
	Market	Correlation	.420***	.325***	-.029	1.000			
	Hierarchy	Correlation	.486***	.388***	.032	.357***	1.000		
	Leadership	Correlation	.564***	.368***	.079	.428***	.454***	1.000	

Regression model of the whole model

Descriptive Statistics

	Mean	Std. Deviation	N
OE	4.57	0.619	353
clan	1.74	0.628	353
Adhocracy	2.16	0.723	353
Market	3.36	1.549	353
Hierarchy	3.44	1.407	353
Leadership	1.81	0.844	353

Correlations

		OE1	clan	Adhocracy	Market	Hierarchy	Leader1
Pearson Correlation	OE1	1.000	.471	-.004	.374	.423	.550
	clan	.471	1.000	.157	.368	.428	.383
	Adhocracy	-.004	.157	1.000	-.029	.027	.078
	Market	.374	.368	-.029	1.000	.436	.442
	Hierarchy	.423	.428	.027	.436	1.000	.465
	Leader1	.550	.383	.078	.442	.465	1.000
Sig. (1-tailed)	OE1	.	.000	.470	.000	.000	.000
	clan	.000	.	.002	.000	.000	.000
	Adhocracy	.470	.002	.	.291	.306	.073
	Market	.000	.000	.291	.	.000	.000
	Hierarchy	.000	.000	.306	.000	.	.000
	Leader1	.000	.000	.073	.000	.000	.
N	OE1	353	353	353	353	353	353
	clan	353	353	353	353	353	353
	Adhocracy	353	353	353	353	353	353
	Market	353	353	353	353	353	353
	Hierarchy	353	353	353	353	353	353
	Leader1	353	353	353	353	353	353

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	Leader1, Adhocracy, clan, Market, Hierarch ^y	.	Enter

a. All requested variables entered.

b. Dependent Variable: OE1

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.634 ^a	.402	.394	.482	.402	46.748	5	347	.000	1.320

a. Predictors: (Constant), Leader1, Adhocracy, clan, Market, Hierarchy

b. Dependent Variable: OE1

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.348	5	10.870	46.748	.000 ^a
	Residual	80.682	347	.233		
	Total	135.029	352			

a. Predictors: (Constant), Leader1, Adhocracy, clan, Market, Hierarchy

b. Dependent Variable: OE1

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
	1	(Constant)	3.509			.112			31.397	.000	3.289	3.729	
	clan	.266	.048	.270	5.575	.000	.172	.360	.471	.287	.231	.732	1.366
	Adhocracy	-.066	.036	-.077	-1.818	.070	-.137	.005	-.004	-.097	-.075	.963	1.039
	Market	.023	.020	.059	1.189	.235	-.015	.062	.374	.064	.049	.709	1.409
	Hierarchy	.048	.022	.110	2.162	.031	.004	.092	.423	.115	.090	.671	1.491
	Leader1	.275	.037	.376	7.510	.000	.203	.347	.550	.374	.312	.689	1.452

a. Dependent Variable: OE1

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	clan	Adhocracy	Market	Hierarchy	Leader1
1	1	5.539	1.000	.00	.00	.00	.00	.00	.00
	2	.168	5.735	.03	.00	.28	.16	.03	.10
	3	.099	7.484	.01	.00	.00	.53	.00	.69
	4	.086	8.018	.00	.12	.08	.24	.55	.20
	5	.068	9.007	.01	.83	.07	.01	.36	.00
	6	.039	11.869	.96	.04	.58	.05	.05	.00

a. Dependent Variable: OE1

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.89	5.74	4.57	.393	353
Std. Predicted Value	-1.736	2.955	.000	1.000	353
Standard Error of Predicted Value	.030	.200	.059	.023	353
Adjusted Predicted Value	3.89	5.80	4.58	.397	353
Residual	-2.552	1.081	.000	.479	353
Std. Residual	-5.293	2.242	.000	.993	353
Stud. Residual	-5.351	2.260	-.003	1.005	353
Deleted Residual	-2.608	1.099	-.003	.491	353
Stud. Deleted Residual	-5.578	2.274	-.004	1.013	353
Mahal. Distance	.390	59.629	4.986	6.349	353
Cook's Distance	.000	.363	.004	.022	353
Centered Leverage Value	.001	.169	.014	.018	353

