Original Paper

The Relationship between Leadership Traits, Market Orientation and Corporate Culture on Customer’s Retention on Quasi-Government Organizations in The U.S Virgin Islands

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Abstract
This paper examines the relationships between transformational leadership, market orientation and corporate culture in customer retention in quasi-government organizations. The purpose of this research is to identify and examine this synergistic fit that was not researched as a combination in previous literature. In recent years, small business owners have realized the importance of strategic leadership in achieving both shareholders and stakeholders interest. A comparison of quasi-government organizations reveals that, in the U.S. Virgin Islands, market orientation leads to higher customer retention, knowledge competence, enhanced market-based innovations and higher profit margins. A hybrid of the three organizational phenomenon is critical findings of this study. This paper will further examine the three pillows associated profitable organizations: leadership, market orientation, and corporate culture. The findings of this research will have significant implications for strategic business unit’s managers who relies on economic forecast to maximize financial returns in quasi-government agencies.

Keywords
market orientation, customer orientation, leadership, corporate culture

1. Introduction
An examination of the concepts of leadership styles and organizational culture types has attracted significant interest in the field of organization and management from scholars and practitioners alike. Recent study proved that there must be a synergistic fit between leadership styles and performance (Bass, 1994; Howell & Avolio, 1993), and between organizational culture and performance (Lim, 1995) if organizations were to successfully achieve their mandated objectives. The fact that transformational leadership is commonly seen as an important factor in facilitating both organizational performance and corporate culture, there is a need to explore further research focusing on specific leadership traits to determine synergistic fit with the three phenomenon. While it appears as though organizational practitioners continue to explore a strategic link in the private sector, and in some cases, are able to select leaders who have demonstrated the ability to improve organizational effectiveness, researchers in the public sector must continue to research a continuum of literature addressing the challenges of
accomplishing the mandates of key stakeholders of the organization in effectuating changes within the context of organizational performance (Wilderom, Glunk, & Maslowski, 2000). As Wilderom (2000) asserted, with any aspect of organizational functioning, it should focus on organizational performance, and most important, effectiveness in achieving desired outcomes. It was pointed out that a number of scholars have questioned the management theory practices in the western hemisphere, while calling for more investigation into the phenomenon associated with organizational culture as a significant ingredient in performance management practices in non-western countries (Reynolds, 1986).

Newly formed small businesses might find short-term success with a sales-oriented approach to marketing, but a more product-oriented strategy can increase the likelihood of long-term success. A product, or market, orientation focuses on pulling customers by satisfying an existing need in the marketplace, rather than trying to push buyers with sales gimmicks. As many small businesses learn the hard way, even proven sales promotions such as discounts and rebates can hurt your brand in the long-term. In general, the phrase marketing orientation is a marketing term, whereas market-oriented is typically an economics term. Marketing orientation means a company operates with a market- or customer-first approach. Market oriented is used in marketing, but it more typically describes a free enterprise economy where businesses and consumers are able to buy and sell freely.

The U.S. Virgin Islands government has been challenged with a scarcity of financial resources for the past 16 years. This scarcity of resources is due in part to the structure of the central government, where government agencies were primarily created to provide services to its constituents. The slow collection of taxes and the stringent scrutiny of the U.S Federal Government oversight compound the allocation of scarce resources. To overcome this financial dilemma, a significant number of government organizations were legislated as quasi-government organizations with the sole purpose of operating as private businesses to generate profit. Each of these quasi-government organizations were further mandated to contribute a significant percentage of their profit to the central government to assist in providing funding to mandated programs in the public sector. The problem is these quasi-government organizations are not provided with budget allotments and must survive with little or no government financial intervention. This study seeks to investigate the relationship between leadership traits, the type of market initiative accruing within the organizations and the impact the corporate culture has on the overall effectiveness of the organization performance.

1.1 Problem Statement

The U.S. Virgin Islands government has been challenged with a scarcity of financial resources for the past 16 years. This scarcity of resources is due in part to the structure of the central government, where government agencies were primarily created to provide services to its constituents. The slow collection of taxes and the stringent scrutiny of the U.S Federal Government oversight compound the allocation of scarce resources. To overcome this financial dilemma, a significant number of government organizations were legislated as quasi-government organizations with the sole purpose of operating as private businesses to generate profit. Each of these quasi-government organizations were further mandated to contribute a significant percentage of their profit to the central government to assist in providing funding to mandated programs in the public sector. The problem is these quasi-government organizations are not provided with budget allotments and must survive with little or no government financial intervention. This study seeks to investigate the relationship between leadership traits, the type of market initiative accruing within the organizations and the impact the corporate culture has on the overall effectiveness of the organization performance.
1.2 Objective of the Study
The object of this study is to examine the relationship between Transformational leadership traits, market orientation performance and culture types on quasi-government organizations in the U.S. Virgin Islands.

