A STUDY REGARDING THE LEADERSHIP AND ORGANIZATION CULTURE OF A SERVICE PROVIDER

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Abstract:

Organizational culture is a unique combination of factors that end up characterizing an organization, as well as the way in which activities, human relationships and third-party relationships are structured. Starting from dress code (even in the absence of a compulsory uniform) all the way to conflict management, everything makes up the organization's culture.

The present paper aims at identifying the organizational structure within a service-providing company. The example was chosen taking into account the company enlargement and the changes occurring on the domestic market. The practicing level of the respective organizational culture is analyzed by taking into account the following dimensions: focus on result in relation with focus on process, focus on employees in relation with focus on labour, professional / limited cultures, open systems versus closed systems, loose control versus tight control, pragmatic character versus a regulatory one. The third part of this paper comprises a survey regarding the management styles employed by a service provider, starting from Victor Vroom and Philip Yetton's model. The latter is a particular application of decision-making trees with 14 decision-making types, whereby alternatives are provided regarding subordinate involvement in decision –making.

Keywords: leadership, organizational culture, service-providing

JEL Classification: L80

INTRODUCTION

People generally resist change and nobody particularly enjoys changing an already-existing practice. If an existing practice results in satisfaction for those involved in this process, then everything is fine. In tradition-preservation cultures, reluctant to changes, managers could fall prey to the so-called "strategic short-sightedness". They nurture the conviction that acting in compliance with old regulations, is the best. Renewal is not accepted and this could have dramatic consequences for the respective organization.

Old practices are often obsolete and affect an organization in a competitive business environment. It is thus necessary to constantly adapt to a new organizational culture. Failure to do so will only result in self-elimination. This is one of the most difficult things to do, if we are to quote former US President Woodrow Wilson: *"Just try to change something, and you'll definitely be making yourself some enemies"*.

If we take a mature organization into discussion, then culture is already given, and acts as a role-model from the start, yet even in such situation organizational culture is subject to ongoing redefinition through minor adjustments. A company lacking organizational culture is as vulnerable as a country lacking culture and history.

From this point of view, organizational culture behaves like a connection, a motivating factor bearing an educational and formative character. It is therefore essential that, as a company develops and comprises an increasing number of employees, it should try to set up a general working environment and not leave this to chance. Organizational culture triggers a certain type of

behaviour from its employees, an implicit, self-willed and natural compliance with certain standards, thus turning them into supporters of a certain type of action.

The relationship between the culture of an organization a nd economic performance can be objectified, for instance, through motivation (increased effort, maximum efficiency), loyalty (low staff turnover) or creativity (innovative solutions, making the best of opportunities). It becomes therefore important, in the way a regular medical check-up is, that companies should undergo a periodical diagnosis process that would objectify what is good or not so good at a given point, including from the point of view of organizational culture.

IDENTIFYING ORGANIZATIONAL CULT URE DIMENSIONS

The reorganization process society is undergoing, correlated with outside environment influences, entails a series of organizational and behavioural changes within any organization. The company making the object of analysis is interested in culture strengthening and undertakes strenuous efforts so that all employees should be familiar with the new company vision and mission. Staff recruitment is performed under very strict conditions; the organization is concerned with new staff socialization and familiarization with the specific beliefs, values and behaviour, in order to make it easier for new-comers to get accustomed and to mitigate their stress and fear of the unknown. They organize training sessions for all activities within the company's Training Department or outside it. Annual investment in human resources training covers 2.8% of the overall labour costs.

Aiming at increased effectiveness in focusing efforts concerning the company's future, a poll was conducted among employees in order to identify their opinion at all levels of the corporate ladder. The substantial changes that the company has undergone during the last year, both at organizational and activity levels have also had a strong impact on employees as well.

This study aimed at identifying dimensions at practice level of the respective culture:

o **Focus on results versus focus on process.** Most employees are result-oriented (graph. 1). The quality of results holds more importance than the methods whereby those results have been obtained. Every day at work is seen as a challenge. Employees feel at ease in special (non-standard) circumstances.
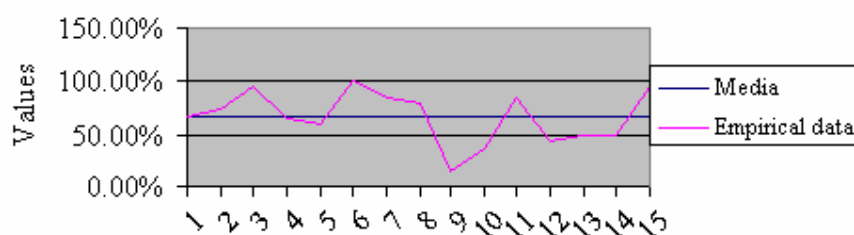
Graph. 1. Focus on Process/Outcome

Yet there are also exceptions. Some of the employees interviewed feel threatened by exceptions from their daily routine, would rather have al l days be similar, and are more concerned with regulation compliance than with the results obtained (a bureaucratic approach). It is worth pointing out, nonetheless, that the company primarily focuses on results.

