

Perceived Managerial Styles and Their Effects on Organizational Climate: The Case of Pakistani Industry

Adnan Iqbal

This study investigated the perceived managerial styles and their effects on organizational climate in the Pakistani knitwear industry. The data was collected from the 100 organizations in Lahore and Faisalabad, Pakistan. Five set of questionnaire per organization were distributed to get the perceived leadership styles. Of the 415 questionnaires 353 (N= 353) were found to be valid, which is a useable response rate of 74%. Furthermore, Pearson's correlation was applied to the data for the purpose of analysis. This study explored that currently top management exercises initiating structure style in their organizations while literature has highlighted that consideration style of leadership is most favourable and influential style of leadership on organizational effectiveness. The recommendations gained from this study will help to understand the critical issues of employee development at the workplace. This may results in improving the working environment and productivity in the organization. It is also suggested that the Government of Pakistan should adopt a Cluster Development Approach (CDA), where collection of a targeted set of firms benefits from a focussed initiative of the Government to protect working conditions. This is the first study on managerial styles in the Pakistani knitwear industry, therefore, will have strong implications for the literature of leadership and organizational climate in developing countries.

Field Of Research: Human resource Management and Organization Behaviour

1. Introduction

1.1 Leadership Styles

The present study was delimited to using leadership styles based on two popular dimensions i.e. initiating structure and consideration. Present study, however, is an inquiry into the perception which employees have towards leadership styles and their effect on organizational climate in Pakistani knitwear industry. As I have worked in knitwear sector and has attended workshops on the topic of management, based on my experiences and my observations, it is said that knitwear organizations in Pakistan are structured by two dominant leadership styles either with an Initiating Structure or a Consideration (Robbins and Judge, 2008). Consideration and structure leadership styles are also known as employee orientation and task orientation (Newstrom, 2007).

Iqbal

Structured or task oriented leader focuses on dealing with job related issues, designing strategies, distributing tasks and urging them to produce. Considerate, employee-oriented leader, on the other hand, is concerned with the capability of the leader, hierarchy echelon, motivating employees and help employees with their personal problems (Newstrom, 2007). Leaders who are task-oriented prioritize technical competence, value facts and logic, and are results-oriented. Managers in network-oriented cultures tend to be more extroverted and rely on their ability to persuade and inspire.

1.2 Organizational Climate

Denison (1996) explains that the attention was first focused on climate as a topic of study in 1968. Organizational climate does not refer to climate of an individual, work group, occupation, department or job; it is psychological construct that is shared by members of organizations (Glick, 1985). Ekvall (1983) explained it as

An attribute of the organization, composed of behaviours, attitudes and feelings which are characteristic of the organization'.

Hence, organizational climate refers to member perceptions of organizational features like decision making, leadership, and norms about work. The present research was delimited to using primarily the perception of employees about their working environment. Therefore organizational climate was considered as a dependent variable in this study.

2. Research Hypotheses

Early researchers (Such as Fredriksen, 1966; Ansari 1990; Al-Gasim, 1991 in John and Taylor 1999; Keller 2006, Dale and Fox, 2008) attested a positive and significant relationship between leadership styles and organizational climate in various work settings. Therefore, it is expected a similar results in this study with the composite climate in the Pakistani knitwear industry and this study was also conducted to explore how leadership styles are related to these climate dimensions. Based on literature review, following hypotheses are proposed:

H1: *Consideration style of leadership is significantly associated with organizational climate subscale (challenge & involvement) than initiating structure of leadership in the Pakistani knitwear industry.*

Iqbal

H2: *Consideration style of leadership is significantly associated with organizational climate subscale (freedom) than initiating structure of leadership in the Pakistani knitwear industry.*

H3: *Consideration style of leadership is significantly associated with organizational climate subscale (Idea Support) than initiating structure of leadership in the Pakistani knitwear industry.*

H4: *Consideration style of leadership is significantly associated with organizational climate subscale (Playness and humour) than initiating structure of leadership in the Pakistani knitwear industry.*

H5: *Consideration style of leadership is significantly associated with organizational climate subscale (Debate) than initiating structure of leadership in the Pakistani knitwear industry. .*

