



**Doctoral School of
Political Science**

THESIS SUMMARY

Mark Istvan Gal

**Leadership – Organizational Culture in the light of
Public Management reform models**

Supervisor:
Dr. Gyorgy Jenei DSc.
professor emeritus

Budapest, 2017

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1. The subject and the research questions¹

My thesis aims at revealing the characteristics of the relationship between leadership and organizational culture based on three public management reform models – an approach which in itself is new in the field of leadership. The secondary objective wishes to bring forth the subfield of administrative leadership which refers to the leaders of public sector organizations no matter whether they are the chief executive officers or employees functioning as lead workers” (Pearce and Conger 2003).

In the literature we often meet, with the statement that there is a relationship between leadership and organizational culture, that they represent the “two sides of the same coin” (Schein, 2004, pp.10).

Therefore the aim of the thesis is two-folded:

- to reveal those characteristics of the leadership – organizational culture which are indicating the relationship between the two;
- to place the leadership styles (met in practice) in a public management reform context;

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A fundamental and often repetitive question: “*What is leadership?*” Examining this question a number of researchers, university professors until this day cannot seem to manage to get to a common denominator, all of this happens because a concept is given which does not have an accepted Hungarian equivalent. Bakacsi (2004) supplied it with the concept of “personal leadership”; but we may find several interpretations in different dictionaries, such as: leadership theories, command, directing, etc. In other words “there are almost as many definitions of leadership as there are persons who have attempted to define the concept” (Yukl, 1989; Bass, 1990, p.11).

The current thesis departs from the following interpretation: by leadership we refer to a process the process, in course of which an individual influences, motivates and makes capable others in order to achieve the goals of the organization (House & Javidan, 2004).

When placing “public” in front of leadership development, we are narrowing the scope to public service organizations and leaders. By public service we specifically mean those working in public organizations, although we recognize that expanded notions of governance mean expanded notions of what constitutes public and who constitutes the public service (ed.

Ricardo S. Morse and Terry F. Buss, 2008, p.5). We believe that public leadership is distinctive and that generic treatments of leadership are not sufficient for the public leaders navigating the “transformation of governance” (Kettl, 2002).

The main components investigated in the current research regarding organizational culture were five characteristics of cultures, which can be “operationalized as quantitative dimensions” (House et.al., 1999, p.24):

- (1) “*Future orientation*” I.;
- (2) “*Future orientation*” II.;
- (3) “*Individualism/collectivism*”;
- (4) “*Humane orientation*”;
- (5) “*Power distance*”.

All of the culture dimensions have their origins in the dimensions of culture identified by Hofstede (1980).

The third research dimension of the thesis consists of the so-called public management reform models (paradigms) which together formulate the organizational – administrative level.

The models which are described and analyzed are the “***New Public Management***” (NPM), the “***Neo-Weberian State***” (NWS) and the “***New Public Governance***” (NPG). Such profiles are not

static, and are affected more or less by contemporary trends (e.g. financial crises).

When defining the aims of the research first I've used – as a starting point – more general questions, from which the specific hypotheses were drawn:

Q.1) What kind of organizational culture types can be delineated in the case of the Hungarian and Romanian public institutions? The goal with this question is to identify organizational culture types within the cultures of the two countries.

Q.2) What kind of leadership types appear in Hungarian and Romanian leadership practice?

Q.3) Does the organizational-administrative level determines what kind of style(s) should a leader adapt inside the organization?

Based on these research questions the following hypotheses were formulated:

H.1) The organizational-administrative level determines what kind of style a leader of a given institution requires.

In the present case the independent variable is represented by the “organizational-administrative level”, while the dependent variable is “leadership”. The first proposition of my research (and

perhaps the most important) is that the nature of administrative reforms (which belong to the elements of the organizational-administrative level) have an effect on the leaders of a given public institution and on the applied leadership style.

H.2) Based on the leadership styles (met in practice) we can predict the belonging to a specific type of organizational culture and the features of that particular culture.

It is necessary to analyze this, because by doing so we can interpret whether there is a causal connection between leadership–organizational culture, and if so, between what kinds of organizational circumstances does it come true. The features of an organizational culture inside the organization serve as the dependent variable. The independent variable in this case will be the leadership styles.

H.3) Based on the styles of leadership a classification (of these styles) within the different public management reform models can occur.

