PERCEPTION OF LEADERSHIP AND ORGANIZATIONAL CULTURE IN COMPANIES FROM THE SME SECTOR

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ABSTRACT
Organizational culture and leadership have been studied by researchers for many years, but research has rarely covered small and medium-sized enterprises (SMEs). The aim of the study is an empirical analysis of how organizational culture and leadership are perceived, taking into account the process of communication by employees of small and medium-sized enterprises located in the Province of Silesia. The article presents the results of the survey designed by the author and conducted among employees. The survey was conducted in January 2015 on a random sample of 49 employees from SMEs located in the Province of Silesia.

KEY WORDS
Organizational culture, leadership, small and medium-sized enterprises, communication in the organization.

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Introduction

Organizational culture and leadership are very important issues as regards the functioning of different types of organizations, both public and private. At the same time, it should be noted that appropriate internal communication as regards organizational culture and leadership determines their effectiveness and efficiency. This is primarily due to the fact that effective communication, especially as regards adopted organizational culture and leadership, can determine the success of the organization in a competitive market by influencing the various social and economic aspects of company’s operations.

Organizational culture plays an important role in organizations as a regulator of participants’ behavior, and in extreme cases, an organization as a whole. The functioning of the organization at a certain time, in a similar and stable manner, allows the achievement of goals, determines its participants’ (at least broadly defined management’s) process of learning of certain patterns of behavior and accepting norms that systematically reinforce successive successes. Thus, organizational culture arises as „the idealization of common experience”. It primarily functions as a social stabilizer, a mechanism of integration and
coordination that ensures social balance (mainly internal) and at least partially, the internal, material balance of the organization (Szczepańska-Woszczyna, Dacko-Pikiewicz 2015).

Shaping the patterns of organizational culture depends, to a large extent, on top-level management, who are responsible for developing policies, strategies and management procedures. Organizational culture becomes a tool that can affect organization’s participants through the personnel policy so that the goals of the organization are achieved. By applying appropriate recruitment and selection criteria for each, also managerial position, the organization selects people with specific characteristics. Managers’ behaviors shape the image of organization’s world in the minds of subordinates, and subsequently, this influences behaviors and actions within the organization as a whole (Szczepańska-Woszczyna 2015). Top management determines the attitudes and behaviors of lower level managers, and the entire managerial staff influences the development of desirable attitudes and values of subordinates. A good leader creates a vision, communicates it, nurtures it and brings it to fulfillment (Sloane 2007). In general, top-level managers, their style of leadership and communication, preferred incentive systems, etc. become one of the key determinants of pro-innovation organizational culture.

Researchers have studied organizational culture and leadership for many years (e.g. Juchnowicz 2009: 536; Potocki 2009: 568). Undoubtedly, deepening knowledge in this area, especially on the basis of empirical research, may contribute to the further development of ever-evolving management methods.

The purpose of the study is an empirical analysis of how organizational culture and leadership are perceived, taking into account the process of communication by employees of small and medium-sized enterprises (SMEs) located in the Province of Silesia. The article presents the results of the survey designed by the author and conducted among employees.

1. Towards a theory of organizational culture and leadership

As regards communicating the individual aspects of culture adopted in the organization and leadership issues, attention should be paid to the definitions of these concepts. According to Stoner and Wankel (1994: 383), leadership is “... the process of directing and influencing task-related activities of group members.” Tyson and Jackson (1992: 71) argue that the main factors influencing the effectiveness of a leader include personal qualities, power, behavior, intervening variables, situational variables, and organizational culture. Armstrong (2007: 49) states that “leadership is about inspiring people to work the best to achieve the desired results. A leader focuses on getting people to move in the right direction, gaining their commitment and motivating them to achieve their goals.” Other scholars such as Jing and Avery (e.g. Avery 2004; Jing, Avery 2008: 67-78) pay attention to various paradigms of leadership in the management and advisory literature: classic, transaction, visionary, and especially the new, emerging paradigm of participatory leadership, co-leadership, which exhibits higher levels of trust between leaders and staff. However, effectiveness in ethical conduct does not result from some individual characteristics of a leader, but it is a consequence of implementing superior values that define the long-term way of operating in the mar-
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ket (Collins, Porras 2003). Leaders make cultural change in companies. Customer satisfaction, employee satisfaction, sustainable development and the activities for local communities are gaining importance. In companies taking really important challenges such leaders are necessary that are willing and able to involve stakeholders in the process of finding solutions pertaining, among others, to environmental protection, trends in economic development and the quality of life (Szczepańska-Woszczyna, Dacko-Pikiewicz, Lis 2015). Leaders have a powerful source of impact on employees’ work behaviors (Yukl 2002). The most effective leaders help individuals to coordinate and integrate their varying styles through a process of applied creativity that involves continuously discovering and defining new problems, solving those problems and introducing new solutions (De Jong, Den Hartog 2007).