H6: *Consideration style of leadership is significantly associated with organizational climate subscale (trust & openness) than initiating structure of leadership in the Pakistani knitwear industry.*

H7: *Consideration style of leadership is significantly associated with organizational climate subscale (Idea Time) than initiating structure of leadership in the Pakistani knitwear industry. .*

H8: *Consideration style of leadership is significantly associated with organizational climate subscale (Risk taking) than initiating structure of leadership in the Pakistani knitwear industry.*

H9: *Consideration style of leadership is significantly associated with organizational climate subscale (Conflict) than initiating structure of leadership in the Pakistani knitwear industry.*

H10: *There is a significant difference in perception of employees' categories for leadership styles in the Pakistani knitwear industry.*

H11: *There is a significant difference in perception of employees' categories for organizational climate dimensions in the Pakistani knitwear industry.*

3. Method

The present study used a quantitative (survey) method to collect the data. A sample consisted of about 100 knitwear units with the help of Systematic Random Sampling (SRS) from the population of 432 organizations in Lahore (235) and Faisalabad (197). The population consisted of 432 units in Lahore and Faisalabad and we required a sample of 100 units, so every fourth units was considered for this study.

Iqbal

The quantitative data was collected through surveys from almost 85 knitwear units. The researcher distributed 415 questionnaire and 353 were found to be valid, useable response rate of 74%. Two research instruments were used to measure the quantitative data namely Leader Behaviour Description Questionnaire (LBDQ) developed by Halpin (1959) Situational Outlook Questionnaire (SOQ) for assessing organizational climate developed by Ekvall (1983). This research instrument has exhibited a high degree of validity and reliability and has been widely accepted and used in numerous instances (Campbell and Gregg, 1957; Hack, Ramseyer, Gephart and Heck, 1971; Stogdill, 1974, Mathieu and Zajac, 1990). The internal consistency reliability (Cronbach's alpha) of LBDQ is 0.898 in current research (0.83 for the initiating structure score and .92 for the consideration scores). Judge, Piccolo and Ilies (2004) supported the validity of LBDQ instrument after they conducted an extensive research on LBDQ meta-analysis.

Organizational Climate was assessed by using Situational Outlook Questionnaire (SOQ). In this study the internal consistency (Cronbach's Alpha) of SOQ is 0.840.

4. Results And Analysis

4.1 Correlations Results Among All Study Variables

In this section the results between the leadership styles (consideration and initiating structure) with nine dimensions of organizational climate are presented in Table 1.

Table 1: Correlation between Leadership Styles and Organizational Climate Dimensions

Control Variables	Climate Dimensions	Consideration	Initiating Structure
Job category (Managers, Supervisors, and Workers)			
	Challenge & Involvement	.38**	.33**
	Freedom	.11*	- .05
	Idea Support	.19**	- .05
	Playness & Humour	.11*	.01
	Debate	-.14**	-.16**
	Trust & Openness	.22**	.11*
	Idea Time	.05	- .06
	Risk Taking	- .10	-.25**
Conflict	- .37**	-.36**	

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Iqbal

This study hypothesised that consideration style of leadership is significantly and positively associated with organizational climate dimension challenge than initiating structure of leadership in the Pakistani knitwear industry (hypothesis 1). As can be seen in Table 1 above, there was a relationship between consideration style of leadership ($r = .38$; $p < 0.01$) and the subscale of organizational commitment i.e. Challenge and Involvement, while Initiating structure style of leadership ($r = 0.34$; $p < 0.01$) was associated with organizational commitment i.e. challenge and involvement in knitwear. Consideration style of leadership is highly associated with organizational climate dimension than initiating structure. Consequently, H1 is supported.

Hypothesis 2 involves with consideration style of leader is significantly and positively associated with organizational climate dimensions (freedom) than initiating structure style of leader in the Pakistani knitwear industry. It can be seen from the Table 1, there was statistically significant relationship ($r = .11$; $p < 0.05$) between consideration and organizational climate dimensions; freedom, while there was no relationship found between initiating structure style of leader and organizational climate dimension (Freedom). Hence, H2 is supported.