1.3 Significance of the Study
This study empirically tests the impact of leadership and corporate culture on organizational performance. First, research on the links between transformational leadership styles and performance is examined. Second, studies showing the link between organizational culture and market performance are discussed. Finally, studies showing the link between transformational leadership traits and organizational culture types are presented. Practitioners and scholars have argued that the topics of leadership and organizational culture have attracted considerable interest, and the arguments are based on the explicit and implicit assertions that both leadership and culture are linked to organizational performance. It should be pointed out, however, while the relationship between leadership and performance and between culture and performance has been extensively investigated independently, few studies have investigated the relationship between the three concepts. The aim of this research is to bring some attention to the open link between leadership, organizational performance, and corporate culture in quasi-government organizations thereby extend the discussion within the framework of organization and management and to empirically test the constructs of transformational leadership, market performance and organizational culture in public sector organizations. The second purpose of this paper is to present empirical evidence which suggest that the effectiveness of an organization’s relationship between its leadership style and market performance is contingent upon the form of organizational culture that is present.

1.4 Transformational Leadership and Performance
The theory of transformational leadership theory was first introduced by Burns (1978) who was analyzing political leadership in public sector organizations (Barbuto, 2005; Llies, Judge, & Wagner, 2006). The theory suggests that some leaders, through their personal traits and their relationships with followers, go beyond a simple exchange of resources and productivity but seek to develop and empower individuals to their fullest potential (Nahavandi, 2006, p. 240). Transformational leadership is a process that changes and transforms followers. It focuses on individual’s emotions, values, ethics, standards, and long-term goals (Avolio, Bass, & Jung, 1999); and it assesses the motives of followers with an aim of satisfying their needs, and in treating them with dignity and respect (Banerji & Krishnan, 2000; Barbuto, 2005; Bass, 1999). From the views of scholars and practitioners, transformational leadership has the elements of a wider range of applicability. The leadership theory can be employed to influence followers on an individual and group level, and it can also be instrumental in influencing an entire organization and its culture (Burns, 1978). Campbell (1990) further asserted that while the styles of laissez-faire and transactional leadership, which are based on passive and active aspects of the leader and his environments, the transformational leadership, which is based on personal relationships, intellectual challenge, inspirational motivation and behavioral charisma are also seen as effective traits in enhancing organizational outcomes. Yuki (2002) also stated that the traits of transformational leadership were considered the leadership of choice as it relates to facilitating organizational performance.
It was further argued that leadership is not limited to executives at higher levels within organizations. Hersey and Blanchard (1998) argued that leaders at all levels of the organization should have the diagnostic ability and adaptability if they are to be successful in leading across diverse situations. An important contribution to the theory of leadership came from Burns (1978) and Bass (1985) when a comprehensive analysis was made from the research findings into the behaviors of political leadership. Their research showed that political leadership can be defined as transactional or transformational.
Additionally, Bass (1994) argued that transformational leaders act as role models for their followers, motivate and inspire followers through team efforts, challenge and stimulate their followers intellectually, and facilitate personal development and growth in their followers. Schimmoller (2006) articulated that transformational leaders may be more effective in aligning organizations’ philosophical objectives with their expected performances, when compared to transactional leaders whose influences are impacted by contract terms with their followers.

According to Bass (1985), the link between leadership and market performance has created scholarly debates with practitioners and scholars alike. Although it can be argued that research on the relationship between different leadership styles and organizational performance have yielded negative results, Bass (1985) found a high correlation between transformational traits and the organizational productivity specifically relating to market performance. Bass (1985) also found that this association with the leadership performance phenomenon was more impressive than the positive relationship between the leader’s transactional style and the organizational effectiveness. Other literature on the theory of leadership pointed out negative correlation between the transactional leadership style and organizational performance (Parry, 2003). Bass (1985) argued, on the other hand, that employees exert more interest and take initiative to perform their duties if they support the appointment of the leader or have stake in the organization in which they work. This synergy of employee and leader interaction contributes to the increase productivity and level of organizational performance which employees are measured. According to Casimir (2006), Gadot (2006), and Parry (2003), they asserted that resent studies in leadership styles in public sector organizations found that leaders that demonstrated transformational leadership traits have positive effects on the innovation of their employees and their organizations, overall performances.

According to Gadot (2006), research citing Hater and Bass (1988) found the leader member exchange (LMX) theory provides strong evidence showing the correlation between transformational leadership styles and organizational performance as well as Organizational Citizenship Behavior (OCB). The findings of Hater and Bass (1988) and Gadot (2006) are in line with Blau’s (1964) exchange theory and with Vroom’s (1964) expectancy theory that call for a synergistic model framework between managers and employees. Gadot (2006) stated that an organization can improve its performance only when organizational stakeholders demonstrate an environment of fairness and impartiality amongst its human assets. Yuki (2006) argued that employees have high expectations of their leaders and seek to participate in decision-making; to question the philosophical views of their leaders, as well as to oppose, to support, or to recommend the reassignment of tasks implemented by their leaders. Yuki (2006) also pointed out that to effectively evaluate an organizational productivity, it is important to understand and accurately measure leadership performance. Bass (1988) asserted that while a prevailing body of literature has represented the fact that there are positive correlations between transformational leadership, and organizational performance, many distinct conceptualizations of the leadership performance phenomena have been lumped together under the umbrella of leadership performance such as organizational outcomes. Howard (1998) stated however, the leader performance phenomenon is best measured by variables such as career success of the individual leader, performance of the group or organization. While each of these measures can be considered conceptually distinct, one must conclude, therefore, that each has different outcomes and their inclusion should depend on the objectives of the leadership performance phenomenon (Yuki, 2002).
1.5 Market Orientation and Performance

