Impacts of Organizational Culture on Leadership’s Decision-Making

Akram Jalal*

Learning and Development Manager, Integrated Business Consultants, Bahrain

Abstract: Variances in cultural performances cause disagreement between team members. The aim of this paper is to explore the influences of organisational multi-culture on leadership decision-making process. Hypotheses were proposed to develop an appropriate conceptual research model. The data collection was accomplished using an online structured questionnaire survey with global respondents. 50 questionnaires were distributed and only 39 valid responds were returned. Correlation and regression statistical analysis was applied to measure the relationships between independent variables: cultural diversity, communication, teamwork, learning and development, trust, obligation and cohesion, productive team work with dependent variable: leadership’s decision-making. The findings show that leadership’s decision-making process was significantly influenced by organisational cultural diversity.

Keywords: Leadership, Cultural diversity, multi-cultural organization, decision-making.

1. INTRODUCTION

Nowadays, many organisations stand up to significant adjustments in the business environment as a result of globalism and the consequent changes in the information processing and logistics businesses, and seek to increase their competitive advantage by utilizing such a competitive environment.

Culture is the cornerstone of any development or adjustments in a business environment, which includes the organisational team members, thus, it is not astonishing to realise that the cultural background seriously impacts leadership characteristics and behaviours.

In the last two decades, Multicultural Organization has become one of the most well-liked topics due to the substantial association among organizational leadership, organisational culture and organizational results, obtaining competitive benefits and constructive organizational efficiency [1, 2]. Multiculturalism plays a vital role in an organisation as it influences the employees and business procedures across different branches of the organisation.

An example of a Multicultural Organization is also illustrated by Robbins & Coulter [3] as the common values, beliefs, or insights believed by the staff in an organization to provide significance to the states that they face, which consequently impacts the viewpoints and performance of the employees [4]. It comprises different sub-cultures which may be very diverse from each other. The different clusters of individual are well-known by their ethnicity, standard of living, attitudes, behaviours, languages, faiths, confidences, customs, etc. This collection of differences is identified as multicultural [5, 6].

In a multicultural organisation, different cultural favourites inevitably lead to a clash. Cultural diversities produce a kind of doubt and disbelief, especially if they are unacknowledged. Consequently, communication can be very difficult as team members from different cultures cooperate on subjects whilst their cultural favourites do not correspond. Thus, with the purpose of team members to be more efficient in communication, each member has to make a planned attempt to accurately understand each other. Lahey, et al. [7] declared three behaviours that differentiate proficient intercultural correspondents: taking on appropriate attitude, obtaining the correct knowledge, and acquiring particular skills.

The key element in any multicultural group is communication. Thus, it is essential to realise the awareness, effectiveness and anticipation of other group members.

Anticipations concerning leadership, decision-making and communication are socially explained. Even though leadership is formed differently between cultures, leaders are still the key element in making and cooperation in making decisions. In other words,
and in order to refine the decision-making process, it is highly significant for leaders and team members of multicultural organisations to be familiar with intercultural communication.

Furthermore, leadership is a fundamental role for organizational efficiency, and a key player in a Multicultural Organization. Thus, for the aim of exploring leadership in decision-making, it is significant to observe that there is a necessity to value multiculturalism within a firm as it is the fastest road for enhancing the business performance of the firms to which they belong. The biggest leadership concern lies in obtaining the finest from employee for themselves and for the business they work in. In other words, how can leadership be used to authorise employee to attain district assessments for the benefits of the business?

Multicultural Leadership has been defined as “an inclusive approach and a philosophy that incorporates the influences, practices, and values of diverse cultures in a respectful and productive manner.” For this to be achieved, a leader requires the skills to handle the complexity through demands regular retooling of expertise sets and an enlarged range of leadership manners [8].

Nielsen et al. [9] has declared that leadership decision-making will be subject to the organizational culture; thus another objective of this research was to understand how different organizational cultures affect the leadership decision-making process.

A combining characteristic of all types of decision-making is provided by Foskett & Hemsley-Brown [10] who describe this notion as the method through which persons and groups reach implementable conclusions from various challenging options about matters in their businesses.

Comprehending the organization’s essential values can inhibit likely internal contradiction which consequently affects leaders’ decision-making [11], thus, the main reason for our study is to explore these topics deeply.

The hypothetical core of this study is found in the subjects of leadership decision-making and multicultural organization in the business environment. Thus, at any organisation, it is essential to comprehend of how multiculturalism and leadership together affect decision-making process.

In this context, the purpose of this paper is to explore the distinguished role of the multicultural organisation and leadership decision-making with the aim of obtaining a better competitive advantage by guaranteeing incessant accomplishment of such employees.