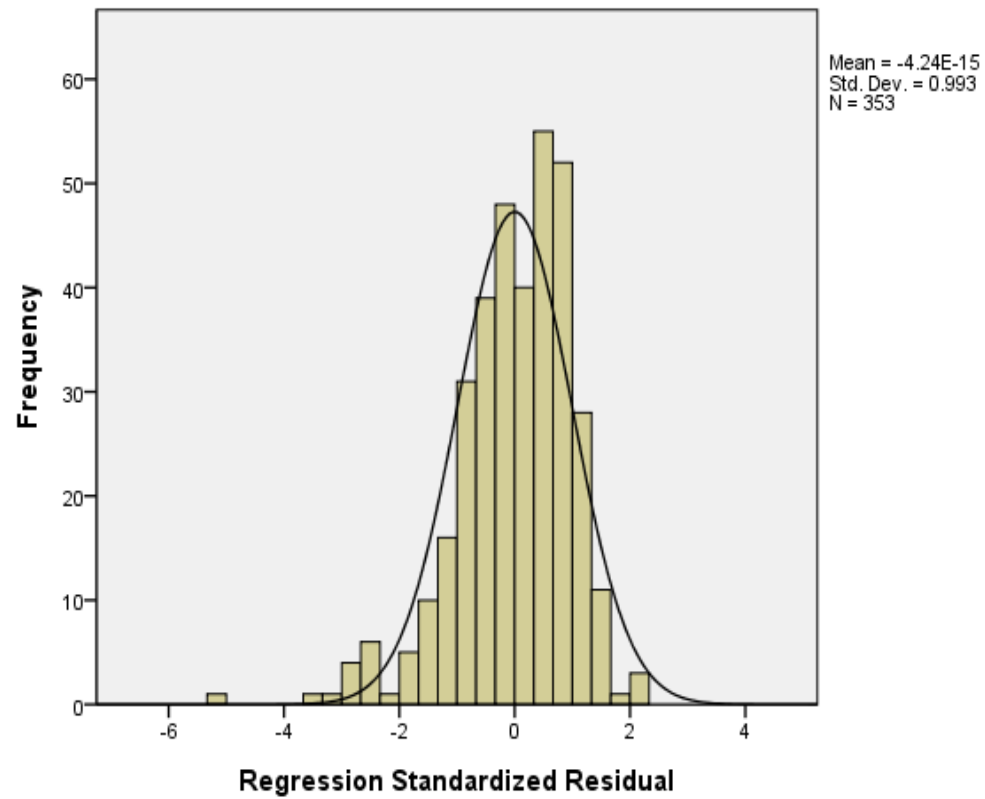
a. Dependent Variable: OE1

Appendix C

Charts

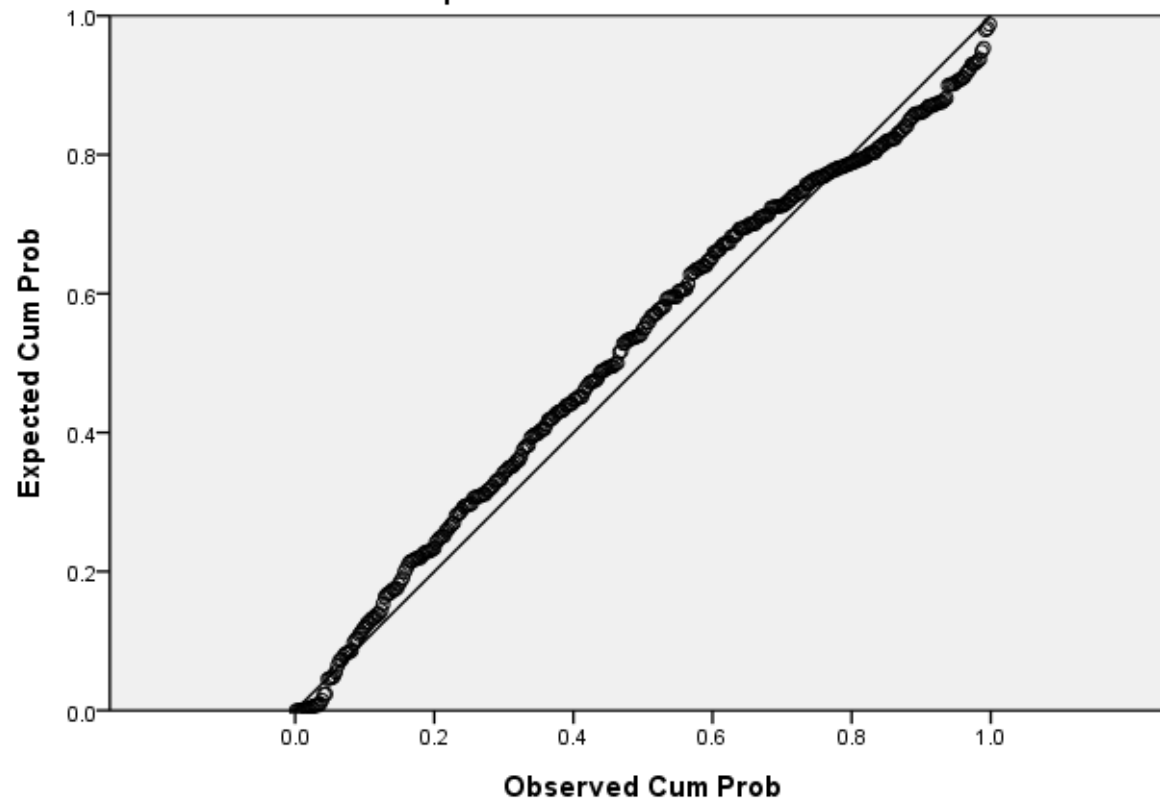
Histogram

Dependent Variable: OE1

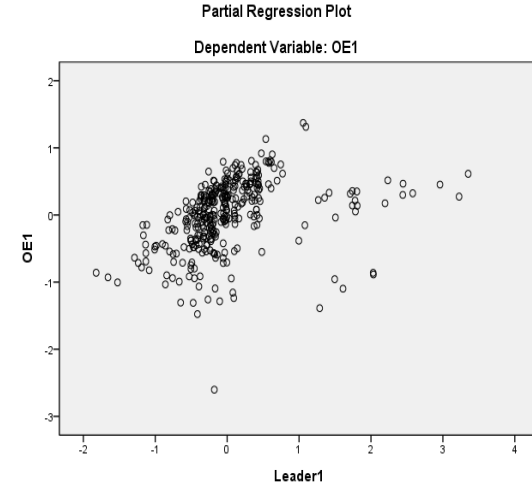
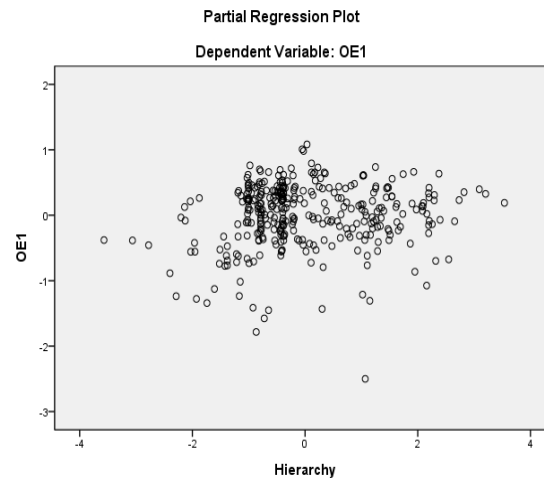
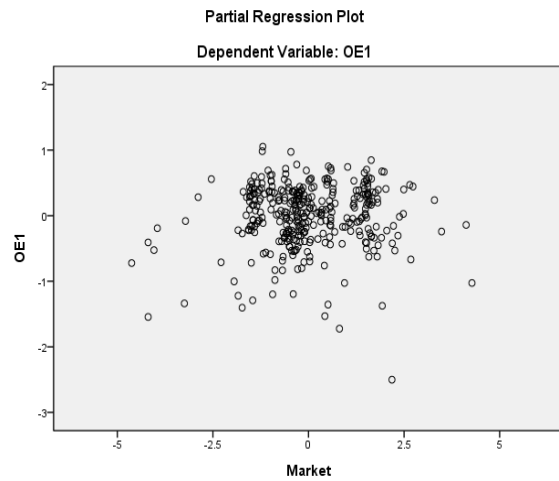
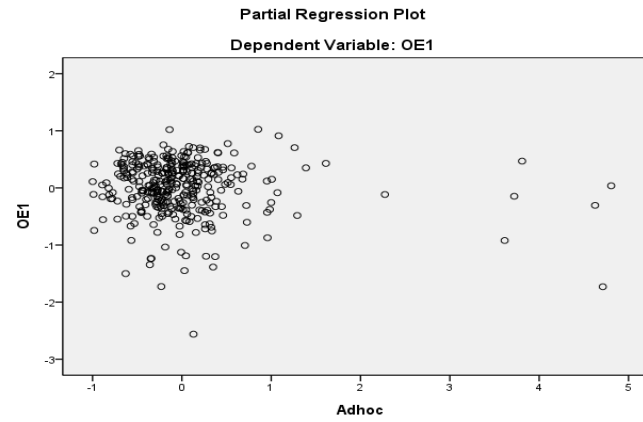
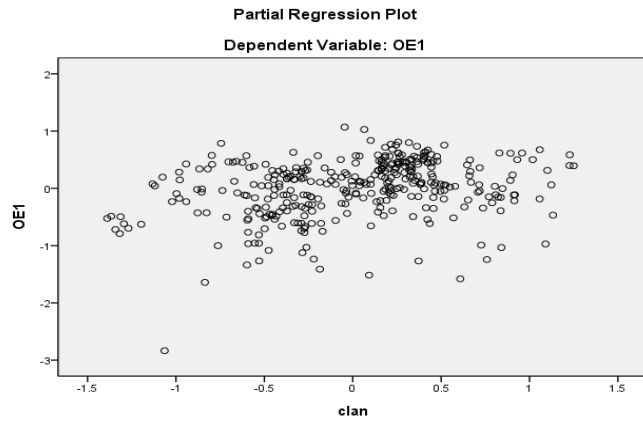


Normal P-P Plot of Regression Standardized Residual

Dependent Variable: OE1



Partial Regression Plots



Curve Fit

Model Description

Model Name	MOD_1
Dependent Variable	OE1
Equation	Linear
Independent Variable	clan
Constant	Included
Variable Whose Values Label	Unspecified
Observations in Plots	