o **Focus on employees versus focus on labour** . If staff can actually be simultaneously focused on both employees and labour, in practice, organizational culture tends to favour either one of them. With some small exceptions, the desired focus is on employees (graph. 2). People feel that their needs are taken into account.
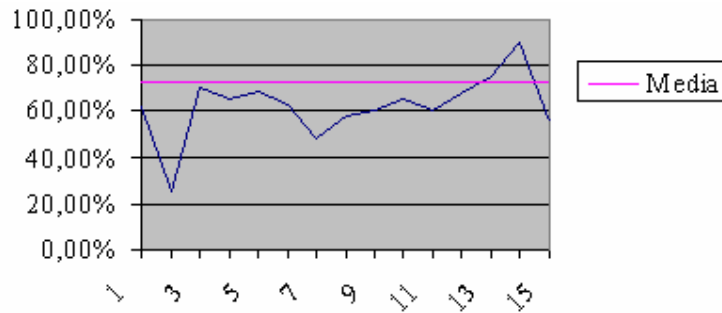
Graph 2. Focus on employees/labor

It is generally considered that the organization is concerned with its staff welfare. Important decision-making is left to groups or committees. Employees perceive a low pressure to improve their work.

o **Professional / Limited character.** In relation to the focus on results that is typical for the organization, there is a manifest professional orientation of the employees under interview (3). Most employees tend to identify themselves with their work up to a point. They see their privat e life as if it were a business looking forward into the future. A part of the employees know that the organization's underlying recruitment criterion is workplace competence, and not social status or privileged connections.
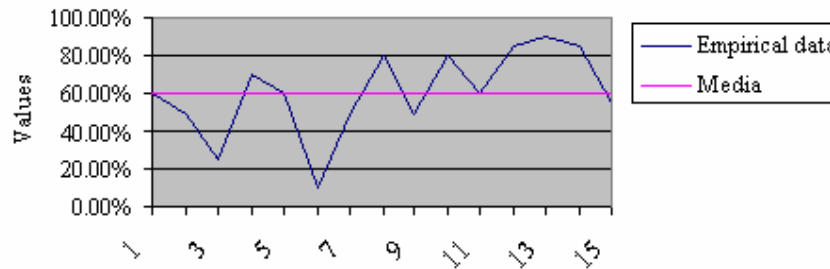
Graph. 3 Limited/Professional character

In this case, the professional focus is dominant, which means that a part of those favouring collectivist organizations can be guided towards stress on the professional and result dimensions.

o **Open versus closed systems.** There is a clear manifest orientation towards an open organization. Both the organization itself and the employees are open to newcomers and strangers (graph. 4).

New employees need little time in order to find their own place and fit in the organization.
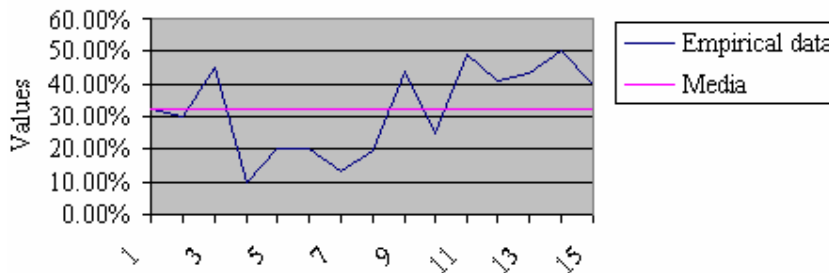
Graph. 4 Open/Closed system

Organization integration is relatively easy, whereas adaptati on is a short-term process.

o **Loose versus tight control.** From the point of view of how tight the control perceived by the employees is, the focus is on intense control, a little over the average (graph. 5). Within the organization, the working environment is generally focused on costs. Punctuality is not always a defining feature of those who have been interviewed. Jokes about work and the organization are accepted, to some degree.
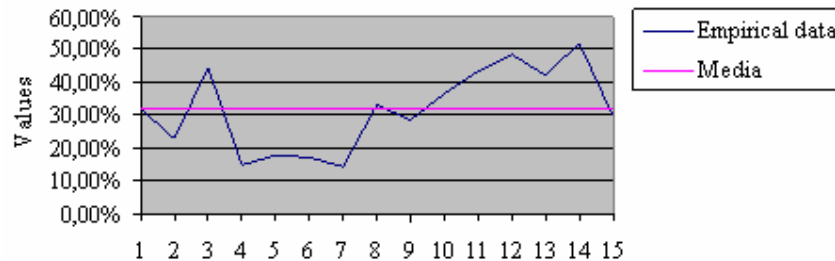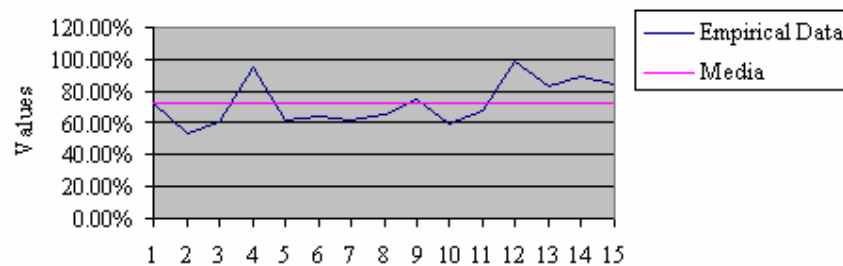

Graph. 5 Tight/Loose control

o **Prescriptive (regulated) versus pragmatic.** The organization is generally focused on pragmatism (Graph. 6).