In this paper, the associations between leadership, decision-making and multicultural organisation have been explored independently, few papers have sought the relations between the three notions.

The remainder of the paper is structured as follows: Section 2 reviews the literature and hypotheses development. Section 3 discusses the Conceptual research model and Hypothesis, Section 4 provides research methodology, while section 5 discuss analytical results and discusses and lastly section 6 provides the conclusion of this study.

2. LITERATURE REVIEW

The literature emphasizes the need for a solid relationship between cultural diversity and leadership in organizations [12]. Though, there is a substantial dispute about how a culture initiates or whether multicultural organizations have any impact on leaders’ decision-making process or not.

There are various definitions of culture provided by different authors.

As stated by Akiner and Tijhuis [13], there are more than 300 definitions for culture offered by several areas of study.

Putty, [14] outlined culture as a “set of values, attitudes, beliefs, goals, and practices that are shared among people”. It is a mixture of awareness, behaviour, principles and beliefs.

Jen-Te Yang, [15] stated that culture is socially gathered and communicated by team members; it delivers the guidelines for beliefs and behaviour inside organizations.

Patrick et al. [7] revealed that communication is complicated even in normal circumstances. The principles that underline the culture of an organisation, thoughts, beliefs, customs and feelings by a mainstream of people inside a society generate a main culture. These common cultural factors produce cultural favourites with the employees who are shaped inside such culture [16].

Nevertheless, some significant researches utilise a shared definition of culture, which is “a set of mores,
impacts of organizational culture on leadership's values, attitudes, beliefs, and meanings that are shared by a group or organization [13, 17].

It is significant since cultural forces decide and form leader's decisions which could cause appropriate or inappropriate results.

A Multicultural Organization is also demonstrated by Robbins & Coulter [3] as the shared values, beliefs, or insights believed by group members within an organization to deliver meaning to the circumstances that they face, which consequently affect the viewpoints and performance of the staff [4].

It is not surprising to realize that cultural background seriously influences leadership features and behaviours. In some multicultural organizations, the team members (individualistic) are the main attention of leadership whereas in other cultures, leadership deals with the combined group (collectivistic).

Leadership within this context is outlined as the practise of smooth effects to direct and manage the actions of team members regarding aim accomplishment [18]. The leader adopts the aims, supplies required tools, and determines communication throughout the implementation stage [19] then encourages and awards employees who do their jobs the right way [20].

Francisco and Saenz [21] assigned leadership into two main groups, dictatorial or autocratic and democratic. Both groups were applied efficiently but may also be misused.

Depending on the way that leaders inspire followers, we can categorise leadership into other two groups - transformational and transactional leadership [22].

Leaders communicating with staff from diverse circumstances to generate several sorts of leadership characters [23, 24].

Leadership acts for the determined procedure of motivating followers to meet specified objectives. Thus, leadership is highly exceptional and implicates intentional inspiration. The other important theme in leadership is communications between the leader and followers. Communication building is the basic nature of leadership. Constructing communications with followers is an essential feature of leadership that is needed for examining their relationship [25].

Therefore, our first hypothesis is:

H1: There is a significant positive effect of communication on productive teamwork.

Some authors such as Van de Vliert and Smith [26], Jung and Avolio [27] and Hofstede [28] reviewed the connection between a multicultural organisation (individualistic and collectivistic) and leadership (dictatorial and democratic); and important outcomes were discovered.

Salk & Brannen, [29] determined that cultural diversity does not essentially have a destructive influence on team performance. Conflicts most of the time are not affected by diversity but by the organizational environment and how group members’ reply to cultural types. Team cultures may take numerous different methods to arrive at the same conclusion [29]. Cultural diversity comes to be a significant variable for team success [30].

Productivity and satisfaction are enhanced by teamwork and communication. Consequently, cultural diversity has become into an invincibility element of organizational performance in various areas of the globe. Cultural diversity can grant all factors for an efficient synthesis of diverse project management performs and improve team works [31].

Corresponding to the above we propose the following two hypotheses:

H2: There is a positive significant effect of cultural diversity on productive teamwork.

H3: There is a positive significant effect of teamwork on productive teamwork.

Increasing the synergy that is exists in a culturally diverse team can assist leaders to generate innovative methods for enhancing the decision-making process [32].

The topics of trust, obligation, and cohesion, are believed as essential factors for teamwork. By rising trust, obligation and cohesion between team members, leaderships’ decision-making processes will be improved [33].

Learning and development of team members are now considered essential to understand the team's efficiency. Learning and development will lead to enhanced teamwork productivity. Moreover, team member development generates constructive reactions
that enhance the efficiency of cultural team diversity [30].