Variable Processing Summary

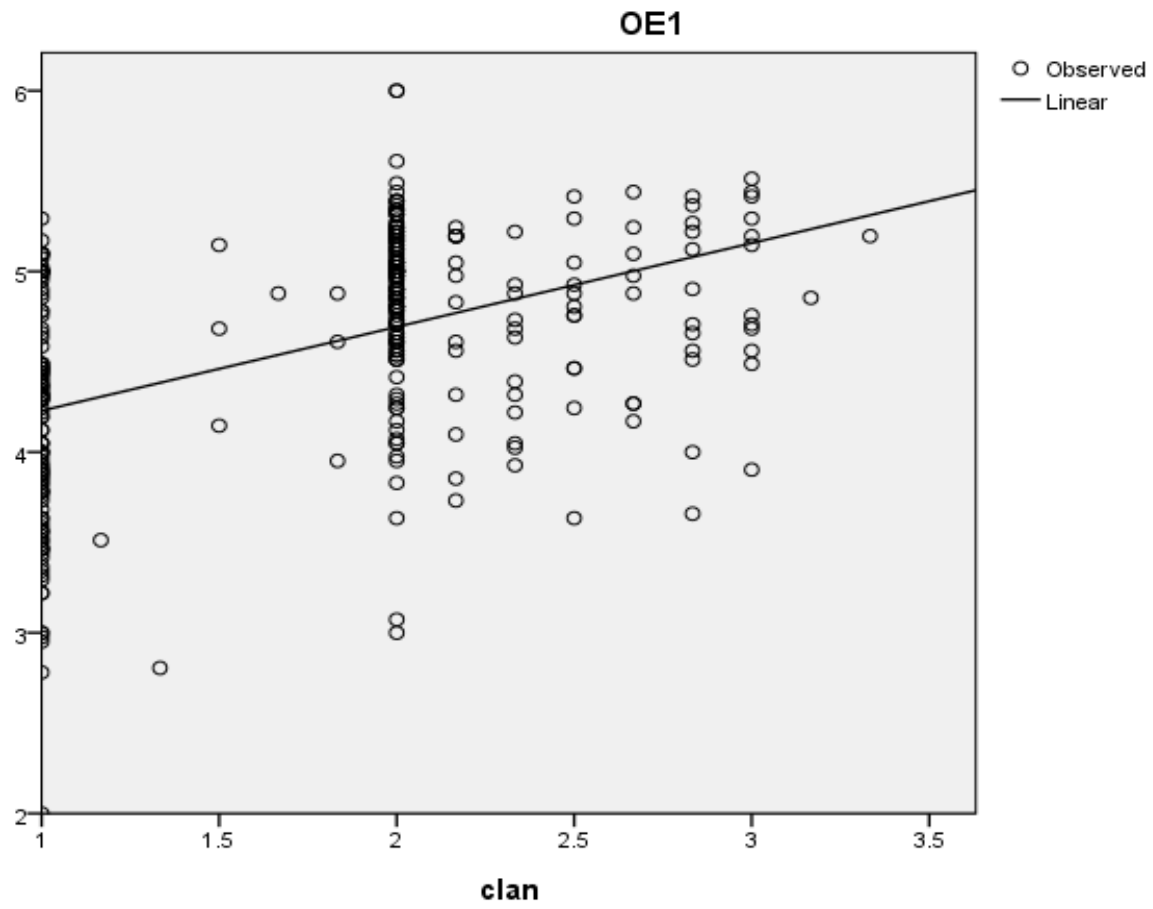
	Variables	
	Dependent	Independent
	OE1	clan
Number of Positive Values	353	353
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values	User-Missing System-Missing	0 0

Model Summary and Parameter Estimates

Dependent Variable:OE1

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.222	99.918	1	351	.000	3.765	.464

The independent variable is clan.



Model Description

Model Name		MOD_2
Dependent Variable	1	OE1
Equation	1	Linear
Independent Variable		Adhocracy
Constant		Included
Variable Whose Values Label		Unspecified
Observations in Plots		

Variable Processing Summary

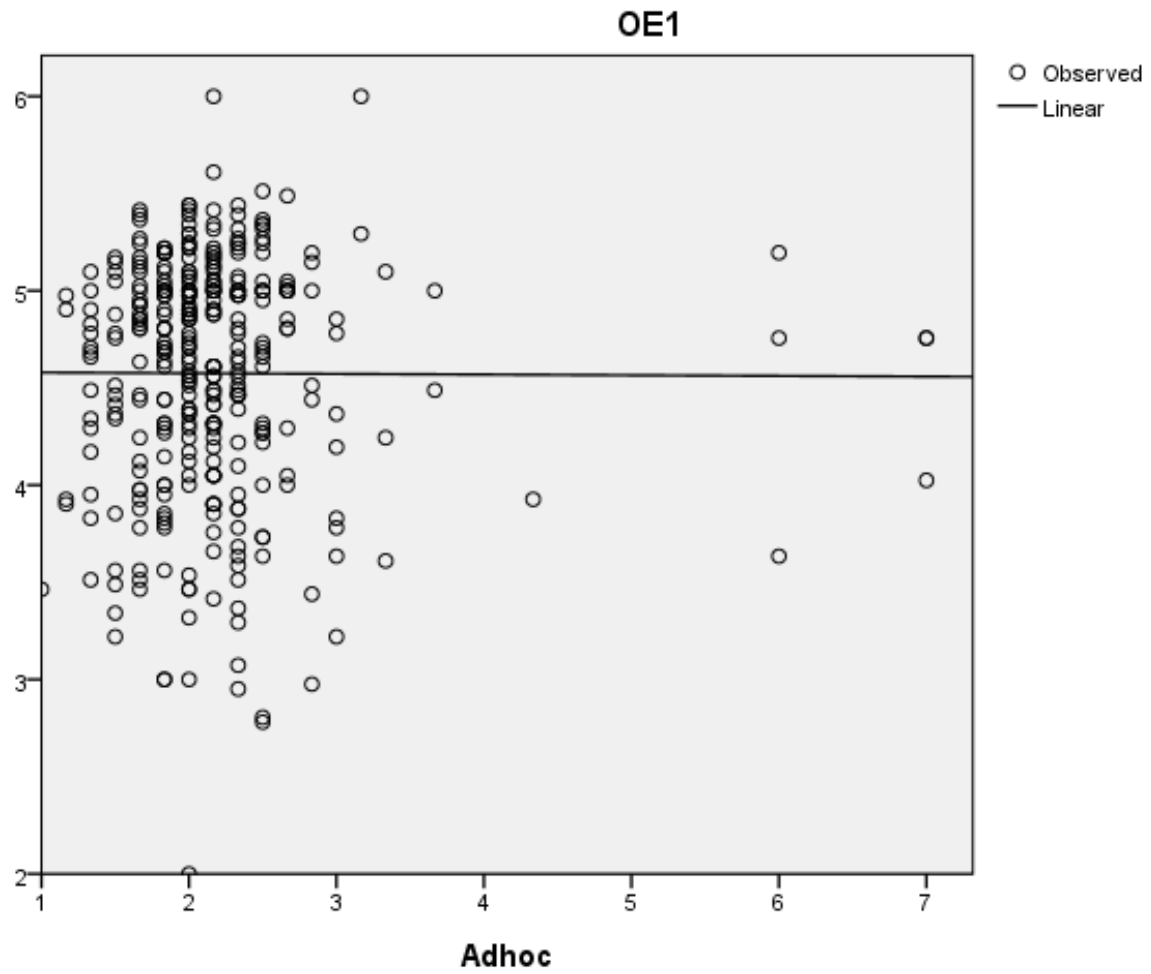
	Variables	
	Dependent	Independent
	OE1	Adhoc
Number of Positive Values	353	353
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values		
User-Missing	0	0
System-Missing	0	0

Model Summary and Parameter Estimates

Dependent Variable:OE1

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.000	.006	1	351	.940	4.582	-.003

The independent variable is Adhocracy.



Model Description

Model Name		MOD_3
Dependent Variable	1	OE1
Equation	1	Linear
Independent Variable		Market
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