Deshpande & Webster (1998) argued that the marketing orientation, or marketing concept, emerged significantly in the latter half of the 20th century. They pointed out that companies with a marketing orientation make the needs and wants of customers a primary driver of business decisions (Deshpande & Webster, 1998). This is different from the previously popular production orientation, in which quality and efficiency of production were key strategic points. As Drysdale (1999), pointed out, a market orientation is a business philosophy whereby a company’s primary focus is learning the known and undiscovered needs of its customer market and attempting to provide for them. Marketing isn’t simply an important part of business success—it is the business. Everything else in the business depends upon marketing. Mark Cuban, owner of the Dallas Mavericks and several media and entertainment companies, puts it as succinctly as possible: “No sales. No company”. Here are the basics of successful marketing. Joseph (2014) asserted that firms that use a market, or product orientation, focus on driving revenue and sales by creating something the marketplace needs or wants. Jaworski & Kohli (1993) a product-oriented publication focuses on building a circulation consisting of its target advertisers’ customers and creating editorial that engages those readers. Advertisers are drawn into advertising to get in front of their customers, especially if their competitors are advertising. When a company has a marketing orientation, it makes meeting the needs or wants of its target customers its primary business motivation. This includes responding to stated consumer needs by developing new products, improving on exist products or improving services. Companies with especially strong marketing orientation may even detect consumer needs before the general market is aware of them. According to Jaworski & Kohli (1993), these companies are usually cutting-edge innovators that try to give customers what they want faster than competitors, by implementing a strategic marketing orientation framework articulation as:

- Determining the need for a product through consumer research and by observing and quantifying sales patterns of similar goods in the marketplace.
- Modifying existing products or creating new products to match consumer wants and needs.
- Determining how best to reach potential customers to make them aware of your products and to persuade them to buy them.
- Creating marketing campaigns based on your determinations of the most effective way of reaching customers.
- Confirming customer relationships via follow-up sales campaigns and loyalty programs.

Marketing orientation encompasses not only determines consumer need, it also helps create consumer need. As Kasper (2005) pointed out, market orientation really begins with understanding your potential consumer. To illustrate the importance of strategic market planning, one just have to reference the well-known 21st-century marketing failure involving U.S. companies’ which attempted to sell deodorants in China. What these U.S. companies failed to realize was that, biologically, ethnic Chinese do not have the same body odor issues as Westerners. They also failed to take into account that Chinese consumers commonly regard sweating as a healthy activity that—among other things—purifies the system and not, as is common among Americans, as a social problem (Javalgi, Whipple, Ghosh, & Young, 2005). It is a truism of marketing education that marketing can’t create a need, but many marketing campaigns are based on creating an awareness of a product and the desirability of owning that product. The important outcome of this marketing strategy is that this awareness creates the need and initiate a demand of the product or service. Kokemuller (2014) puts it best when he reinforced the notion that common strategies for creating an awareness of the product and giving it a context that stimulates a
desire to own it are:

- **Demonstrating scarcity.** Apple, for instance, increased the demand for the Apple 5 by cutting off further shipments of the phone for two weeks immediately after announcing the release.

- **Developing a “we” bond between consumers and product,** often by announcing the product first to a selected audience, and inviting consumers to participate in the development of the product or product launch.

- **Interacting with social media,** such as responding to consumer comments, whether favorable or unfavorable.

### 1.6 Market-Oriented Economics

Jaworski & Kohli (1993) asserted that the phrase market-oriented is used in casual conversation to describe a company with a marketing orientation, this phrase is more often considered an economics phrase. A market-oriented economy or system, like the United States free enterprise system, allows for a generally free market for companies to sell and consumers to buy. Politicians or economists who believe in less government involvement and regulations in business are often referred to as market-oriented economists. They typically support a more open business environment where the marketplace dictates whether companies succeed or fail.

### 1.7 Market Research

Lister (2014) stated that market orientation starts with market research and it is critical that small businesses understand more than just the demographic characteristic of their customer. For example, knowing that your customers are men may not help you understand why they are buying from you. The age, income level and marital status of your primary target customer will help you discover the reason they need or want your product or service (Lister, 2014). This information will help you create or improve your product, rather than using a generic, gender focused advertising campaign. Looking at your competitors will also help you learn what the marketplace wants. Your competitors with the most market share might be successful because of their price, certain product features, where they are selling their product or a brand image they have created (Martin, B. A., & Martin, J. H., 2005).

Additionally, Narver and Slater (1990) asserted that, to create a market orientation, management must pay attention to your product, price and place, supported with promotion as the structure of the business in implemented. The objective of the executive team is to build a better, or at least different, mousetrap based on consumer and competitor research, focus groups and product testing (Narver & Slater, 1990). Once the demand of the market is evident, it is important to extend the product line. Price strategy should be structured to send the right message to customers. A low price can signal value or imply that you are cheap. A higher price may lose sales, but deliver enough high-margin sales among customers who perceive to be higher-end to justify this pricing strategy.