A main accountability of cross-cultural leadership is to assist group members belong to diverse cultural backgrounds have a shared concept and to develop a trusted work location. The responsibility of leaders is to present a vision of trust; however, it is still the team’s accountability as a whole to construct a group of trust.

Hence, the following hypotheses are proposed.

H₄: There is a positive significant effect of learning and development on productive teamwork.

H₅: There is a positive significant effect of trust, obligation and cohesion on productive teamwork.

Leaderships’ decision-making requires influence; this influence can be applied to implement decisions. The influence may be joint with different teams so that employees can have equivalent contributions in creating decisions. Differences in influence sharing in decision-making are introductory in the increase of various ideas of leadership [34, 35].

Several authors have evoked that different teams may be beneficial to organisations; particularly in generating decisions [36].

Different decision-making team members generate various skills, principles, viewpoints and directions to the difficult decision-making processes which produce recognition and significant assessment of different decision replacements which consequently lead to a better accomplishment [37].

Comprehending how decisions are generated and what affects the process of decision-making is a significant thought for multicultural organization teams.

Diversity in decision-making favourites leads to defying team refinements and particularly to the leader. Owing to the consequences for the employee and the team, this defy must be focused on correctly.

The requirement for active intercultural communication is obvious when employees with such conflicting culturally chosen decision-making methods, opinions of authority and concepts of clash determination try to work collectively on a multicultural organization teams [38].

Enayatil [39] indicates that it is significant for multicultural teams to have official techniques for generating decisions. Such reliable techniques will enhance the excellence of how team members communicate between each other and guarantee that each team member has a chance to communicate similarly, which means generating stability and equilibrium between team members [36].

Leadership comprises authority, vision, and inspiration to people to deal with shared objectives. Lingenfelter [40] suggests that cultural diversity on multicultural organisations’ teams are a main reason for clashes and disagreements. Thus, the main accountability of cross-cultural leadership is to assist group members who belong to diverse cultures to have a shared vision and to enhance mutual trust. Therefore, attempting to decrease cross cultural pressures will not be sufficient to assist team members in working together, and consequently will not assist leaders to make decisions efficiently.

Corresponding to the above we propose the following hypothesis:

H₆: There is a positive significant effect of productive teamwork on leadership decision-making.

3. CONCEPTUAL RESEARCH MODEL AND HYPOTHESIS

Figure 1 illustrates the conceptual research model, which assumes that independent variables such as: cultural diversity, communication, teamwork, learning and development, and trust, obligation and cohesion, will have a positive impact on generating productive teamwork, which by itself will have a positive impact on leadership’s decision-making process.

3.1. Research Questions and Hypotheses

Based on a review of the extensive literature relating to the indicators affecting leadership’s decision-making process, the current study proposed a conceptual research model (Figure 1).

To meet the aim of this paper, the following research questions are organised to be consistent with the aim of this research, in which we are revealing the apparent fact that cultural diversity has a significant impact on leaders’ decision-making. The main research questions adopted by this paper are:

Is there a significant relationship between cultural diversity and leaders’ decision-making?
Do communication, teamwork, learning and development, trust obligation and cohesion are lead to stable decision-making by leaders?

To answer the above research questions, this research presents seven hypotheses that were developed from our proposed conceptual research model which is essentially based on the reviewed literatures. The following alternative hypotheses are as follow:

H₁: There is a positive significant effect of communication on productive teamwork.

H₂: There is a positive significant effect of cultural diversity on productive teamwork.

H₃: There is a positive significant effect of teamwork on productive teamwork.

H₄: There is a positive significant effect of learning and development on productive teamwork.

H₅: There is a positive significant effect of trust, obligation and cohesion on productive teamwork.

H₆: There is a positive significant effect of productive teamwork on leadership decision-making.

4. RESEARCH METHODOLOGY

To measure the factors influencing the process of generating productive teamwork which consequently affects leadership’s decision-making process, a survey was conducted during the beginning of this year, 2016.

A questionnaire was designed and distributed to 50 decision makers who were leaders of at least one culturally diverse team.

4.1. Survey Instrument

The questionnaire created for this research was divided into two parts. The first part focuses on the general profile of the respondent, comprising age group, education level, and job title.

The second part was designed to measure the factors affecting leadership’s decision-making.

The respondents were provided with a list of 12 questions – two questions on each of the six proposed hypotheses on the above research method. Participants were inquired to specify their awareness about each question, using a Likert scale (1-5), with responses ranging from “strongly disagree” to “strongly agree.” The collected data was analysed based on correlation and regression analyses using the Statistical Package for Social Sciences (SPSS) version 17 computer program.