Organizational culture is “... a set of important values, beliefs and concepts that the members of the organization recognize collectively. Culture determines the way people think, feel, react, make decisions as well as other activities taken by co-actors (Kast, Rosenzweig 1985: 661). Sikorski (1995: 47) highlights some interesting issues related to organizational culture, stating that “In their corporate behavior, employees accept tacitly certain ‘rules of the game’, are guided by the unwritten codes of morality, professionalism, and comradeship (...). Their observance is ensured by social sanctions that the environment has, so on the one hand, respect, kindness, praise and on the other, mockery, malice, ostracism, and even physical coercion”. Organizational culture is created by an atmosphere, a style of conduct, a history of company development and the accepted patterns of behavior. Jankowska (2010: 88) combines organizational culture with values, norms and the procedures of conduct, symbols and traditions, reflected in behavior, the methods of giving orders and organizing work, the techniques of exercising authority, tastes and attire. An interesting approach to the topic is presented by Fournier (1993: 121), who divided the concept of a small and medium-sized enterprise depending on the type and extent of organizational culture development. The organizational culture, no matter its type, influences the balance between centralization and decentralization, risk tolerance, change adaptability, and personnel involvement in decision making (Ghinea 2014).

Assuming that organizations are dynamic systems that have their own lifecycle, the different roles and behaviors of leaders can be identified that are involved in creating, building, maintaining, and transforming the organization and its organizational culture into new forms. The type of leadership in an organization depends on several factors and is time-varying: it depends on the situation, on the task to be performed and on the qualities of the subordinates of the given leader (Schein 2009: 82).

At the initial stage of organization formation, a leader has a specific function to provide the energy needed to launch organizational and functional activities, to implement various tactics while at the same time, suffering multiple failures while starting the venture. At the stage of growth, the views, values and basic assumptions of the employer are transferred to an intellectual model of subordinates. The process of creating an organizational culture begins, which may consist of three stages: (1) employers employ only those who think and feel like they do; (2) during informal contacts, employers persuade their subordinates to adopt their way of thinking and feeling; (3) employer’s behavior is a model
for imitation that encourages subordinates to identify with it and in this way, to take over the views, values and assumptions of employers. It is important at this stage to realize that if the organization is successful and the success is owed to its leader, his personality lies entirely within the bounds of the organizational culture. When a leader is a confrontational person and wants to support a decision-making process with a consensus decision made by a team of employees while pursuing full control and rewarding individual subordinates for their contribution to problem solving, this means lack of the consistent policy on decision-making, rewarding employees and incentives. In this case, leaders create “neurotic” and confrontational organizations. In such organizations there is no balance between strengths and weaknesses of their activities. If conflicts become part of the organizational culture, it will be difficult to make any changes.

The stabilization stage requires the leader to be fully aware of the organizational culture, all its strengths and weaknesses, and to consolidate all the elements necessary to maintain the organization’s ability to function and develop properly. It is a period of “institutionalization”, which consists in identifying such aspects of action that ensure the success of the organization and their stability and sustainability. At this stage, leaders need to decide how to promote the processes and activities that are successful in spite of a limited reach across a whole organization and employees. Leaders that are successful at this stage of organization development are those who can “grow” together with the organization and change their perspective, or see their limitations and allow other forms of leadership to emerge. If none of these situations occurs, the organization itself is forced to develop other power centers, such as the management board or political clubs, forcing the founder of the organization to withdraw from the role of president and take on other tasks or leave the organization. At this stage, leaders cannot arbitrarily transform the culture by eliminating malfunctioning elements. They can, however, evolve the culture by relying on the strengths of the organization and gradually eradicating its weaknesses. The culture is not subject to manipulation in terms of announcing changes or implementing “recovery programs” (Schein 2009: 83-87).