Narver and Slater (1990) pointed out that where you sell your product is just as important as how you sell it. According to Narver and Slater (1990) putting a high-end product into a mass retailer will confuse the market about your brand. Selling certain items online may work well, but if the product is in high demand, a mass retailer strategy may not be recommended. Once the product/services has been created and priced, it should be support with promotions that articulate the benefits or utility, to consumers rather than simply using awareness medium such as advertising, public relations and promotions that devalue the brand (Narver & Slater, 1990).
1.8 Advantages of a Market Orientation Strategy

Rapp, Niels, and Wei (2008) argued that by making customer needs a primary focus, companies will more likely develop products that match up with the needs of the customers. This means customers will experience more satisfaction with the product, which ultimately increases the likelihood of repeat purchases and brand loyalty (Rapp et al., 2008). With an ongoing customer focus, companies can also make adjustments over time and will look to the market to guide product improvements and upgrades. By adopting the marketing concept, companies have all functions aligned with the strategic vision of meeting the needs of customers, and this helps define the role of employees more clearly. Marketers must perform diligent research to uncover needs and convey messages that explain benefits. Production should focus on fine-tuning products to meet the needs of customers. Company leadership must set the tone by making product support and service the customer’s priority. This strategy should address the market philosophy of openness to customer feedback, which should help facilitate the data used in the improvement of production and research (Rapp et al., 2008).

1.9 Marketing Advantages

Narver and Slater (1990) argued that when companies have a good understanding of what the market needs or wants, they have better ability to market effectively to them. It is the task of the marketers to research the market well to understand not only what is needed, but how to convey messages that clarify how their products align with those needs (Narver & Slater, 1990). Familiarity with the market, stated Rapp et al. (2008), allows marketers to build emotionally impacting appeals into ads and generate more business. Consistently understanding and delivering what the marketplace wants leads to long-term profitability (Rapp et al., 2008). Companies can therefore, turn one-time buyers into repeat customers, with an ultimate goal of developing many loyal customers. It is a common practice that loyal customers buy more frequently and in larger volumes. Jaworski & Kohli (1993) also stated that they are also less susceptible to competition and more willing to pay higher prices. All of these business benefits mean the company has much better ability to remain viable and successful as long as it retains the marketing concept. Jaworski and Kohli (1993) explains that customer focus is one of the three pillars of a market orientation. Companies that have this orientation are largely considered with staying ahead of the curve in marketplace responsiveness. This can provide significant advantages for companies able to develop and produce products that not only meet customer needs but do so in a timely manner. Reliance on data-driven analysis also helps with accuracy of market understanding.

1.10 Organizational Culture and Performance

Howard (1998) argued that the concept of organizational culture has evoked serious research into the behavioral sciences of organizations’ performances. However, the arguments postulated by Schein (1992) asserted that organizational culture is an abstract and complex phenomenon, thus many definitions of culture exist and that the concept of organizations is ambiguous. As a result, scholars in organizational behavior (O’Reilly, 2000; Reynolds, 1986; Rowden, 2002) presented two schools of thought conceptualizing the meaning of organizational culture. One school defined organizational culture as observable traits focusing on the physical characteristics of the organization such as architecture, artwork, dress patterns, language, stories, myths, behavior, formal rules, rituals, ceremonies, and appearances. The other school argued that the physical characteristics are not culture types; rather they are the symbolic constructs of the unobservable characteristics of culture such as the norms, beliefs, assumptions, ideologies, values and shared perceptions held by members of the organizations (Hendrick, 2003; Nahavandi, 2006; Robbins, 2005; Yuki, 2002).
However, Schein (1990) argued that if there are shared experiences within the organization, there can also be a total organizational culture. Nevertheless, there is the tendency for subunits within a complex organizational structure to have cultures that are independent and even in conflict with each other. Schein (1996) further argued that culture is a dynamic, powerful and stable phenomenon operating in organizations. It is asserted that culture influences an organization’s financial performance (Rowden, 2002), internal development (O’Reilly, 2000), and strategic success (Hambrick, 1980; Harrigan, 1980; Shrader, Taylor, & Dalton, 1984; Weidenbaum, 1979; William, 1980). Given the arguments encapsulating the definition of culture, it is critical to analyze the dynamics and constructs that formulate the core concepts of culture within the framework of an organization through the reflective lenses of Howard (1998) and Schein (1990).

1.1 Hypothesis and Conceptual Model

The hypothesis in this study tested transformational leadership traits and organizational performance as the independent variables to determine if there is a relationship between organizational culture types as defined by Bass and Avolio (1994) as the dependent variable as defined by the CVF (Cameron & Quinn, 2006; Ogbonna & Harris, 2000; Selden & Sowa, 2004). Each element of transformational leadership types and organizational performance was correlated with the four constructs of organizational culture discussed previously.

On the basis of seminal research which suggests that leadership styles change the paradigm of organizational culture in improving performance, it is appropriate to proposed that:

H1  There is no relationship between transformational leadership traits, and organizational performance and organizational culture type as defined by the Competing Values Framework.

H2  The relationship between transformational leadership traits and organizational performance is mediated by the nature and form of organizational culture as defined by the Competing Values Framework.

Figure 1. Leadership Market Orientation and Culture Factor
2. Method
This research implemented a quantitative, non-experimental, correlation study using a survey as the method of data collection (Creswell, 2007; Yin, 2003). The research methodology complemented the purpose of the study adequately in that it seeks to verify the coexisting factors between transformational leadership traits; organizational performance and organizational culture types. The survey instrument of choice that was used to determine the leadership style was the MLQ Form 5X from Mind Garden. The survey included the Organizational Culture Assessment Instrument (OCAI) which defines each respondent organizational culture types. There were questions concerning the demographics to include the respondents’ age, gender, and tenure with present employer, rank within organization, leaders’ position within the organization and work history of the respondents.