Variable Processing Summary

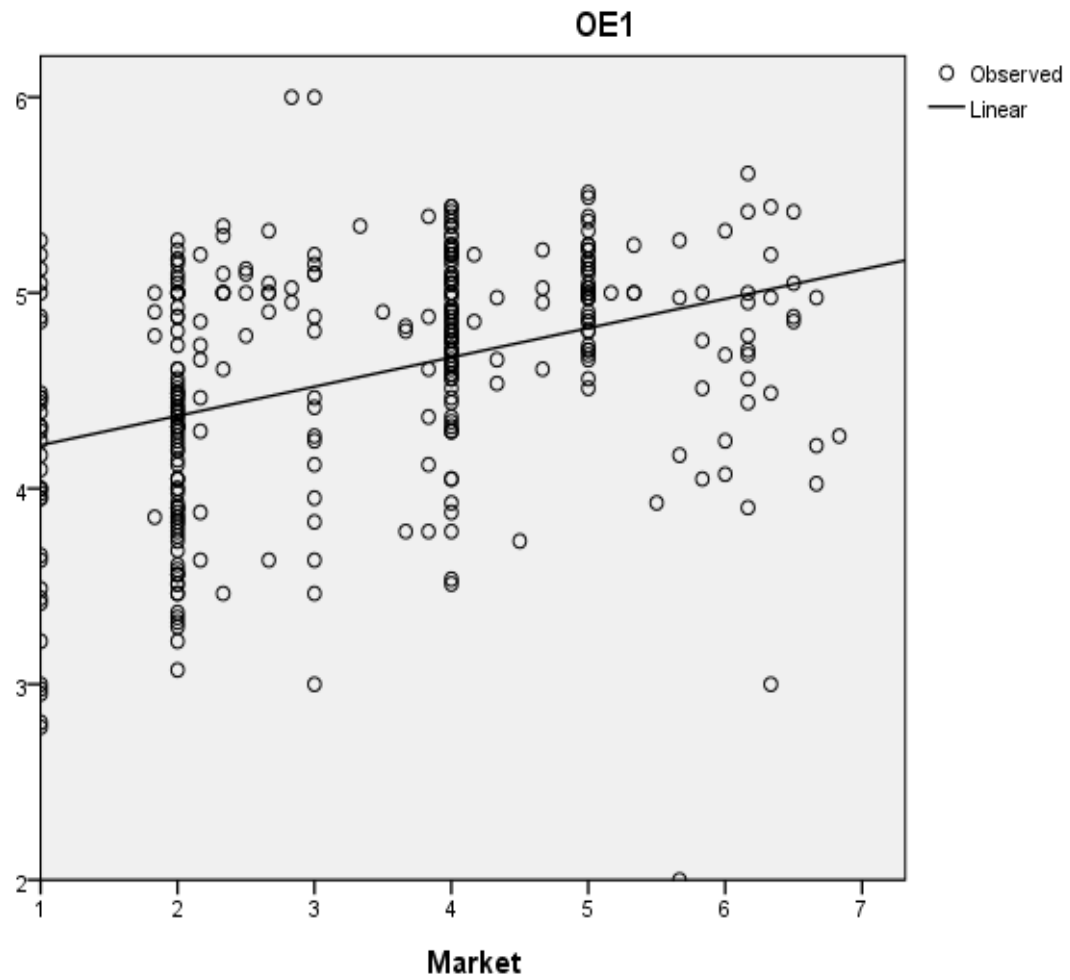
	Variables	
	Dependent	Independent
	OE1	Market
Number of Positive Values	353	353
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values	0	0
	User-Missing	
	System-Missing	

Model Summary and Parameter Estimates

Dependent Variable:OE1

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.140	57.146	1	351	.000	4.072	.150

The independent variable is Market.



Model Description

Model Name	MOD_4
Dependent Variable	OE1
Equation	1
Independent Variable	Linear
Constant	Included
Variable Whose Values Label	Unspecified
Observations in Plots	

Variable Processing Summary

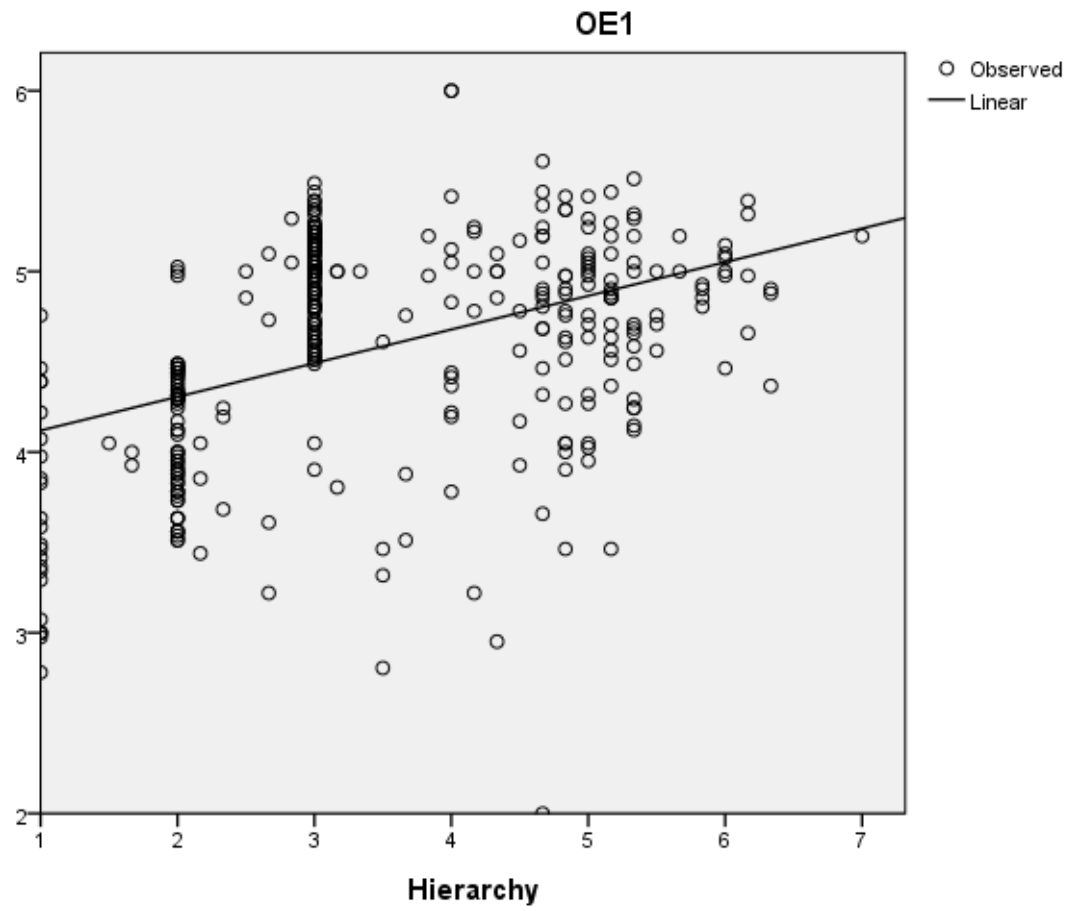
	Variables	
	Dependent	Independent
	OE1	Hierarchy
Number of Positive Values	353	353
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values	0	0
	User-Missing	
	System-Missing	

Model Summary and Parameter Estimates

Dependent Variable:OE1

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.179	76.627	1	351	.000	3.933	.186

The independent variable is Hierarchy.



Model Description

Model Name		MOD_5
Dependent Variable	1	OE1
Equation	1	Linear
Independent Variable		Leader1
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

Variable Processing Summary

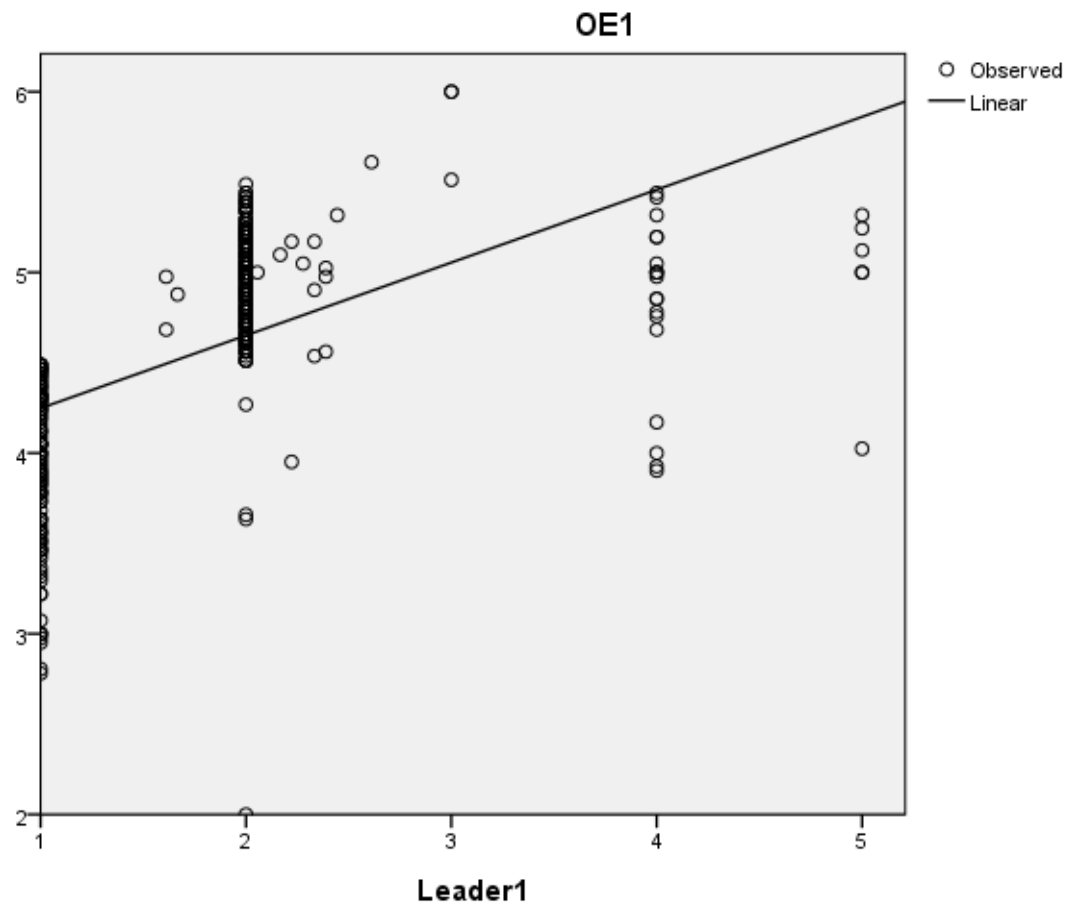
	Variables	
	Dependent	Independent
	OE1	Leader1
Number of Positive Values	353	353
Number of Zeros	0	0
Number of Negative Values	0	0
Number of Missing Values	0	0
	User-Missing	
	System-Missing	