The core cultural assumptions that are connected with leadership are related both to the overarching goals of the organization, its development strategy, and its philosophy of action. They appear in the following issues:

- determining who the organization should serve – whether it should only satisfy the particular interests and financial benefits of a small group of owners (shareholders), whether the social context and the needs and expectations of its employees are taken into account;
- honesty and credibility of the employer;
- to what degree employees identify with the objectives of the organization; it has an effect on building the value of the human capital potential, and thus on attitudes and patterns of behavior adopted;
- the presence of a clear, transparent and understandable system: recruitment criteria, the rules for promotion and remuneration of employees, procedures for enhancing qualifications and increasing knowledge acquired;
- a reward, promotion and bonus system: whether people are valued for their knowledge, qualifications, actual commitment to work and results achieved;
the importance of employees’ knowledge and ability to use it as a valuable asset and value to an organization, as a factor in gaining a competitive advantage that is lasting and difficult to undermine;
- the importance of foundations of the relationship between employees and management such as honesty, credibility, openness, mutual respect, understanding, trust, and cooperation based on participation in decision-making;
- the importance of teamwork, exchange of experience and sharing of knowledge as the patterns of behavior that are formally supported and accepted by top management;
- employment structure: hermetic or diversified in terms of education and the learned profession (Walczak 2012).

To maintain the competitive advantage, SMEs must possess the ability (“dynamic opportunity”) to adapt, integrate and reconfigure its internal and external organizational skills, resources and functional competencies so as to meet the requirements of the changing environment. According to Teece (2007), this dynamic ability depends, to a large extent, on the top-level management. To be able to successfully manage an organization, managers “must act entrepreneurially, think strategically, and execute flawlessly” (Augier, Teece 2009), they must be leaders, articulate goals, help to assess opportunities, build trust and play a key role in taking decisions strategic for the organization. It is estimated that companies may achieve much more profit (by 30%), if managers apply practices stimulating an increase in employees’ commitment and competencies. It is the managers’ role to promote the expected values, to specify the unacceptable behaviours and to enforce the appropriate attitudes of lower-level managers (Hemingway, Maclagan 2004). Brand building and “healthy” corporate culture are the components of bilateral communication with all important partners as well as with employees. The role of managers is to create such conditions for company’s operation that the mission and values have become one whole underlying the organizational culture of the company. If the mission is the goal which determines the direction of activities, values become the criteria and guidelines in the process of taking decisions on the most suitable manner of conduct in a particular situation. The owner-manager of a SME is both the author (creator) and performer (the one who enforces) of some values. Managers express their own personal values through their behaviour, the ways of taking decisions, and articulated values (Kurowska-Pysz, Szczepańska-Woszczyna 2016).

2. Methods and results

Research methods were theoretical analysis of scientific literature and a direct survey (questionnaires were the instrument of data collection). Research conducted is a two-stage study: the first stage is a pilot stage and the second one is a large-scale study. Research findings presented come from the pilot study. The quantitative sample for analysing contains the representatives of companies (SMEs) located in the Province of Silesia in Poland. The companies selected in the sample are members of the regional chamber of crafts and SMEs. The survey was conducted in January 2015. The total of 150 enterprises were drawn- micro (up to 9 employees), small (10-50 employees) and medium-sized enterprises (51-250 employees). A total number of 49 correctly completed questionnaires were received (not all of the questionnaires were suitable for further analysis, the respondents
who failed to answer at least 20 per cent of the questions were excluded. Enterprises were of different size (employment criterion): micro-enterprises accounted for 63% of the respondents, small ones – over 35%, medium – 2%. In this group, 53% of respondents were women, while 47% were men. The biggest group of respondents was those with higher (41%) and secondary school (37%) education, with the highest percentage of people with technical and economic education, 37% and 22% respectively. At the same time, 76% of respondents stated that their work is in line with their education. It should also be noted that the respondents were diverse in terms of age. The most numerous age group was respondents aged 36-45, then 26-35, and 56 and more.

The sample size does not allow generalizations, but it helps to observe certain trends in the studied area. A number of interesting observations can be made on the basis of the study results. There were no significant differences in responses given in respect of the company size.

In the companies surveyed, the way of communicating issues pertaining to organizational culture can be considered effective and efficient. Employees are highly aware of organizational culture and aptly indicate its basic components. For 36.36% of respondents, organizational culture is a common system of defined standards and knowledge, and for 32.73%, it is a set of principles, values and symbols. At the same time, for almost 30% of employees, organizational culture is the entirety of behavior.