All four sections: demographics, leadership, performance and organizational culture were administered by individuals assigned to each organization mainly for distribution and collection purposes. Permission was requested to use this survey instrument from Cameron and Quinn (2006) and Bass and Avolio (1994). The data analysis used was SPSS Statistical Software package. A regression analysis was performed to determine if there were any significant statistical relationship between transformational leadership traits, organizational performance and organizational culture types. The intent of this analysis was to test the hypotheses stated earlier to a level significant to p < .05. Further, a correlation analysis was used to determine the relationship between the variables, and the significant of the identified relationship.

2.1 Population and Sample
The target population for this survey comprised of employees working-full time in various quiz-government organizations in the U.S Virgin Islands. The respondents include directors, managers, supervisors, and support staff. The Organizational Culture Assessment Instrument (OCAI), measuring organizational culture type and the Multifactor Leadership Questionnaire (MLQ) Form 5X measuring leadership traits as transformational and organizational performance or effectiveness in marketing orientation as collective components were implemented in this study. Copies of twenty-five surveys were distributed to assigned human resources managers in four public organizations with approximately 800 employees to achieve a total sample size of 100 surveys. Specific instructions for completing the surveys were included in each package to the respondents. The respondents were given fourteen working days to complete the survey. The anticipated time it takes for one questionnaire to be completed was 20 minutes. Once the surveys were completed, the researcher collected the completed packages from the respondents by traveling to the sample locations. Of the 100 surveys that were distributed and collected, 91 usable surveys yielding a response rate of 96% (Note: Respondents scored all items on the scale 100 points). The goal of this survey was to obtain a return of 25 % to 30% responses.

2.1.1 Measurement
This study utilized a survey instrument in the form of a Multifactor Leadership Questionnaire (MLQ) Form 5X to collect data on leadership behavior, and organizational performance, and the Organizational Culture Assessment Instrument (OCAI) developed by Cameron and Quinn (2006) was used to measure organizational culture types. A review of the literature revealed that there are several instruments designed to assess transformational leadership, and the best-known and most rigorously assessed instrument is the Multifactor Leadership Questionnaire (MLQ) Form 5X (Javidan & Waldman, 2003). Originally designed by Bass (1985), and updated by Bass and Avolio (1990), the MLQ is psychometrically tested for reliability and validity.
The MLQ Form 5X developed by Bass and Avolio (1990) is a self-reporting questionnaire consisting of 45 questions regarding leaders’ behaviors; five sub-scales consisting of four items each that assessed the characteristics of transformational leadership to include idealized influence behavior, inspirational motivation, intellectual stimulation, and individual consideration; three sub-scales of four items measuring the transactional leadership component of contingent rewards, active management by exception, and passive management by exception (Avolio & Howell, 1992; Bass, 1985; Hater & Bass, 1988; Seltzer & Bass, 1990; Schimmoeller, 2006). Bass and Avolio (1990) further noted that the MLQ Form 5X measures specific leaders’ behavior by using a 5-point Likert Scale. This statement was corroborated by (Howell & Avolio, 1993; Sekaran, 2003) who stated that the 5-point Likert Scale responses ranging from “not at all” to “frequently if not always”. The 5-point scale approach was incorporated into the research instrument to be used in this study (Avolio & Bass, 1995). Three sub-scales of five items also measuring hiring decisions, performance measurement, job satisfaction and reward system. Cameron & Quinn (2006) also justified the OCAI instrument by stating that the instrument used a response scale in which individuals divide 100 points among alternatives. The OCAI instrument developed by Cameron & Quinn (2006) was designed to measure sample received from the respondents ranging from dominant characteristics, organizational leadership, management, strategic emphasis, organizational glue, and the performance. Each of the six items created four possible results which were divided into 100 points, known as an ipsative rating scale. The rating for each of the dimensions was analyzed and summed-up and the results were plotted to determine the strength of each competing culture within the organization (Cameron & Quinn, 2006). The anticipated time it takes for the questionnaire to be completed was 20 minutes.

2.1.1.1 Data Analysis
This study utilized descriptive statistical analysis to corroborate the data. A combination of two statistical packages were implemented, namely, SPSS Statistical Software package 14.0 and Microsoft Excel Software package to transform primary data into information that is understandable. In order to fully represent the data analysis, the information was summarized, categorized, and calculated using the mean, median and the mode methods (Cooper & Schindler, 2006). The standard deviation and the percentage of distribution were factored into the analysis in order to accomplish the analytical task (Creswell, 2003; Fowler, 2002). The data were also analyzed using the chi-square tests of significance to evaluate the difference between the observed frequency and the frequency of nominal data (Cooper & Schindler, 2006; Pendhazur, 1982). Emphasis was also placed on testing cross-tabulation of nominal data between selected variables. The statistical significance difference targeted was p < .05. alpha levels which is typical in most research (Cooper & Schindler, 2006; Pendhazur, 1982).