4.2. Population and Data Collection

To measure the proposed hypotheses, the survey was designed and distributed to 50 managers in different age groups and of different job levels working at different organization in two countries. The chosen participants worked in firms based on multicultural teams. Prior to distribution, the questionnaire was pre-tested on five persons employed in various areas, to ensure consistency, clarity, and relevance to the case. Minor changes were needed to the questionnaire before the final copy was distributed. A digital online form was created using "Google Documents" in the same questionnaire style; then, the link was sent to the participants. Once a participant completed the questionnaire, the raw data was logged into a spreadsheet that could be accessed and downloaded only by the researcher.

Of the 50 questionnaires distributed, only 39 were usable. Of those, 31.2% were completed by females, and 67.1% were completed by respondents between the age of 41 and 55 years.
5. ANALYTICAL RESULTS AND DISCUSSION

5.1. Correlation Test

Correlation analysis was included to illustrate the strength and direction of the linear relationship between independent and dependent variables presented in our conceptual model. The result of the correlations is presented in the following table (Table 1).

The correlation results showed that communication ($r=0.706$), cultural diversity ($r=0.498$), teamwork ($r=0.629$), learning and development ($r=0.660$), trust, obligation and cohesion ($r=0.605$) are positively correlated to productive team work. The table also showed that productive team work ($r=0.539$) is clearly, positively correlated to leadership’s decision-making.

5.2. Regression Test

For additional analysis, Linear Regression was accomplished to measure the extent to which the independent variables influence the dependent variable. Tables 2A and B summarized the results of the Linear Regression analysis.

The results of the regression in the coefficients table (Table 2A) exposed that productive team work ($t=3.890548$, $\text{sig} < 0.0005$) is found to significantly affect leadership’s decision-making.

This result corresponds with the view of Leithwood & Riehl, [34], Brunner [35], Lumby et al. [36] and Jackson et al. [37].

Table 2B, exposes that cultural diversity ($t=2.7433$, $\text{sig} < 0.05$) is found to significantly affect leadership’s decision-making.

This result corresponds with the view of Van de Vliert and Smith [26], Jung and Avolio [27], Hofstede [28], Salk & Brannen, [29] and Binder [31].

6. CONCLUSION

The outcome of this study suggests that organizational culture seems to be the key to leadership’s decision-making and organisation accomplishment. This indicates that organizations should involve cultural diversity in attaining business performance results.

This outcome seems to be in line with a number of research papers mentioned above, which have found a positive relationship between cultural diversity, communication, teamwork, learning and development,
trust, obligation and cohesion with productive teamwork. The research also showed that productive teamwork is direct, strong and positively related to productive teamwork.

These results are in agreement with Van de Vliert and Smith [26], Jung and Avolio [27] and Hofstede [28]. Salk & Brannen [29], Binder [31], Michael J. Marquardt [32, 33] and Claire Halverson [30] whose findings showed that cultural diversity, communication, teamwork, learning and development, trust, obligation and cohesion with productive teamwork.

Furthermore, this result corroborates the ideas of Leithwood & Riehl [34], Brunner [35], Lumby et al. [36] and Jackson et al. [37] who all determined that productive teamwork may have positive significant effects on leadership’s decision-making.

This research also suggest that multicultural diversity can lead to conflict between team members, however, on the other side it may offer a chance to exchange knowledge and support each other.

Thus, appreciating and contributing to the discussion of cultural information throughout intercultural communication with those of different cultures is essential for constructive team connections and efficient output as a team. Leadership and decision-making are influenced by cultural significances and skills which require both leaders and group members to apply resilience, persistence and a readiness to adjust to new prototypes and enthusiastically contribute in significant ways in the progress of the group.

Leaders have to understand their role in supporting an organization’s cultural diversity. Consequently, this will confirm reliable behaviour among group members of the organization, decreasing conflicts and producing a productive team work environment for employees which results in enhancement to a leader’s decision-making. An organization with strong cultural diversity has shared principles for its employees, which should assist them achieve their objectives outstandingly.

It is essential that the culturally diverse team members surpass their cultural favourites and aim to recognise how their group members perceive and deal with the world around them. This is even more essential for those who lead organizational teams.

Cultural diversity within an organization is very significant, determining a vital role in whether or not the firm is a stable place to work.

By having good communication between leader and followers, there will be inspiration to team members to achieve the objectives created by the organization, which in sequence improve a leader’s decision-making.

These outcomes clearly indicate that, cultural diversity and leadership are fundamental components for any organisational performance.

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