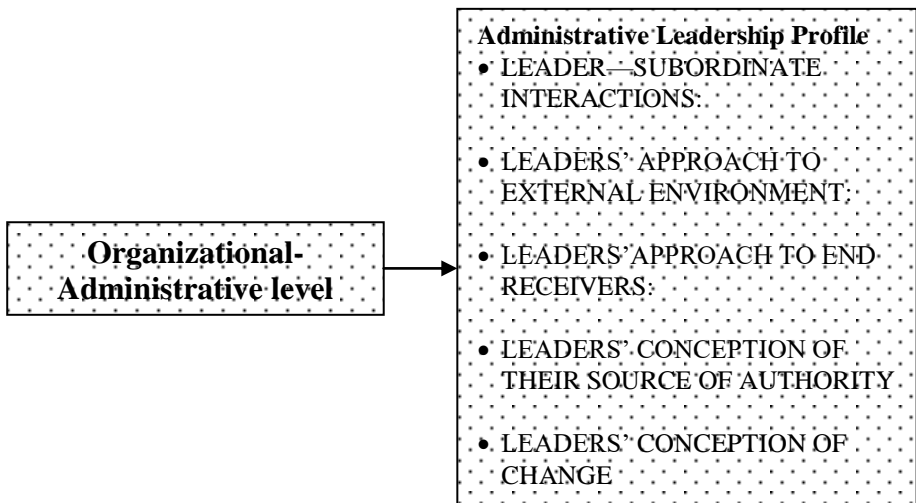
Besides mapping out of the leadership style it is possible to establish a classification that a given public institution is closer to a certain kind of a public management reform model. Through this it is also possible to view what kinds of differences exist between the given institutions.

2. Applied methodology and research antecedents

In the thesis my focus is on one of the elements from the International Institute of Administrative Sciences (IIAS) research model.

In the IIAS research model I've marked out those parts which I want to address within this present thesis (due to the constraints of the thesis). In this figure I did not illustrate all the connections which can be seen in the original IIAS model, but only those which can be considered as being relevant within the context of this thesis.

Figure 1: The research model of the thesis



The challenge was to identify both the similar (unifying) patterns and those elements which cause substantial differences.

The examined target group consists of mid-level managers in local governments in both of the analyzed countries. Although the primary focus was on local governments other types of public institutions (schools, public works) were also involved, thus allowing the possibility of accomplishing a more comprehensive comparative research. The involved institutions were chosen partly based on pre-determined criteria, and partly on recommendations and willingness to participate. Thus the database which was used to the analysis can't be considered to be a representative sample. The database contains 212 answers from 4 types of institutions in Hungary (Mayor's Office, Local Governments, schools and public works). In every city we had one survey officer, who was appointed to coordinate the gathering of the completed surveys. From Romania the database contains 189 responses also from 4 types of institutions (City Halls, County Councils, Prefect's office and County School Inspectorates).

The survey instrument consists of 6 building blocks: 1 block with regard to the cultural antecedents, 1 block with regard to the organizational-administrative level, 2 blocks with regard to

leadership styles, 1 block with regard to competencies, and 1 block with regard to background information. The field test (survey) in Hungary was carried out in three cities (Miskolc, Debrecen, Eger) between March – June, 2014, while in Romania between May – August, 2015. The research relies partly on a secondary analysis since I wish to deepen an already existing and comprehensive research, namely the GLOBE studies and the results of this research, from which the data originate from a period between 1995 – 2005.

Given the magnitude of this research I do not intend to display a national situation with a general validity, but rather confine the study to certain cities' local governments and institutions. Since my topic does not intend to present a description in the two countries between the leadership styles and organizational cultures, but rather to concentrate on the relationship between the two concepts and their characteristics. An important ambition of the research project is thus to make a contribution to the improvement of administrative leadership.

3. Results of the thesis

As already mentioned, the main aim of the thesis was to pinpoint both the similar (unifying) patterns and those elements which lead to differences in Hungarian and Romanian public institutions.

The fundamental components investigated in the current research were five characteristics of cultures (House et.al., 1999, p.24). Based on the received answers whereas in Hungary the organizational culture is perceived as being future-oriented, meaning that organizations have a tendency towards creating a flexible and adaptive environment, with highly motivated employees and visionary leadership is emphasized. In Romania we observed just the opposite phenomenon. This means that the majority of organizations have a shorter strategic orientation, possibly with inflexible managers.

In Hungary 73,1% of the questioned subjects have strongly agreed that group loyalty is seen as being more important, than the individual goals. In the case of Romania we obtained the same outcome, although with a lower level of responses 43,9%. These answers are characteristic to a collectivist view and it should be noted that this represents the first element where similarities occurred between the two countries.

The analyzed Hungarian sample shows a high level of humane orientation. Whereas in Romania this is not entirely clear (even if the majority of the respondents – more than 50% - have indicated that people in general do not seek to dominate, a higher level of answers was obtained – almost 40% - which shows that most of the people do not care about each other).