3. Result
The data was analyzed in three stages: demographics, factor analysis, and regression analysis. First, the data was examined using descriptive statistics to understand the samples without testing the hypotheses. The age of the respondents ranges from 22 to 55. The mean age was 42.3 years with a standard deviation of 11.72. Gender was 34% male and 65% female. 98% of the respondents reported full-time tenure with their agencies with a mean of 9 years. 5% of the respondents reported tenure with less than 5 years, while 3% reported tenure with less than 1 year. Although the demographics were incorporated into the data set, they were only used to better understand the sample, and were not used in the analysis of the questionnaires. The results of the sample showed that the respondents were mostly females, well-experienced and have a long tenure with their organizations. An aggregated variance analysis was
also conducted on transformational leadership traits, organizational performance to identify those items that were appropriately correlated to organizational culture types using variance procedures. First, the mean score for each of the six transformational leadership scales was calculated, then a comparison of the means was conducted for each item to evaluate the appropriateness of each score (i.e., statistically significantly higher on the appropriate definition utilizing t-tests; \( p < 0.05 \)). The analysis indicated that the sample size was adequate for assessing the practical significant differences between the means which is consistent with each observation represented in Table 1 below. The analysis also indicated that the mean scores of Organizational Market Performance (OMP) = \( 37.50 \); Idealized Influence Behavior (IIB) = \( 37.50 \); and Inspirational Motivation (IM) = \( 43.75 \); are significant when compared to Hierarchal Culture types. Intellectual Stimulation (IS); Individualized Consideration (IC) and Idealized Influence Attributes (IIA), reported less significant with \( 29.88 \); \( 30.42 \); and \( 29.17 \) respectively.

Table 1. A Comparison of Means Culture Types with Leadership Traits

<table>
<thead>
<tr>
<th>L. Traits</th>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchal</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMP</td>
<td>14.17</td>
<td>32.5</td>
<td>10.83</td>
<td>( 37.50 )</td>
</tr>
<tr>
<td>IIB</td>
<td>14.17</td>
<td>32.5</td>
<td>10.83</td>
<td>( 37.50 )</td>
</tr>
<tr>
<td>IM</td>
<td>14.72</td>
<td>16.72</td>
<td>19.22</td>
<td>( 43.72 )</td>
</tr>
<tr>
<td>IS</td>
<td>23.52</td>
<td>18.08</td>
<td>23.07</td>
<td>29.88</td>
</tr>
<tr>
<td>IC</td>
<td>7.50</td>
<td>19.16</td>
<td>36.25</td>
<td>30.42</td>
</tr>
<tr>
<td>IIA</td>
<td>16.67</td>
<td>19.00</td>
<td>25.83</td>
<td>29.17</td>
</tr>
</tbody>
</table>

Table 2 illustrates the correlation between culture types and organizational performance. As depicted in Table 1, when the sig. value (p - value) was compared to the significant level .05 the analysis showed that the p-value was less than .05 which indicates that there is a correlation between organizational performance and culture types. The correlation coefficient was weak at -0.315; -0.265; -0.543; -0.484, but strong at 1.00; 0.194 consistent with Cameron and Quinn (2006) who asserted that there is a strong existence of hierarchal and clan culture in public sector organizations. This study also found a strong existence of adhocracy and market culture in public sector organizations.

Table 2. Pearson Test of Correlation of Organizational Performance with Culture Types

<table>
<thead>
<tr>
<th></th>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clan Correlation</td>
<td>1.000</td>
<td>-0.315</td>
<td>-0.315</td>
<td>-0.265</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Adhocracy Correlation</td>
<td>-0.315</td>
<td>1.000</td>
<td>0.194</td>
<td>-0.543</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.000</td>
<td>.</td>
<td>0.008</td>
<td>0.000</td>
</tr>
<tr>
<td>Market Correlation</td>
<td>-0.315</td>
<td>0.194</td>
<td>1.000</td>
<td>-0.484</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.000</td>
<td>0.008</td>
<td>.</td>
<td>0.000</td>
</tr>
<tr>
<td>Hierarchal Correlation</td>
<td>-0.265</td>
<td>-0.543</td>
<td>-0.484</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>.</td>
</tr>
</tbody>
</table>
In addition to the Total Variance Analysis, this study also analyzed the relationship between the participant’s leadership traits and organizational culture types using the MLQ and the OCAI as defined by the Competing Value Framework. In the survey, leaders were defined as transformational with the components of Idealized Influences (Behavior); Inspirational Motivation; Intellectual Stimulation; Individualized Consideration, and Idealized Influence (Attributes).

Table 3. Correlation of Organizational Culture and Transformational Leadership Traits

<table>
<thead>
<tr>
<th></th>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence Behaviour</td>
<td>3.333*</td>
<td>-0.367*</td>
<td>-0.257</td>
<td>0.268</td>
</tr>
<tr>
<td>p-value</td>
<td>0.000*</td>
<td>0.022*</td>
<td>0.142</td>
<td>0.114</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>-0.362*</td>
<td>0.339*</td>
<td>0.322*</td>
<td>-0.328*</td>
</tr>
<tr>
<td>p-value</td>
<td>0.002*</td>
<td>0.001*</td>
<td>0.005*</td>
<td>0.003*</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>-0.226</td>
<td>-0.419*</td>
<td>0.447*</td>
<td>-0.358*</td>
</tr>
<tr>
<td>p-value</td>
<td>0.176</td>
<td>0.006*</td>
<td>0.008*</td>
<td>0.028*</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>0.476*</td>
<td>-0.459*</td>
<td>-0.169</td>
<td>0.232</td>
</tr>
<tr>
<td>p-value</td>
<td>0.001*</td>
<td>0.001*</td>
<td>0.241</td>
<td>0.096</td>
</tr>
<tr>
<td>Idealized Influence Attributes</td>
<td>-0.196</td>
<td>-0.538*</td>
<td>-0.078</td>
<td>0.530*</td>
</tr>
<tr>
<td>p-value</td>
<td>0.160</td>
<td>0.000*</td>
<td>0.579</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

*Highlighted values are significant at p-values that are less than .05.