Graph. 6 Pragmatic/Prescriptive character

Customer requests are deemed more important than rules. A market orientation is manifest. The relatively pragmatic organizational culture is correlated with its professional culture and the organization's focus on results.

FROM ORGANIZATIONAL CULTURE OF SERVICES PROVIDER TO MANAGEMENT STYLE

Let us proceed to a brief overview of leadership styles, starting from the authority / freedom ratio established by a leader in his/her relationship with employees. Starting from the authority and respectively, employee freedom percentages, four leadership styles can be identified in exercising leadership: *coercive/authoritarian leadership, coaching/authoritarian leadership, consultative leadership, participative leadership.*

Vroom and Yeton's **prescriptive model** is a particular application of the decision-making trees where, in decision-making nodes, managers have to provide their own answers to seven questions regarding the degree up to which subordinates are allowed to participate in decision-making. These questions are the following:

❑ *Is there a quality requirement such that one solution could be more likely than another?*
❑ *Do I have sufficient information to make a high quality decision?*
❑ *Is the problem structured?*
❑ *Is acceptance of the respective decision by subordinates critical to implementation?*
❑ *Should you take a decision, is it reasonably certain that it would be accepted by employees?*
❑ *Do subordinates share assignments in order for the organizational goals to be obtained by solving the problem?*

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❑ *Is there a likely conflict among subordinates, pertaining to the preferred solution?*

Referring to the answers to these questions, five fundamental methods (styles) of leadership are defined, displaying subordinate involvement in decision -making processes:

✓ **A1 Style** (authoritarian method #1): Leaders make decisions on their own, based on information at their disposal at that given moment;

✓ **A2 Style** (authoritarian method #2): Leaders obtain data from their subordinates, whether they convey or not the issue content, and then take decisions on their own;

✓ **C1 Style** (consultative method #1): Leaders analyze the issue individually with those subordinates deemed competent in relation with the problem, preserve their individual ideas and suggestions, and then take decisions taking into account the proposed ideas and suggestions or not;

✓ **C2 Style** (consultative method #2): Leaders analyze the issue together with their subordinates in a group in order to obtain collective ideas and suggestions from them, and then take decisions taking into account the proposed ideas and suggestions or not;

✓ **G2 Style** (group method #2): Leaders analyze the issue together with their subordinates in a group (as a team), playing the part of "chairmen" without attempting to influence the group in decision-making and being willing to accept and apply the solution adopted by the group.

Graph 7. The results of survey: the leadership styles preferred by a number of 24 managers and would-be managers (department heads) within the company.

Throughout the vast transformation program that a service provider telecommunications company is undergoing, a survey was conducted in 2006, related to the leadership styles

preferred by a number of 24 managers and would -be managers (department heads) within the company.

Results thus obtained are illustrated in Graph. 7. These outline the fact that at the time the study was conducted, 6 of the 24 managers subject to interviews (25%) state that they'd rather lead by making dec isions on their own, function of the information at their disposal at that given time; 7 (29%) also rely on information obtained from their subordinates, apart from data already in their possession; 2 (8%) of them believe that analyzing the problem individually with competent subordinates is an adequate leadership style and decision -making method; 3 (13%) of them feel that the issue should be analyzed in a group in order to come up with productive ideas and suggestions that would pave the ground for deci sion-making; while 6 (25%) of them would rather have the whole team effectively participate in decision - making activities.

Consequently, out of the 24 managers who were interviewed, 13 (54%) would rather have the authoritarian style passed on from the tim es when the organization used to hold market monopoly.

CONCLUSIONS

An organizational culture represents a lifestyle relying on several components (company values, company's mission, employees' rights and obligations, inside communication, the way in which management defines and operates decision -making, the degree of formality within the company, staffing policy or the creativity level, defining symbols, current regulations and practices, as well as its history), although not all these components are vis ible in the outside environment. Aside the company's visible symbols (representative, colours, insignia and logo), which also bear a commercial brand identification value, organizational culture is not something visible yet it is highly palpable and has de ep implications. All these aspects are also representative from an economic point of view. It is therefore primarily an issue of mentality.

From the analysis of the collected data – from the large diversity of the marks graded to the dimensions by the int erviewed persons – a general conclusion is that of a weak culture, in an ongoing process of development. This fact is underline by the recorded dispersion on one hand, and by the average score, on the other hand.

If the organization is willing to develop a specific culture in comparison with the analysed dimensions, the obtained data could be a start point. In order to develop a specific organization culture, the first step (sine qua non) is the definition of the features and the dimensions of the desired culture.

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