One of the hypotheses of this study was that the consideration style of leadership is highly associated with organizational climate dimension idea support than initiating structure in the Pakistani knitwear industry (Hypothesis 3). Results in the Table 1 show that there was a significant relationship ($r = .19$; $p < 0.01$) between leadership style (consideration) and organizational climate (idea support) while there was no significant relationship between leadership style (initiating structure) and organizational climate dimension (idea support). Therefore, the H3 is supported.

This study hypothesised that consideration style of leader behaviour is more positively and significantly correlated with organizational climate dimension (playness & humour) as compared to initiating structure style of leader in the Pakistani knitwear industry (H4). From Table 1, it can be seen that there was a significant relationship ($r = .12$; $p < 0.05$) between considerations style of leadership and organizational climate dimension playness & humour, while there was no significant relationship between initiating structure behaviour of leader and organizational climate dimension playfulness and humour in the Pakistani knitwear industry. Hence, H4 is supported.

One of the hypotheses (hypothesis 5) of this study that consideration style of leader is more positively and significantly associated with organizational climate dimension (debate) than initiating structure style of leader in the Pakistani knitwear industry. Result shown in Table 1 show a negative but significant relationship ($r = -0.14$; $p < 0.01$) between leadership style in the form of consideration and organizational climate (debate) dimension and there was also a negative but significant relationship ($r = -0.17$; $p < 0.01$) between leadership style dimension (initiating structure) with organizational climate dimension (debate) in the Pakistani knitwear industry. However, H5 is not supported.

Iqbal

One of the hypotheses (hypothesis 6) of this study is that consideration style of leadership behaviour is more positively and significantly associated with organizational climate dimension (trust & openness) than initiating structure style of leader in the Pakistani knitwear industry. As can be seen from the Table 1 that there was a statistically significant relationship ($r = 0.22$; $p < 0.01$) between leader behaviour dimension consideration and organizational climate dimension (trust & openness) and there was also significant relationship ($r = 0.11$; $p < 0.01$) between leadership behaviour dimension (initiating structure) and organizational climate dimension (truth and openness). However, consideration style of leader is more positively associated with organizational climate dimension (trust and openness) than initiating structure style of leader in the Pakistani knitwear industry. Thus, H6 is supported.

One of the hypotheses (hypothesis 7) of this study was that the consideration style of leader is highly associated with organizational climate dimension (idea time) as compare to initiating structure in the Pakistani knitwear industry. Results, shown in Table 1, indicate that there was no significant relationship found between leader behaviour dimension consideration and organizational climate dimension (idea time) and similar result was found under initiating structure style of leader in the Pakistani knitwear industry. Therefore, H7 is not supported.

One of the hypotheses (hypothesis 8) of this study was that the consideration style of leadership is positively and significantly associated with organizational climate dimension (risk taking) than initiating structure in the Pakistani knitwear industry. Results in Table 1 indicate that there was no significant relationship between leadership behaviour dimension of consideration and organizational climate dimension risk taking, however, there was a significant relationship between leadership behaviour dimension (initiating structure) and organizational climate dimension (risk taking) but in negative direction was found in the Pakistani knitwear industry. Thus, H8 is not supported.

Finally, this study was also hypothesised that consideration style of leader is more positively and significantly associated with organizational climate dimension conflict than initiating structure in the Pakistani knitwear industry. As can be seen in Table 1, there was a negative but significant ($r = - 0.37$; $p < 0.01$) relationship between consideration style of leader behaviour and organizational climate dimension conflict, while there was also a significant correlation ($r = -.36$; $p < 0.01$) but in negative terms between initiating structure and conflict in the. Therefore, H9 is not supported.

5. Discussion

The research question of this study is to explore the relationship between the leadership styles and dimensions of organizational climate. The literature suggested a relationship between leadership styles and organizational climate (Ansari, 1990; Nystrom, 1990; Scott and Bruce 1994; Ekvall, 1996; John and Taylor, 1999).