Note: Each of the four organizational culture types labeled as clan, adhocracy, market, and Hierarchal were correlated to leadership traits using regression to determine the level of relationship and significance as depicted in Table 3. Leadership was studied in this survey as the independent variable and organizational culture as the dependent variable.

As exhibited in Table 3, it is important to note that this investigation found strong correlations with transformational leadership traits and organizational culture types in public sector organizations. It was pointed out that the links are positively related with Clan 3.333; Adhocracy 0.476; and Hierarchal culture .268, .232 respectively. What was surprising, however, is the positive link between Market culture .322, and .447, and transformational leadership traits in public sector organizations which Cameron and Quinn (2006) asserted is more prominent in private sector organizations. It should be noted that the links are related significantly at the stated .05 level of significance, and the P-values are also significant between the correlations coefficients. The implications of these findings from the standpoint of management, and their impact on organizational performance will be discussed in the following chapter.
Table 4. Pearson Test of Correlation of Organization Performance with Culture Types

<table>
<thead>
<tr>
<th></th>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clan Correlation</td>
<td>1.000</td>
<td>-0.315</td>
<td>-0.315</td>
<td>-0.265</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Adhocracy Correlation</td>
<td>-0.315</td>
<td>1.000</td>
<td>0.194</td>
<td>-0.543</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.</td>
<td>0.008</td>
<td>.</td>
<td>0.000</td>
</tr>
<tr>
<td>Market Correlation</td>
<td>-0.315</td>
<td>0.194</td>
<td>1.000</td>
<td>-0.484</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.</td>
<td>0.008</td>
<td>.</td>
<td>0.000</td>
</tr>
<tr>
<td>Hierarchal Correlation</td>
<td>-0.265</td>
<td>-0.543</td>
<td>-0.484</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.</td>
<td>0.000</td>
<td>0.000</td>
<td>.</td>
</tr>
</tbody>
</table>

Table 4 illustrated the correlation between culture types and organizational performance. As depicted in Table 4, when the sig. value (p-value) was compared to the significant level .05 the analysis showed that the p-value was less than .05 which indicates that there is a correlation between organizational performance and culture types. The correlation coefficient was weak at -0.315; -0.265; -0.543; -0.484, but strong at 1.00; 0.194. This finding was consistent with Cameron and Quinn (2006) who asserted that the existence of a strong hierarchal and clan culture in public sector organizations facilitates increased performance. This study also found a strong existence of adhocracy and market culture in public sector organizations. These findings are best explained by the approaches that government is now taking to promote their services and to collaborate in joint venture projects which are more evident in private sector organizations. A factor analysis was also conducted in this study using the components of transformational leadership traits and culture types yielding a cumulative percentage of 97.365 for the Kaiser-Meyer-Olkin Measure of Sampling adequacy and a significant Bartlett’s Test of Sphericity. As depicted in Table 5, the total variance explained by the factors of Clan, Adhocracy, and Market Culture are 50.3%; 20.5% and 12.0% with only three components extracted. Reliability reported in this scale is .96 which further supports the theory that the components of transformational leadership and culture types are not independent of each other in this study.

Table 5. Factor Analysis: Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigen Value</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Extraction Sums of Squared Loadings</th>
<th>% of Variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5.034</td>
<td>50.34</td>
<td>50.34</td>
<td>5.034</td>
<td>50.34</td>
<td>50.34</td>
</tr>
<tr>
<td>2</td>
<td>2.058</td>
<td>20.576</td>
<td>70.916</td>
<td>2.058</td>
<td>20.576</td>
<td>70.916</td>
</tr>
<tr>
<td>3</td>
<td>1.208</td>
<td>12.082</td>
<td>82.998</td>
<td>1.208</td>
<td>12.082</td>
<td>82.998</td>
</tr>
<tr>
<td>4</td>
<td>0.702</td>
<td>7.019</td>
<td>90.017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>0.332</td>
<td>3.323</td>
<td>93.34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>0.291</td>
<td>2.914</td>
<td>96.255</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>0.086</td>
<td>0.856</td>
<td>98.931</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>0.059</td>
<td>0.587</td>
<td>99.518</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>0.048</td>
<td>0.482</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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A multiple regression analysis was performed to determine if there were any significant statistical correlations between transformational leadership traits, market orientation, and organizational culture types. When the R² values were evaluating, the result showed high at .102%, .147%, and .112% respectively indicating that there is overall satisfaction with the correlation of components of transformational leadership traits and market organizational performance in public sector organizations.