Model Summary and Parameter Estimates

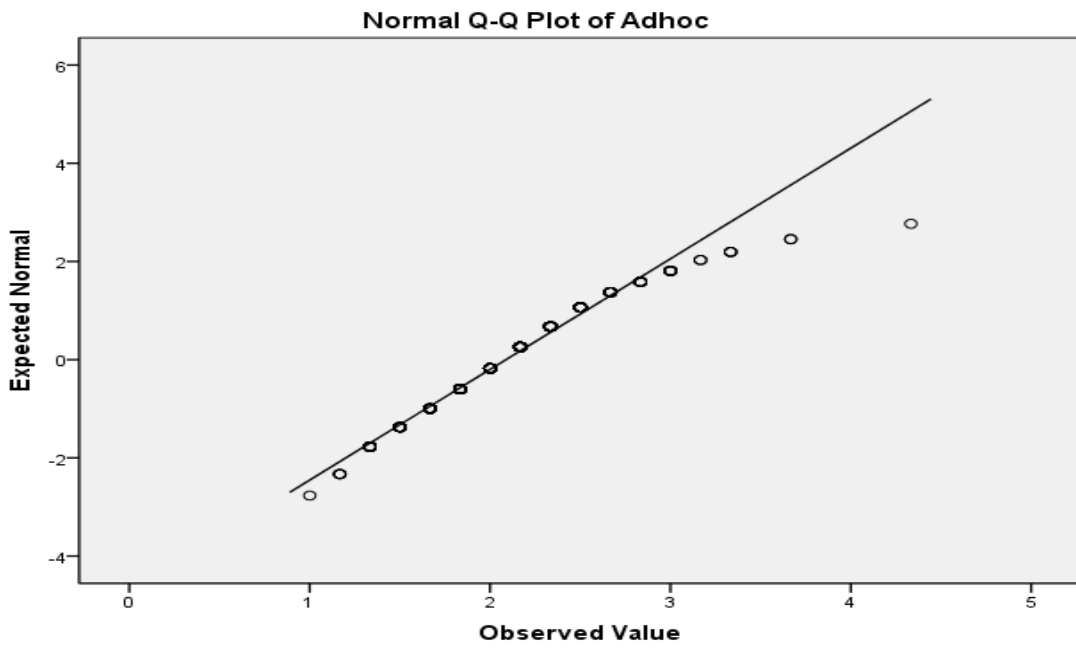
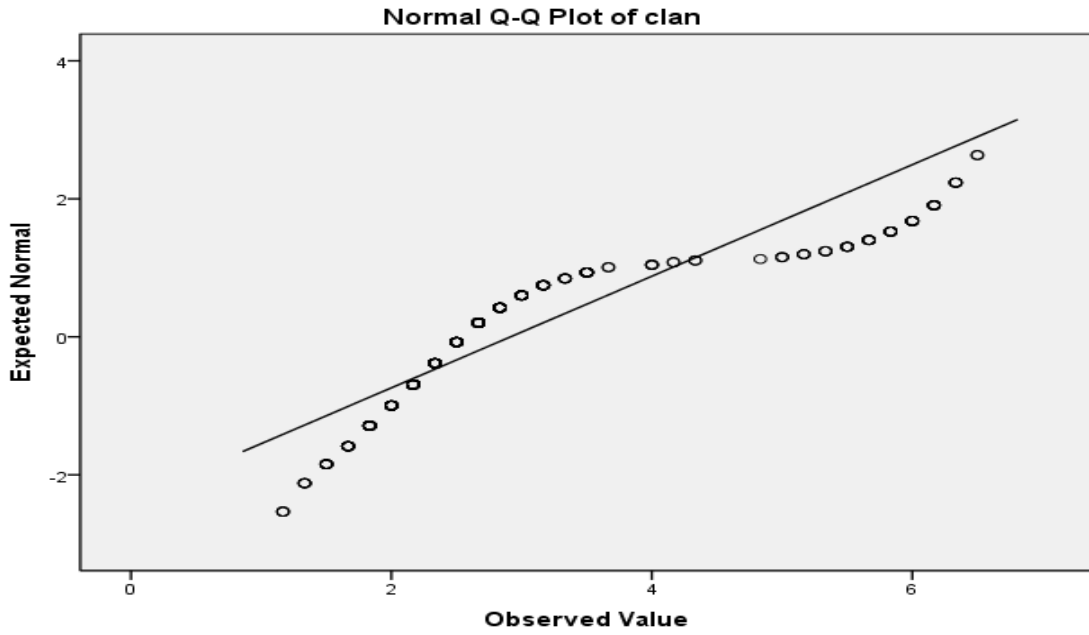
Dependent Variable:OE1