This study shows that *consideration* leadership style (see Table 1) relates positively with challenge & involvement, freedom, idea support, Playness & humour and trust &

Iqbal

openness but negatively with debate and conflict. Conversely, *initiating structure* style of leadership relates positively to challenge & involvement and trust & openness but negatively to debate, risk taking and conflict. These findings are compatible with the study conducted by Ekvall (1996). The study further explores relationships between perceived leadership styles and dimensions of organizational climate. Both styles of leadership are positively correlated with challenge & involvement and trust & openness.

A feasible explanation is Pakistani organizations and their culture is undergoing dramatic changes, which have added a fresh perspective to management philosophy and managers shifting their styles from conventional to participation oriented managerial styles (Iqbal, 2008). With this paradigm shift most of the entrepreneurs are encouraging their subordinates to participate in day-to-day business to some extent. Traditionally, employees' participation and involvement in decision-making were known as western concepts and the notion was 'it doesn't work here' has changed in some of the private sector organizations in Pakistan (Khilji, 2002).

Another important finding of this study was that initiating structure (See Table 1) had no significant association with, 'idea time', 'idea support', 'freedom' and 'Playness & humour'. Initiating structure of leadership stresses on task setting and job related relations. This could be expected that since initiating structure can be defined as task-related leadership style and does not allow and allocate time to think about new ideas. The value of humour/ playfulness is usually very high in innovative organizations, which could lead to creativity and innovation in organization. Since under initiating structure there is no statistical significance between leadership styles and playfulness and humour, it shows that the rigorous climate prevails in some of the sampled organizations.

This study also reveals that there is no statistical significance between freedom and initiating structure. Ekvall (1996) explains that a certain level of freedom has to exist to provide innovation. However, high values in freedom point to a situation in which subordinates are able to work independently without permanent observations. As mentioned earlier the qualities of initiating structure in which goals are set by management, work related relationships are maintained and tasks are defined by top management. It is assumed that initiating structure of leadership style controls the working environment which leads to lack of freedom in the workplace. This view was also supported by Jones and Blunt (1997).

Another important and quite interesting finding of this study was that there was no statistical significance between leadership style (consideration) and organizational climate (risk-taking dimension) (see Table 1); same results were found for initiating structure style of leadership. Through many studies Ekvall has shown that the biggest difference between routine organization and innovative organizations exists in the dimensions of risk-taking (Ekvall, 1996).

The possible explanation of this finding is that because of strictly following the hierarchy, employees in Pakistani companies rarely venture voluntary opinions. There is a marked

Iqbal

tendency to play it safe even when permission has been granted by higher-ups to be innovative. This reluctance or fear to contribute new ideas seems to stem from a perception that the penalty for making a mistake or voicing a controversial opinion is too high. It actually appears that for some, leaving a positive impression with their superiors is more important than producing results. It can be described as fear of being punished.

6. Conclusion

In conclusion, the study achieved its objectives by establishing the relationship between Leadership styles and organizational climate. The focus of this study may be limited but it has shed new light on the concept of organizational related context. As Pakistan has emerged from an agrarian society to a technological oriented country and knitwear plays a vital role in the economy of Pakistan. At the moment, it is apparent that the Pakistani knitwear Industry is facing an uncertain environment. Therefore, this is the right time to take care of the knitwear sector. Malik (2002) noted that the knitwear is most likely to face difficulties in complying with environment conditions. The reasons include lack of awareness, lack of compliance capacity due to limited managerial capability, lack of technical know how and most importantly limited financial resources. Hence, it is suggested that the Government should adopt a Cluster Development Approach, where collection of a targeted set of firms benefits from a focussed initiative of the Government to protect working conditions.

Findings in this study will benefit practicing managers as well as policy makers. In fact it is important for top-management in Pakistani organizations to display both task-oriented and relationship-oriented leadership behaviours in order to make the organization productive and committed. Ahmed and Alvi (1987) note that:

“...Any organization which fulfils its workers’ psychological needs, as well as provides better working environment, enhances their commitment toward organisation..”.