The way of communicating the adopted organizational culture to employees seems to be vital to implement it properly. The model of organizational culture, its assumptions and goals to be achieved are issues that should be communicated in a clear and above all, understandable way to all members of the organization.

In SMEs from the Province of Silesia, the issues pertaining to organizational culture are communicated well. For as many as 91.84% of employees, organizational culture was precisely defined and understood, and only 8.16% had a different opinion. It can be assumed that in the companies surveyed, there are no communication disruptions in this area, and that management appropriately communicates their intentions with regard to organizational culture.

Undoubtedly, the effectiveness of communication expressed through a well-defined and understandable organizational culture is an extremely important issue. Feedback from employees on the model of organizational culture is equally important in the process of communicating the adopted model of organizational culture. The models of organizational culture in the companies surveyed and identified by respondents are presented in Figure 1.
According to the half of respondents, organizational culture is positive, democratic and progressive. For more than 30% of respondents, organizational culture is stable, firmly rooted in the minds and behavior of employees. Negative opinions on the adopted organizational culture model were expressed only by a small percentage of respondents. At the same time, more than 15% of respondents believe that their organizational culture is controlled.

It can therefore be argued that generally speaking, employees are predominantly positive about the adopted model of organizational culture, which is in some ways contradictory to the often-emerging views that the issues of organizational culture are appropriately communicated and implemented only in large, often international companies and SMEs have a significant problem in this regard.

Productivity in the SMEs plays a special role. Thus, interesting observations can be made on the basis of employees’ responses about the relationship between organizational culture and productivity (Figure 2).
Based on respondents’ answers, the relationship between organizational culture and productivity can be identified. For over 73.47% of respondents, organizational culture influences productivity. Therefore, it can be stated that, in the opinion of employees from the SMEs surveyed, precise and clear, properly adopted and communicated standards or procedures have a significant impact on the quality of work and thus productivity, which directly translates into the competitive advantage of the company on the market.

The position of the company on the market is mostly determined by its human capital. Nowadays, when the mobility of this resource is at a very high level, it is justified to take actions aimed at its effective acquisition and retention. Employees who feel influenced by the company and feel responsible for it are certainly more loyal.

More than half of respondents (52.83%) believe that they have an impact on shaping organizational culture. Moreover, in the opinion of 45.28% of respondents, each employee has a significant influence on shaping organizational culture, only 1.89% of respondents feel that they do not have such a possibility. None of the respondents stated that organizational culture was imposed and artificially maintained by management.

It seems that communication on organizational culture between top management and employees in enterprises characterized by such a distribution of responses in the area discussed is positive. This is due to the fact that employees feel responsible for the individual components of the organizational culture adopted by the company and thus for the whole company.

Generally, employees who are highly aware of the functioning model of organizational culture and who feel that they have an influence on its shape are also loyal to their company. The vast majority of the employees surveyed, as much as 95.92% (“probably yes” and “definitely yes” answers), are loyal to the company they are employed in.

Thus, employees declare that they are definitely in favor of the adopted work system and organizational culture in their company, but they are also interested in the training offer in the area studied and are keen to deepen their knowledge (Figure 3).

**Figure 3. Training needs as regards organizational culture in SMEs**

![Graph showing training needs regarding organizational culture in SMEs.](Source: Own elaboration.)
The responses presented in figure 3 provide interesting insight. It turns out that more than half of employees find training aimed to improve the understanding of organizational culture necessary. On the other hand, relatively many of them (22%) found that they did not feel the need for this type of training, and 6% did not notice the desired effects of such training.

In every organization it is the leader that decides about the adopted organizational culture, the method of the distribution of work, and the means of communication. Special attention, should, therefore, be paid to this issue. The answers to the question about the possibility of promotion in the company, given by employees from the companies surveyed, can be considered positive. According to 44.90% of respondents, in their company one of the employees can become a leader/manager, and this happens very often. On the other hand, 40.82% of the employees stated that one of the employees may become a leader/manager, with the reservation that this occasionally happens. However, this seems to contribute to a deeper analysis of personnel policy and organizational culture in the company. First of all, it may indicate that there are significant barriers to employees’ promotion to managerial positions and a limited career path, i.e., a kind of “glass ceiling”. These results may have a negative impact on the motivation of employees planning their careers in the company surveyed and thinking about promotion. In addition, in the opinion of 14.29% employees, a leader/manager is selected from outside the workforce.