The findings concerning the dimension of power distance are interesting mainly because they did not confirm our original assumption (which was that this will be similar in both of the countries and it will be rooted in the administrative traditions characteristic in Hungary and Romania).

We've encountered more differences than similarities related to the characteristics which help us to outline the organizational culture. In the Hungarian cases the organizational culture can be characterized as:

- having a relatively high level of future orientation (the average score for future orientation practices was 2.04 (on a 1-to-5 Likert scale) – for future orientation I – and 2.02 – for future orientation II on the 1-to-5 scale),
- a relatively high level of collectivism (mean = 2.15 on the 1-to-5 scale),

- the humane orientation is higher than lower (with an average on caring about the other person of 2.34 and a mean of 3.05 for seeking – not seeking to dominate) and
- a relatively low level of power distance (having an average score of 4 on the 1-to-5 scale).

Whereas the organizational culture in the analyzed Romanian public institutions has the following characteristics:

- low level of future orientation (average score of 2.05 for future orientation I, and 2.43 for future orientation II),
- a somewhat higher level of collectivism than individualism (mean = 3.27), with
- a relatively low level of humane orientation (2.63 average for not caring about the other person and a mean of 2.89 not seeking to dominate) and
- a relatively high level of power distance (average of 3.73).

Administrative cultures are built-in the administrative structures. Administrative (reform) models emphasize sources of input and accountability in terms of hierarchy, the market, and networks (Pollitt and Bouckaert 2011).

Regarding the results on the three “ideal” models we can observe that there were only two instances where the differences were

notable (“relying on the expertise of employees and managers”; “conducting business in an impartial way”); the first two characteristics had similar results. Comparing the findings we could state that the organizations in both Hungary and Romania find that NWS is still seen as being the driving force, but we should not rule out other possibilities since the ‘should be’ state could also give us a better acceptance of the “organizational-administrative” level which is desired by the leaders.

The correlation in the case of the second model was not that strong (in comparison to the NWS), since much lower percentages indicate that elements defining the NPM are being viewed as very important. We have two characteristics which resulted in similar outcomes, while other two have lead to more notable differences (the development and use of specific performance indicators and benchmarks; the use of market mechanisms).

“Collaborating with stakeholders outside the organization” has resulted in significant differences, while the other three characteristics of the NPG model have shown strong similarities. In contrast the answers obtained in the ‘should be’ instances show a much higher percentage, which indicates a strong need towards this reform model.

The data also demonstrate just how much the overall governance paradigm at any given time can be described essentially as a moving object. And while the results show that at the moment NWS is still regarded as the governing model, the future indicates a definite shift towards something else, which at the present it seems to be a very difficult task to define or even describe (large amount of percentages almost to every characteristic), but this shows a strong indication that NPG and even market aspects will continue to expand.

The institutional component of leadership corresponds to the administrative leadership profile which is a part of the research model of this thesis (see figure 1). Before reviewing the results in a comparative manner, it should be noted that each of the answers correspond to one of the three “ideal” models, this making possible to demonstrate hypothesis nr. 3 (based on the styles of leadership a classification (of these styles) within the different public management reform models can occur).

The classification should be interpreted as follows:

- Leaders-subordinate interactions:
 - Directive (NWS);
 - Delegative (NPM);
 - Participative (NPG);

- Leaders' approach to the external environment:
 - Neutral (technocratic) (NWS);
 - Strategic (competitive) (NPM);
 - Collaborative (cooperative) (NPG);
- Leaders' approach to end receivers:
 - Clients with technical rights (NWS);
 - Consumers with preferences (NPM);
 - Active citizens with right to participate in process (NPG);
- Leaders' conception of their source of authority:
 - Fulfilling rules (NWS)
 - Comparative success (NPM)
 - Community goodwill (NPG)
- Leaders' conception of change:
 - Value of tradition (NWS);
 - Value of change (NPM);
 - Value of consensus (NPG);

The most frequently met leader – in the Hungarian sample – has the following characteristics: directive with its subordinates, collaborative towards the external environment (note: interesting contrast if comparing the leaders' behaviour inside-outside of the organization), views end receivers as consumers with their own

preference(s), sees its own source of authority deriving from laws and legally endorsed programs, who values change and considers his/her role (when interacting with politicians) as a empowered operational manager. The leadership style is quite heterogenic (3 characteristics belong to the NPM, while 2 to the NWS) which means that there is a “transition state” shifting away from the NWS, towards the NPM model.

Leaders in the Romanian sample can be described as being also directive with their employees, collaborative with the external environment, view end receivers as legally entitled persons/entities, sees its own source of authority in fulfilling rules, they value change (note: contradictory with the future orientation dimension of organizational culture), and view themselves as loyal implementers of policy when interacting with politicians. Based on this description, the leadership style - considering the majority of the characteristics (4 out of the total of 6) - indicates a belonging to the NWS model.