7. References

Ahmed, S. W. and Alvi, S. A. 1987. “Assessing Organizational Commitment in a developing country: Pakistan, A case Study”, *Human Relations*, Vol 40, No.5, pp.267-280

Ansari, M.A.1990. “Leader Behaviour and organizational effectiveness: The moderating effects of organizational climate”, in Hassan, A. and Singh, S. K (Eds.) 1990. *Operational research in Indian perspective*, Northern Book Centre: New Delhi, pp.9-35

Iqbal

Campbell, R. F. and Gregg, R. T.1957. *Administrative behaviour in education* Harper & Row Publishers: New York

Dale, K. and Fox, L. M.2008. "Leadership Style and Organizational Commitment: Mediating Effect of Role Stress", *Journal of Managerial Issues*, Vol. 20, No. 1, pp. 109-130

Denison, D. R.1996. "What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm war", *Academy of Management Review*, Vol. 21, No.3, pp.619-654

Ekvall, G.1983. "Creative Organizational Climate: construction and validation of a measuring instrument", *The Swedish Council for Management and organizational Behaviour*. Stockholm

Ekvall, G. (1996) "Organizational climate for creativity and innovation", *European Journal of work and organizational Psychology*, Vol. 5, No. 1, pp.105-123

Frederiksen, N.1966. "Some effects of organizational climates on administrative performance", in Pritchard R.D. and Karasick B. W.1973. "The Effects of Organizational Climate on Managerial Job Performance and Job Satisfaction", *Organizational Behavior and Human Performance*, Vol. 9, No. 1, pp. 126 – 146

Glick, W. H. 1985. "conceptualizing and measuring organizational and psychological climate: Pitfalls in multilevel Research", *Academy of Management Review*, Vol.10, No. 3, pp. 601-616

Hack, W. G., Ramseyer, J. A., Gephart, W. J. and Heck, J. B. 1971. *Educational administration: selected readings*, 2nd Ed. Allyn and Bacon: Boston

Halpin, A.W. 1959. *The leadership behaviour of school superintendents*, Midwest Administration Centre: The University of Chicago, Chicago

Iqbal, A. 2008 Organizational Climate and Employees' Commitment: A Study of Pakistani Knitwear Industry, *Business Research Yearbook*, Vol. 15, No. 3, pp.154-159

John, M. C. and Taylor, J. W.1999. "Leadership Styles, School Climate and the Institutional Commitment of Teacher", *International Forum*, Vol. 2, No.1, pp 25-57

Iqbal

Jones M. L and Blunt, P.1997. "Exploring the limits of western leadership theory in East Asia and Africa", *Personnel Reviews*, Vol.26, No. 1/2, pp. 6-23.

Judge, T. A., Piccolo, R.F. and Ilies, R. 2004. "The forgotten Ones? The Validity of consideration and Initiating Structure in Leadership research", *Journal of Applied Psychology*, Vol. 89, No. 1, pp. 36-51

Keller, R. T. 2006. "Transformational leadership, Initiating Structure, and Substitutes for Leadership: A longitudinal study of Research and Development Project Team Performance", *Journal of Applied Psychology*, Vol. 91, No. 1, pp. 202-210

Khilji, S. E. 2002. "Modes of convergence and divergence: An integrative view of multinational practices in Pakistan", *The International Journal of Human Resource Management*, Vol.13, No.2, pp. 232-53

Malik, A. S.2002. "Impact of Environmental Regulations on the Textile Sector of Pakistan", Country Paper Prepared for Expert Meeting on Environmental Requirements and International, Geneva

Mathieu, J. and Zajac, D. 1990. "A review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment", *Psychological Bulletin*, Vol. 108, No. 2, pp. 171-194

Newstrom, J. W. 2007. *Organizational Behavior-Human Behavior at work*, 12th Edition, McGraw Hill International Edition: New York, US

Nystrom, H. 1990. "Organizational Innovation", In West M. A. and. Farr J. L (Eds.) *Innovation and creativity at work*, John Wiley and Sons Ltd: New York

Robbins, S. P and Judge, T. A. 2008. *Organizational Behavior*; 13th Edition, Pearson International Edition: NJ

Scott, S. G. and Bruce, R. A. 1994. "Determinates of innovative behaviour: A path model of individual innovation in the workplace", *Academy of Management Journal*, Vol. 137, No. 1, pp. 580-607

Stogdill, R.M. 1974. *Handbook of leadership: A survey of theory and research*. The Free Press: New York