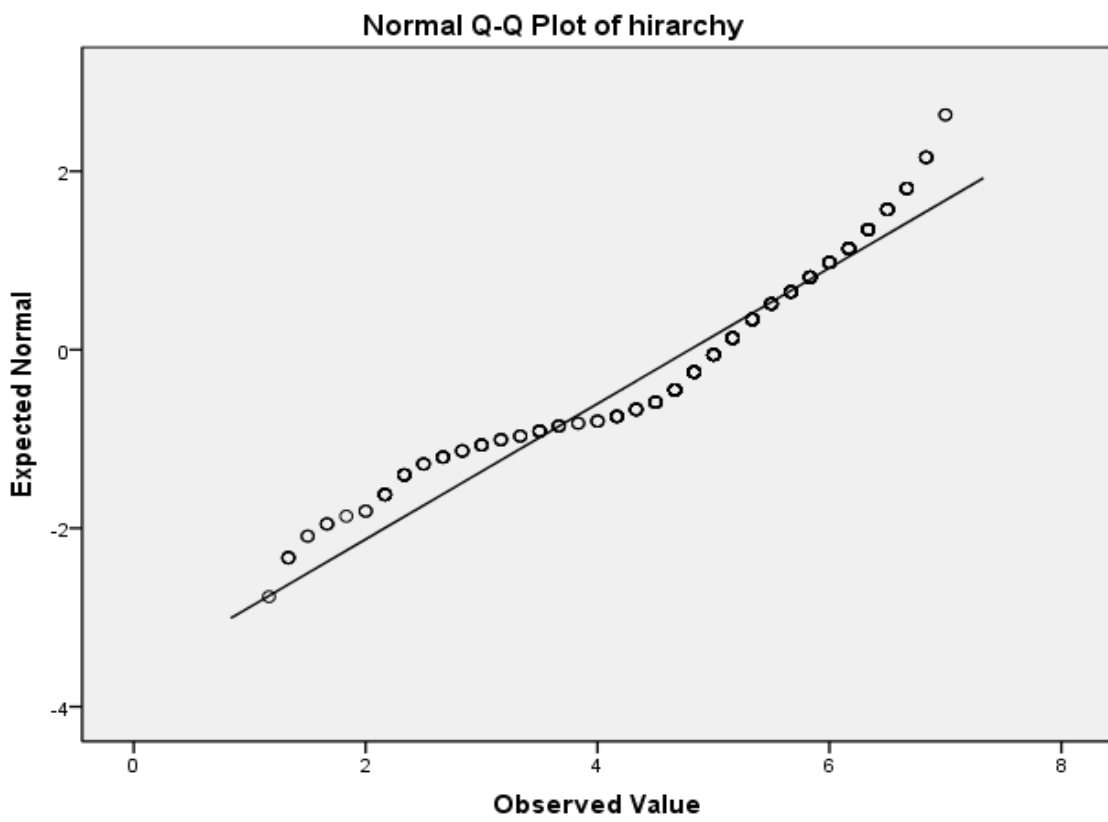
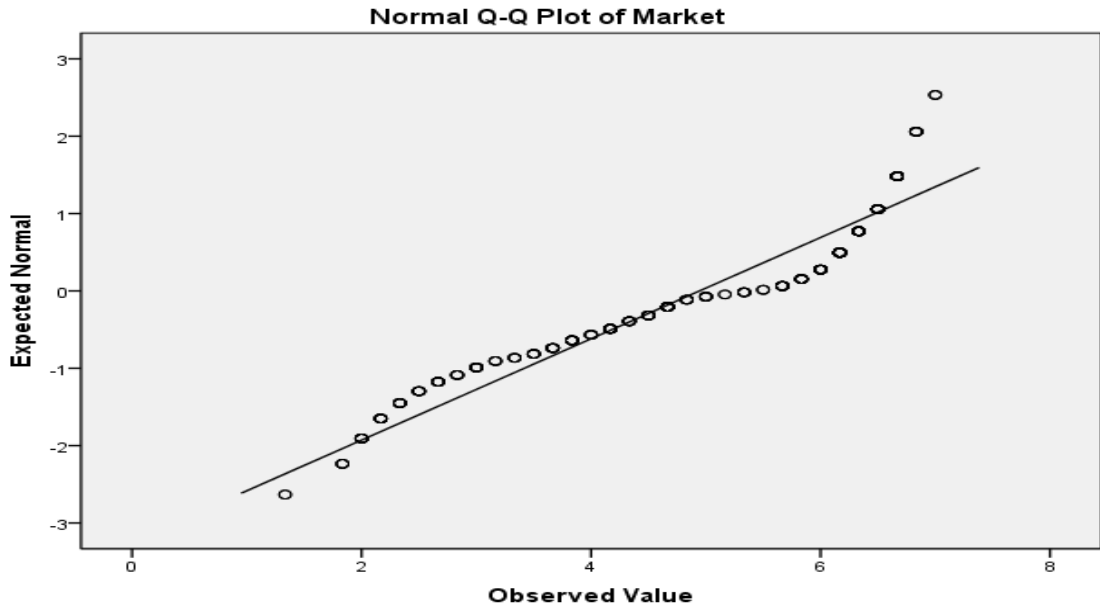
Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.303	152.289	1	351	.000	3.845	.403

The independent variable is Leader1.

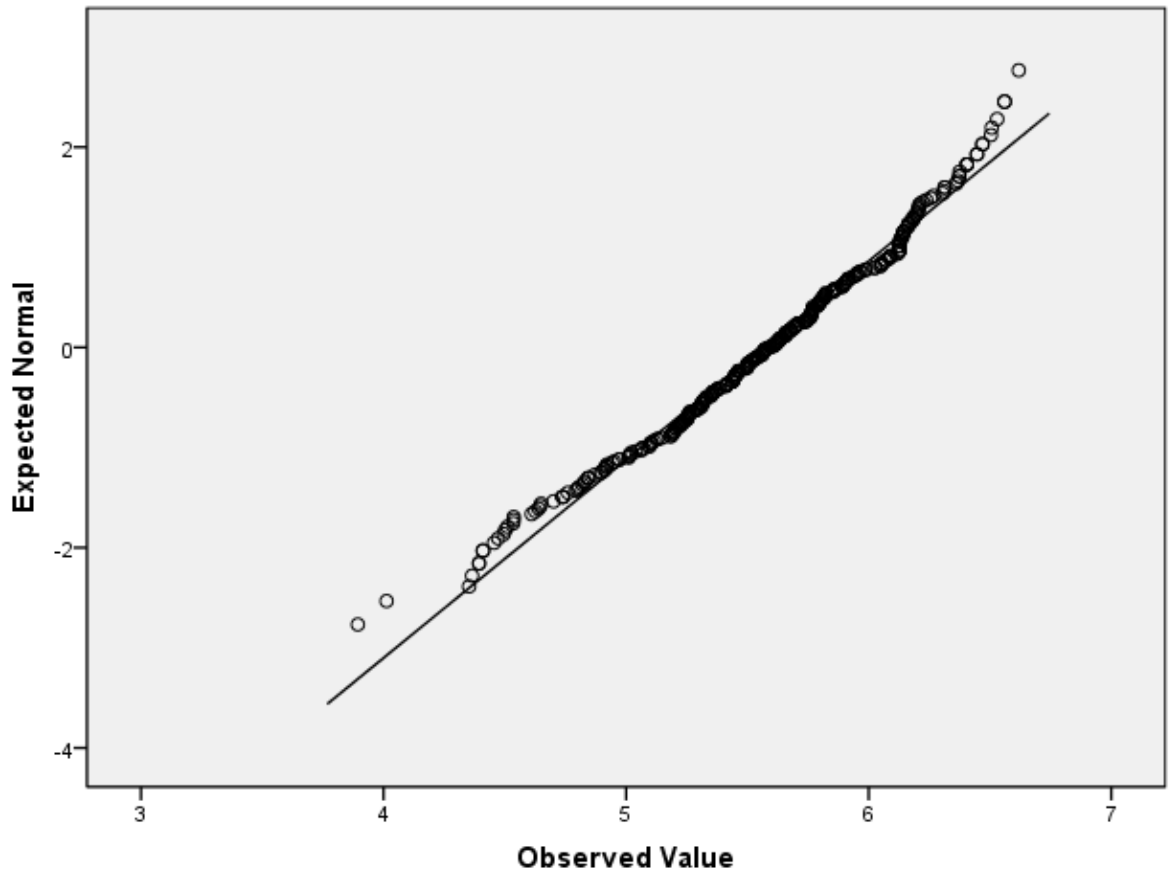


Appendix D





Normal Q-Q Plot of OE



Appendix E

Table to compare the Likert scale with Hofstede's scale

0.25	0.5	0.75	1	1.25	1.5	1.75	2	2.25	2.5	2.75	3	3.25	3.5
3.75	7.14	10.71	14.28	17.85	21.42	25	28.57	32.14	35.71	39.28	42.85	46.42	50
3.75	4	4.25	4.5	4.75	5	5.25	5.5	5.75	6	6.25	6.5	6.75	7
53.57	57.14	60.71	64.28	67.85	71.42	75	78.57	82.14	85.71	89.28	92.85	96.42	100

Appendix F

Discussion on National Culture changes in Iran

Power Distance

One of the national culture dimension mentioned by Hofstede in his study was power distance and according to his findings, Iran scored high in this dimension, which indicates that Iranians can accept inequality of distribution of power in the society. One factor that can contribute to a high level of power distance in Iranian society can be traced back to the Iranian family where the father used to have ultimate power and children were forced to listen and follow him as the leader of family. This obedience was even stricter for female members of the family as normally they have fewer privileges because of male domination of culture in Iran. According to Islamic law, which denies women individuality, and autonomy, women normally were considered as Minors (and are still considered in law as Minors) who need guardianship and their rights and obligations as a member of the family need to be defended by their male relatives. Women were expected to obey their father or husband's rules and they were expected to do their best to transfer this culture to their children and teach them to do the same and in rural areas and small cities this is till the case. Children were taught from an early age to respect and obey their father as the ultimate power in the family. Consequently, it can be argued that children brought up in this social and cultural environment subconsciously accept the existence of inequality of distribution of power and male domination in society as a fact of life. Therefore, one can argue that acceptance of high power distance in Iran, is rooted in Iranian families' affairs and, more specifically, mothers' behaviour and attitude toward her husband and male relatives in the house. However, in recent years this way of thinking in society has been subjected to fundamental changes and it could be argued that patriarchal culture has failed as a result of the new strategy adopted by women in modern Iran.