The respondents see the significant influence of management on organizational culture. The data presented in Figure 4 illustrate the types of internal communication in the companies surveyed, in particular between a superior and an employee.

According to employees, a leader is the person who most influences organizational culture. Therefore, it is also interesting how his/her subordinates perceive him/her, including his/her leadership qualities. The data presented in Figure 4 illustrate the types of internal communication in the companies surveyed, in particular between a superior and an employee.
Figure 4. Leadership style in SMEs

Source: Own elaboration.

As can be observed, in the opinion of the vast majority of respondents managers/superiors attach importance to interpersonal issues. Only 9.62% of respondents stated that the leader/manager was focused solely on goals and outcomes. The distribution of the remaining responses indicates that managers in the companies surveyed are more or less focused on positive, strong relationships with employees, especially during the decision-making process.

It should be noted that the respondents correctly define and understand leadership, which only raises the level of credibility of the answers given in the previous questions analyzed in this study.

Employees from the companies surveyed correctly perceive the role of leadership in the organization. One of the frequently used leadership definitions that “true leadership (...) means that leaders can influence the people they work with so that the actions of employees at all levels are consistent with the values and mission of the company” was chosen by nearly 90% of respondents. This fact again indicates that employees are highly aware of the importance of organizational culture, and indirectly demonstrates the effective way of communication in the company in this regard.

The answers shown in Figure 5 indicate the specific types of communication problems pertaining to organizational culture in the company.
Figure 5 shows that in the opinion of more than half of employees, their organization has one type of organizational culture that defines the rules for the entire organization. It is certainly surprising that such a large percentage of employees think that employees have to follow different rules than managers. Equally interesting is the fact that as many as 32.65% of respondents could not give a clear answer in this regard. So the question arises about a reason for this state of affairs, whether it is due to the actual functioning of the organizational culture in the companies surveyed or whether it reflects incorrect internal communication in this regard. However, according to the previous data, the employees surveyed have high knowledge of the issues related to organizational culture.

Conclusions

Based on the analysis of how organizational culture and leadership are perceived by employees from SMEs in the Province of Silesia, the main conclusions can be formulated here. First of all, employees are highly aware of organizational culture and leadership.

In the companies surveyed, organizational culture was clearly defined and understood, and therefore it can be concluded that managers properly communicate with employees in this regard. On the other hand, many responses indicated significant communication disruptions, for example, in the opinion of many respondents, their organization does not have one type of organizational culture that defines the rules for the entire organization. At the same time, the positive, above all dominant role of managers in shaping the organizational culture, favorable to the achievement of the objectives should be highlighted.

Employees in micro, small and medium-sized enterprises are loyal to their employers, who at the same time feel they have an impact on organizational culture and see its relationship with productivity and performance. This is certainly a positive image of the relationships prevailing in the companies surveyed. It should also be noted that it is employees that nowadays create the image, reputation or position of the company.

Interestingly, in the opinion of employees, there are significant restrictions on the
possibility of promotion to managerial positions for rank and file employees. In other words, “career paths” in the companies surveyed are limited, which may adversely affect the motivation of employees.

Interpersonal communication is based on positive relationships between superiors and employees, especially as regards decision-making.

In general, communication pertaining to organizational culture and leadership in the companies surveyed fulfills its expectations. At the same time, however, there are some indications of distortions in this area, which should be a reason for trying to resolve these issues by managers. All the more so as it is important in the contemporary, competitive world, where the success or failure of a company is often determined by details, often overlooked in the course of everyday work.

One must agree with the statement by De Gobbi (2011) that leaders in SMEs can become an important catalyst for changes in the way of thinking about the company increase and development and consequently the economic development. They play a special role in identifying values recognized by the company and in shaping its organizational culture, identifying key issues and creating the image of the company’s future development. Strong leadership (often the owner’s), its vision, cognitive skills to run and manage, to definitely and consistently use discrepancies and paradoxes can become “the bridge at the edge of chaos” for the company (Chew 2012, Kurowska-Pysz, Szczepańska-Woszczyna 2016).

Research made it possible to broaden knowledge of processes and mechanisms occurring in SMEs in the area of organizational culture and leadership, including internal communication. Undoubtedly, these issues are interesting and require further research. It seems that a comparative analysis of the business sector and the public sector in terms of the perception of organizational culture and leadership would be particularly valuable.

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