The findings from the ‘should be’ instances illustrate that there is a desire towards a change of leadership attributes and behaviour. In Hungary the perceived need is between NPM and NPG (3 characteristics belong to NPM, while 2 to NPG) which can signify a movement towards the network oriented model.

Whereas in Romania the situation is obvious (5 out of 6 characteristics) the styles which describe NPG as being the most important.

The second approach aimed at the behavioural component of the leadership style. For this the MLQ (Multifactor Leadership Questionnaire) served as a measuring tool, although there were different items (to a certain degree) used in Hungary and Romania, but both aimed at measuring the three leadership styles: “transformational”, “transactional”, and “passive-avoidant”.

First we’ve compared data for the transformational leadership style, based on the four factors which describe this style. Then using SPSS software we’ve calculated using the “one-sample T test” the means for each of the factors. Each statement was rated using a Likert-scale (where 1 = “almost never”, and 5 = “always” – in the Hungarian survey instrument, and 0 = “almost never”, and 4 = “always”) in Romania. All factors belonging to transformational leadership scored highly which indicates a strong presence of the transformational leadership in both countries. When comparing the results with the transformational leadership we can state that transactional leadership is not that often met in practice (except the management-by-exception factor in Hungary

which gathered an average of 3.28-4.52). The passive-avoidant leadership is the least preferred style among respondents (especially in Romania). The used samples and research methods were suitable in identifying the similarities and (in some instances the significant) differences, but the obtained results (from the survey) can be mostly used to interpret possible patterns, but not as a general phenomenon in the examined countries.

4. Summary

During the data analysis the main priority was to find (suitable) answers to the research questions. First: what kind of organizational culture types can be delineated in the case of the Hungarian and Romanian public institutions? Second: what kind of leadership types (attributes, styles, and behaviours) appears in the Hungarian and Romanian leadership practice? And third: does the organizational-administrative level determine what kind of style(s) should a leader adapt inside the organization? After having conceptualized these questions, three hypotheses were created upon which the research was based upon:

(H1) The organizational-administrative level determines what kind of style a leader of a given institution requires.

(H2) Based on the leadership styles (met in practice) we can predict the belonging to a specific type of organizational culture and the features of that particular culture.

(H3) Based on the styles of leadership a classification (of these styles) within the different public management reform models can occur.

The empirical results of the research have shown that the organizational culture (in the Hungarian sample) can be described as: *“planning for the future”, “planning ahead”, “group loyalty”* is important, people care about each other and *“do not seek to dominate”* and they’re allowed *“to ask questions from their leaders”* when disagreement occurs. While the Romanian database has shown that the culture is characterized by *“short term planning”, “accepting the status quo”, “group loyalty”,* people *“don’t care about each other”,* but they *“do not seek to dominate”* and they should *“obey their leader without any questions asked”*.

Second the findings show that the leadership style based on the analyzed Hungarian institutions can be described as: *directive, collaborative,* leader views end receivers as *consumers with preferences,* it’s source of their authority lies in *fulfilling rules, values change and often applies transformational*

leadership and occasionally transactional leadership. The Romanian leadership style is: *directive, collaborative*, views end receivers as *clients with technical rights*, it's source of authority lies in *fulfilling rules, values change and often applies transformational leadership.* Therefore it can be stated that there are more similarities (5 items), than differences (2 items).

Finally the results also have shown that in Hungary and as well in Romania the dominant reform model (at the moment) is seen in the NWS although in the Hungarian case the leadership styles have shown a slight advantage towards the NPM model, which could also mean that there is a sort of a 'transition state' shifting away from the NWS, towards the NPM model.

Below follows an overview of my thesis's contribution to academic knowledge:

- according to my present knowledge, no comprehensive paper has been written which aimed at finding characteristics of leadership and organizational culture with a focus on the organizational-administrative level in Hungary and Romania;
- although administrative leadership is considered to be an important subfield of leadership (Trottier, Van Wart, and Wang 2008) which refers to the leaders of public agencies,

no matter whether they are the chief executive officers or employees functioning as lead workers (Pearce and Conger 2003) it is still under-researched therefore I do hope that my thesis will contribute to the questions raised by leadership theories;

- the empirical data which was obtained in the research will contribute to the international IIAS study group on administrative leadership; also the research gives the opportunity to compare not just the two countries which were analyzed but on the long term they can also be compared with the world culture profile as well;
- the length of the thesis allowed for a detailed description of not just the present states in which the mid-level managers see their organization, but also for the desired states which open a whole new set of possibilities for future research

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