However, since the Islamic Revolution in 1979 and modernization policies, increasing urbanisation, higher literacy rates for women, university education for young women, and women's increasing social, cultural and economic activities, attitudes towards women have dramatically changed and this change has caused a change in Iranian national culture in general. Paradoxically, after the Islamic Revolution, which implements strict rules and denies women civil right such as limitations on divorce or child custody or institutionalised gender

inequality, women have adopted a new form of strategy by rejecting traditionalist values and divine justification for segregation policies. They started by challenging the patriarchal system which existed in their society in both their family and in the public sphere. According to Thiebaut (2009) what is interesting about women in modern Iran is that they manage to establish a new kind of relationship with their children by denying the patriarchal system, which is naturally based on authority, and they prefer to use dialogue and persuasion rather than authority. Moreover, in order to establish a new, modern culture in distinction from the regime's fundamentalist, strict Islamic culture, women have placed a high value on higher education for their children including learning foreign language (mainly English) or even sending them to other countries such as England to study. This has been considered by parents as opening the door to the outside world to learn other cultures and activities to ensure their children's future. It can be argued that this new relationship between mother and child has changed many aspects of Iranian culture for the new generation. Furthermore, as a result of an increasing level of the presence of women in the labour market as professionals as well as the weakening of male domination in both public and private spheres provides them with economic independence and intellectual autonomy helping them to challenge men's traditional cultural authority financially and intellectually both domestically (inside the family) and socially. However, this change has not achieved anything without paying a price for and that has been an increase in the level of tension between wife and husband. With the support of government laws, based on religious rules, men are able not to authorise their wives to work and many men prefer to use this privilege unless their wives' salary are absolutely essential for family economics affairs.

It is important to mention that the revolutionary movement itself, unlike in popular perception, has played a key role in the weakening of the traditional hierarchical order, which is normally based on authority, paternalistic monarchy and the patriarchal system, before and after the revolution. The weakening of the traditional cultural model of the Iranian family specifically among the middle and upper-middle classes has been helped by the revolutionary movement which has given young people license to disobey their parents' orders, not to join the movement, by clerical leaders. Moreover, young people's participation in the revolutionary movement has also had another effect which has been to create a gap and conflict between generations. The recent case of the green movement in Iran can also be compared with the pre-revolutionary movement in that it shows a great deal of conflict

between the third generation of the Islamic revolution, who actively seeking for modernisation and political and social freedom, and the first and second generations of Islamic revolution, who were more religious and patriotic toward clerical leaders. Many children of the elites and clerics have participated in the green movement despite their parents' conservative views and government support. Interestingly, these parents are the same people as the young students who disobeyed their own parents' orders and questioned their parents' traditional authority by participating in the revolutionary movement, but are now trying to practice their authority over their children by forbidding them to join the green movement.

The Islamic revolution also created a trend of change in the system of values among young people and it was these young people's who opposed the traditional value system. As a first step in this trend, the younger generation who become so involved in the revolution that they even substituted ideological authority from the religious or political leaders, depending on their political- ideological perspective, for parental authority. Also, another example of this trend can be found in a new culture of marriage., In the traditional Iranian culture of marriage normally set by parents or older members of the family usually the groom is more educated, older and has a better economic and social status than the bride. But after the revolution marriage of free choice among the younger generation especially those from the middle and upper middle class became very fashionable and also the way to oppose the traditional culture of authority.

In addition, as a result of modernization, expansion of urbanisation and education, Iranian social and cultural changes have entered a new era. For example, the new generation of parents has changed its approach toward their children's education from an authoritarian style of education, high on control and low on support, to permissive education and child centeredness, which is low on control and high on support. This change of attitude towards child centeredness has certainly played a crucial role in changing Iranian family culture after the revolution. Although, these changes had started long before the revolution happened, they served to the purposes of the revolutionary movement in post-revolution Iran. One of the main outcomes of these changes has been the weakening of the traditional hierarchal order.

Also, it could be argued that another reason for the weakening of parental authority can be traced back into the increased level of literacy among children from lower class families.

Generally, parents of lower class origin were normally illiterate or barely literate and this gap between parents' and children's level of education has strengthened young people's authority within their families. In the 1997 presidential election and surprise victory of Khatami over his conservative rival, the role of young people in this victory appeared to be absolutely crucial. Young people, who could not vote (16 is the voting age), in order to make sure the name of their favourite candidate (Khatami) would be selected on the ballot accompanied their illiterate parents to the poll. During the two months of the presidential election in 1997 almost all university students went back to their cities to work in Khatami's campaign to persuade more people to vote for him.

Surprisingly, even the power elite who are normally very conservative, religious and traditionalist did not explicitly confront the young people's new value system. In fact, they actually actively helped in weakening the traditional parental order as they viewed parental order as something that held back young people's indoctrination. This weakening of the parental order had accelerated by the beginning of the Iran-Iraq war, when the authorities needed to mobilise volunteers for war. Therefore, they used all available channels including, the media, Friday prayers, and mosques to encourage young people to go to war, despite the opposition of many parents for mobilisation of their sons. In fact, the weakening of parental power helped the Islamic revolution during the war to establish its ideology.

Another main intervention of government in weakening the parental order, which was criticised even by politicians, was the intervention of the government in the family sphere and the attempt to Islamise families by using information gathered from school children by hand-picked teachers about their family's life style such as whether their parents pray or have mixed parties or fasting during Ramadan. The main reason for government intervention in the family sphere was to make sure values transmitted to children by parents were in line with the government ideology of Islamisation of society. The government believed that the transmission of Islamic values should start from an early age in order to have the maximum effect. Therefore, as a result of this strategy, the educational system was put in charge of the Islamisation campaign. Consequently, many families who did not follow the government ideology of Islamisation were forced to encourage their children to lie. These innocent children were often brought up with two personalities and value systems: 1- a family social and cultural system of value versus school social and cultural system of values. However, the recent case of the green movement has proved that this strategy of Islamisation of society has

failed as the majority of the young people who participated in the green movement are the third generation of the revolution who were brought up after the Islamic revolution. Also, this government strategy never brought about respect for state authority but helped in weakening of parental authority as well as causing an identity crisis among young people who were encouraged to consider themselves as children of Cyrus the great or of the Prophet Mohammed, or both.

Thus, Iran's moderately low score on PDI could be the consequence of its education system, social and government system and national wealth. According to Hofstede, *et al.* (2010) a higher education system is responsible for establishing a middle class society, which in turn gives freedom to individuals to quit social norms and participate in institutional, managerial and governmental systems. The literacy rate stands well above 80 per cent (around 83 per cent) of which 90 per cent male and 77 per cent female. However, the literacy rate among the younger generation (between the ages of 6 to 24) is around 93 per cent of which 97 per cent males and 96 per cent females in urban areas and 93 per cent males and 83 per cent female in rural areas. Also, the number of women pursuing higher education has increased dramatically since the Islamic revolution. By comparing the percentage of female students enrolled in Iranian universities in 1978 to the proportion enrolled in 2003, it can be seen that the percentage has been doubled from 31 per cent to 62 per cent. Also according to Hofstede, *et al.* (2010) people with highest status and education level show the lowest PDI values. Also as Hofstede, *et al.* (2010) mention, a higher education usually makes a person to be at least middle class. Moreover, according to Hofstede, education also is the main factor in determining the the occupation that people try to achieve. Therefore, it can be understood that in many societies including Iran, education, social class and occupation are linked. Also, middle class values normally influence every aspect of institutions of any country as the majority of people who control these institutions belong to the middle class (Hofstede, *et al.* 2010). Iran's moderately low score on PDI can be interpreted as being because respondents in this survey were from the managerial level with a minimum of an undergraduate level of education. Therefore, it could be argued that the results of this survey mainly express middle class and higher class values in Iranian society. Furthermore, according to Hofstede, if a country as a whole scores low on PDI this mostly applies to middle and higher status people and lower status people with lower educational attainment tend to score high on PDI. In the

case of Iran, with a moderately low score on PDI, people accept and appreciate inequality but they feel that superiors should moderate their power by having a sense of obligation as well.