Table 6 also shows whether the proportion of variance is significant. The intent of this analysis was to test the hypotheses stated earlier to a level significant to p < .05. It was evident that the traits of transformational leadership (Idealized Influences (Behavior), Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, and Idealized Influence Attributes) have a sig or p-value of .000 which is below the .05 level; therefore, it is reasonable to assume that the overall model is statistically significant, hence significant related to organizational performance. It was concluded that the overall fit of the transformational leadership variables has a significant combined effect on market orientation, thus the hypothesis H2: The relationship between transformational leadership traits and organizational market performance is mediated by the nature and form of organizational culture as defined by the Competing Values Framework was validated.

Table 6. Summary of Leadership, Market Performance and Culture Regression

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R-Square</th>
<th>Adj. R Square</th>
<th>t</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>.320</td>
<td>.102</td>
<td>.073</td>
<td>11.793</td>
<td>.159</td>
</tr>
<tr>
<td>Idealized Influence Attributes</td>
<td>.383</td>
<td>.147</td>
<td>.124</td>
<td>3.771</td>
<td>.000**</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.306</td>
<td>.094</td>
<td>.089</td>
<td>-4.425</td>
<td>.000**</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.197</td>
<td>.039</td>
<td>.023</td>
<td>-2.650</td>
<td>.009**</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.308</td>
<td>.95</td>
<td>.075</td>
<td>2.774</td>
<td>.006*</td>
</tr>
<tr>
<td>Idealized Influence Behaviour</td>
<td>.335</td>
<td>.112</td>
<td>.103</td>
<td>-4.803</td>
<td>.000**</td>
</tr>
</tbody>
</table>

4. Discussion

There are three important leadership implications that may be derived from this research as it relates to public sector organizations which may contribute to the body of knowledge.

First, this study supported the empirical research by Cameron and Quinn (2006) who asserted that hierarchy culture is present in large organizations and government agencies, as evident by standardized procedures, multiple hierarchical levels and an emphasis on rule enforcement. However, this study adds to the body of knowledge by unexpectedly discovering that transformational leadership traits are also embedded in hierarchy, clan, adhocracy and market cultures, thus supporting the assumption that these leaders exhibit visionary and inspirational behaviors. This finding also supports Avolio and Bass (1995), and Bass and Avolio (1994) research that successfully argued the case that transformational leaders are effective change agents and followers are more motivated to perform by an inspiring vision from transformational leaders than by the promise of rewards based on performance. Second, from a practical standpoint, it is useful for leaders in public sector organizations to understand the positive correlation between transformational leaders and the hierarchy, clan, adhocracy and market cultures. The understanding of this framework, as proven by this study, may enhance organizational performance by articulating a clear and aggressive strategy which ultimately will lead to productivity and efficiency (Cameron & Quinn, 2006; Hooijberg & Petrock, 1993). The implementations of these findings will
enable leaders to concentrate on where the organizations are going; develop the skills and abilities of subordinates; and encourage innovative problem-solving. Similarly, with this framework, Timothy et al. (1999) conceptualized that it is these leadership behaviors that can truly transform organizations from a static environment to a more efficient and effective workplace. Third, this study has found transformational leadership to be positively associated with the leader’s satisfaction, effectiveness of the leader, role clarity, mission clarity, and openness of communication (Hinkin & Tracey, 1999). Similarly, Yukl (1994) described transformational leadership as influencing major changes in public sector, organizations’ members and building commitment for the organizational objectives. Consistent with these findings, this study should lead us to question whether or not more emphases should be placed on evaluating the mindset of political employees when they are appointed to leadership roles in public sector organizations.

The MLQ is only one of many instruments used to evaluate the transformational leadership phenomenon. This instrument, however, has been used extensively by many researchers and has proven to be effective in investigating leadership behaviors in a wide range of organizations (Avolio & Bass, 1995). Finally, in addition to using the OCAI or the quantitative approach in the form of questionnaires, Cameron and Quinn (2006) asserted that culture can be measured by other means, such as a holistic approach or observation, and a metaphorical or language approach. However, Cameron and Quinn (2006) argued that the OCAI approach is comprehensive and it allows multiple viewpoints to be considered in evaluating the attributes of an organization’s culture. Additionally, the scores given to an agency leader may be bias given the perception that leadership in public sector organizations has little continuity after one political term in office, and that a leader may or may not be “welcomed” as a result of one’s political affiliations.

5. Conclusion

This study hypothesized and proved that transformational leadership traits are dependent on organizational culture types. Although this study confirmed that transformational leaders possess the ability to effectively enhance organizational performance, further study is recommended using other leadership styles so that leaders can fully understand and appreciate the appropriate methodology that will effectively enhance performance in specific public sector organizations.

This research found that public sector organizations are dominated by hierarchy, clan, adhocracy and market culture types. The four organizations studied in this research have been characterized by one or more of the four culture types identified by the framework, and they demonstrated a strong correlation to the transformational leadership traits in that these leaders are proficient in organizing, controlling, monitoring, administering, coordinating, and maintaining efficiency. The organizational culture types also demonstrated strong correlations with transformational leadership traits as it relates to team builders, facilitators, nurturers, mentors, and supporters. This study also found organizational effectiveness to be positively correlated with transformational leadership, hierarchy and clan culture which is consistent with the research conducted by Hinkin and Tracey (1999) that also found transformational leadership to be positively correlated with satisfaction and leader’s effectiveness. Further research is also required to investigate a wider sampling frame and to examine the relationship between leadership and culture behaviors and their relevant organizational outcomes.
References