Individualism and collectivism

According to Hofstede's findings, the cultural dimension of Iranian society is considered to be collectivist compared with most Western countries. Considering that Iran has been greatly influenced by Islamic principles, which place a strong emphasis on justice, harmony and generosity in the workplace, this result might be expected. Similar to PDI, Hofstede, *et al.* (2010) argued that individualism and national wealth are correlated with each other. For instance, countries with a higher income per capita (e.g., Denmark and USA) had more of an individualistic society compared with Iran which, according to the author, had a lower level of income per head than those countries (during the period 1968 to 1972) and tended to be more collectivist societies.

On the other hand, Tayeb (1979) argues that Iran's culture could be better viewed as 'individualistic' rather than 'collectivistic'. She further argues that team co-operation and group work do not generally fit well with Iranian culture. In support of her argument, Ali's findings (1996) show that Middle Eastern countries were generally individualistic. As Iran is located in the Middle East and shares many cultural aspects with Arab countries, Iranian managers are included in this statistic. This result has been supported by Ali and Amirshahi (2002) and Javidan and Dastmalchian (2003).

Moreover, the new generation, as Thiebaut (2009) argues, has become more individualistic, resistant to totalitarianism, pro modernity and more demanding of cultural, social and political change. The best example of demand for cultural, social and political changes by the new generation can be traced back to the presidential election of 1997 and the surprising victory of Khatami over his conservative rival and also the last presidential election in 2009 and the re-election of president Ahmadinezhad which has caused some people to resist by creating the green movement. All these changes toward political power and establishing new relationships with those in power is the result of profound changes that have happened inside the institution of the family. Thiebaut (2009) strongly argues that all these changes in Iranian society and Iranian culture can be seen as the outcome of new educational values adopted by the new generation of parents, specifically the mothers.

Also, regional disparities, regardless of overall modernisation throughout the country, are still the biggest problem of modern Iran. One of those regional disparities is women's perception toward social and cultural changes, which is entirely based on the community they live in. For example Thiebaut (2009) argues that she found that women in Baluchistan remain completely traditional with total male domination and authority. She found that in Baluchistan, which has a Sunni minority, women's subordination to men and family structure is considered as a crucial element for family and community survival and unity, and to her surprise women in that area endorsed such beliefs. She further argues that the reason can be traced back to the low level of female education in that area. Baluchistan, according to data from the ministry of education, is the only area in Iran that, regardless of high level literacy among the younger generation, the girls' level of education remains very low and they are normally stopped by their parents from going to school after puberty. Also, unlike other parts of Iran where parental authority over children on arranged marriage has declined, arranged marriage and early marriage is still is very common in Baluchistan.

The weakening of parental authority and adopting child centeredness by parents in the modern Iranian family has also brought about one of the main consequences and that is increasing individualism among the younger generation in both personal and social life. Also parents, especially mothers, have been emphasising and supporting their children to adopt western values by encouraging and facilitating them to learn foreign languages (mainly English) or sending them to other countries for further education as a way of opposing the state's forced Islamisation strategy. Parents, in particular mothers, who in fact have become more involved in decisions on children's education, have actively rejected the traditional authoritarian type of education and have adopted a permissive type of education with low control and high support. The advantages of adopting permissive educational methods by parents are children having more freedom within their family, freedom that previous generations never had, which also helps children to build their own individual identity. However, the disadvantage of the new approach was mainly the creation of huge conflict between tradition and modernity; in fact adopting permissive a educational method was the way mothers chose to confront traditional patriarchal authority. Also, it was a challenge to traditional methods of thinking, influenced by Islamic laws, of looking at children as their father's possessions. In the new modern Iran, parents prefer to use dialogue and conversation as a method of guidance. They also prefer to build a relationship based on mutual respect

with their children rather than on authority. Although, parental authority has been weakened after the revolution by the government, intentionally or unintentionally by intervention in the family sphere, it helps new a generation of parents to establish new types of relationship with their children based on trust and respect. It has created a new generation of Iranian which is more individualistic in both family and social affairs, as well as a generation that do not condone inequality of distribution of power in society.

Namazie (2003) used Hofstede's model to examine Iran and compared it with Hofstede's findings of around 10 years ago. To many people's surprise Namazie's findings indicated that Iranian national culture has been becoming closer to western culture on almost all dimensions apart from collectivism and long term orientation. That can indicate that the revolution and Iran-Iraq war has had a big influence on changing some aspects of Iranian national culture which in some cases was labelled, by Iranian leaders, the "Cultural Revolution". Iranian leaders hoped this Cultural Revolution would guide the younger generation and students towards Islamic culture but the current situation and recent movements in Iran indicates otherwise.

House and Javidan (2001) in the GLOBE Project research categorised Iran within Southern Asia, and grouped it with India, Indonesia, Malaysia, the Philippines, and Thailand. They argue that the distinguishable factors of this cluster lie in their high levels of PDI and group and family collectivism. According to the findings, all countries located in this cluster are looking for lower power distance, higher individualism, stronger and longer perspectives on the future and performance orientation. They argue that countries in this cluster also value charismatic, team oriented, and humane leadership.

Uncertainty Avoidance

A high score on uncertainty avoidance, in fact, can indicate that there is a low level of tolerance toward uncertainty in Iranian society. Therefore, in order to avoid or minimize this level of uncertainty, they try to adopt and implement strict rules, laws, policies and regulations. It can be argued that the ultimate goal of these rules and regulations is to control everything in order to eliminate or avoid the unexpected. As a result of this high Uncertainty Avoidance characteristic, Iranian society does not readily accept change and is very risk adverse (Hofstede, *et al.*, 2010).

According to GLOBE's findings, Iran scored very low on uncertainty avoidance (3,67) which is totally the opposite of Hofstede's findings. Javidan and Dastmalchian (2003) argue that the main reason for scoring very low on this index can be traced back to Iranian's society mistrust of the rules and regulations imposed by government. There is a general view among Iranians that these rules are written to protect the interests of those people in power and therefore, they will be ignored or not enforced when they are in conflict with those group interests. Thus, the majority of ordinary Iranians have lost their confidence in the appropriateness and usefulness of rules and their enforcement. On the other hand, GLOBE reported that Iran scored very high on this index which show the desire of Iranians for a high level of uncertainty avoidance.

In addition, according to Hofstede (1980), UA is highly correlated with feelings of stress and anxiety. Compared to North American countries where a low unemployment ratio is observed, in Iran the official rate of unemployment is almost 15% and the unofficial rate is around 23%, of people receiving higher level graduate degrees (CIA world factbook, 2010). The higher ratio of unemployment, or employment with low wages, results in high levels of uncertainty among individuals in society (Hofstede, *et al.*, 2010). Iran's increase in the unemployment rate during last 10 years could be one of the reasons for a high score on the UA index. Also, we can ignore the impact of religion in Iranian society. As a result of being Muslim as well as the political situation in Iran, Iranians are reluctant to do any planning for the long-term and avoid taking risks due to a belief in fortune. Unlike Iranians, North American and in general western countries, where individuals feel the effect of religion less, they are more used to plan for decades even though they are not certain that they will be alive for such a period of time.

In general researchers such as Tayeb (1979), Javidan and Dastmalchian (2003), Ali and Amirshahi (2002), and Analoui and Hosseini (2001) argue that Iranian culture can be characterised by a moderate level of uncertainty, high reward for loyalty, low participation, being performance orientated, and high on consultation. This is due to the fact that the country has historically been characterised by centralised government, constant changes to rules and regulations, restricted information and a high level of hierarchy. Additionally, what distinguishes Iran from other countries is its strong family and group orientation, manifesting in strong loyalties towards family and close friends (Javidan and Dastmalchian, 2003).