THE IMPACT OF ORGANIZATIONAL CULTURE AND LEADERSHIP STYLES ON THE PERFORMANCE OF PUBLIC ORGANIZATIONS

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Abstract

When comparing actual outputs of an organization to its expected results, aims, and objectives, this is referred to as organizational performance (Abuzarqa, 2019; Al Khajeh, 2018). Therefore, this study is to determine the impact of organizational culture and leadership styles on the performance of Jordanian government organizations. The total number of respondents in this survey was 168, and they were divided into Jordanian government employees. The quantitative analysis test, which includes the validity test, reliability test, classic assumptions test, and hypothesis test, is used in the data analysis process. Organizational culture and leadership styles are independent variables in this study. Organizations’ performance is the dependent variable in this study. The findings of this study reveal that organizational culture and leadership styles have a significant or minor impact on the performance of Jordanian public organizations. The two independent variables have a significant point that supports the hypothesis. As a result, it is widely assumed that organizational culture and leadership styles have an impact on the functioning of Jordanian government organizations. Future studies may examine managerial support as a moderating variable between organizational culture and leadership styles and performance.

Keywords: Organizational Performance, Leadership Styles, Organizational Culture

1. INTRODUCTION

Organizational performance is a complex and multifaceted topic in business literature (Al Khajeh, 2018). When comparing an organization’s actual outputs to its expected results, aims, and objectives, this is referred to as organizational performance (Ondoro, 2015). Financial performance (return on investments, earnings, etc.), shareholder return (economic value added, total shareholder, etc.), and product/service market performance are the three facets of organizational performance (market share,
sales, etc). Wang (2020) and Al Khajeh (2018). Performance is a term that refers to a metric that gauges an organization's success and has many definitions. According to the process perspective, performance is the accomplishment of the objective through the input process into the output (Abdulrab et al., 2018). There is a correlation between performance, particularly in the areas of the economy, work efficiency, and the realization of outcomes, and the results attained and the desired results (Saleh et al., 2018).

Corporate culture, in the opinion of many worldwide researchers, is essential for company success (Kassem et al., 2018). Aranki et al. (2019) and Schein (1996) used the term “group” to denote all sizes of social units in their studies of organizational culture. The group notion was used by Warrick (2017) to equate an organization or group of people to a nation or family, and he referred to the culture of any cooperative group of people or organization. Within organizations, cultures may change tremendously, and they can either bring out the best or the worst in people (Aranki et al., 2019). Organizational culture can distinguish between successful and unsuccessful organizations (Sohnborn et al., 2019). Some scholars claim that organizational culture is a complex issue both at work and in society at large. They claim that it has a direct impact on the performance and effectiveness of the company, with a strong organizational culture leading to greater effectiveness (Lapina et al., 2015).

A focused organizational leader also creates and provides his company with visionary leadership (Blankson et al., 2019). He understands the need of making decisions when adjusting to management environment changes. He develops workable fashions based on sustained competitive advantages. A good organizational leader develops a proactive strategy for managing the organization's resources. Therefore, it is anticipated that the findings of the study will contribute to the advancement of the leadership course. The ability to convince people to pursue a specific goal is referred to as strategic leadership. A group's shared humanity is what binds them together and drives them to work for their goals (Popoola, 2019). Saleh et al. (2018) claim that leadership significantly improves organizational performance. The effectiveness of an organization is significantly influenced by the leadership styles used. An organization's performance is impacted by its leadership style, which also affects its culture. There is no connection between leadership style and organizational success (Jacobo et al., 2020). According to Presilawati et al. (2019), leadership style affects the environment of the organization. As a result, the goal of the study is to discover how organizational culture and leadership methods affect Jordanian public organizations' performance.

As a result, the following research questions guide this study:

RQ1: What is the effect of organizational culture on organizations' performance?
RQ2: What is the effect of leadership styles on organizations' performance?

The study will seek to achieve the research objectives based on the research questions stated above. The research objectives are as follows:

1) to explore the effect of organizational culture on organizations’ performance;
2) to explore the effect of leadership styles on organizations’ performance.

There are seven sections in this paper with the following details. Section 1 introduces the examined topic. Section 2 reviews the literature, particularly on organizations’ performance and leadership style, and organizational culture. Section 3 details the research hypotheses to be tested in this study. Section 4 shows the theoretical framework. Section 5 presents the research methodology, covering the sampling, the validity and reliability of the data-gathering instrument used, the research design, the study populace, the unit of analysis, and the data analysis design. Section 6 discusses the results and Section 7 concludes the paper.

2. LITERATURE REVIEW

This section reviews relevant literature, focusing on previous empirical investigations on the subject. Organizational performance, leadership styles, and organizational culture are among the key constructs that are elaborated accordingly. The next subsections go through each of them in detail.

2.1. Organizations’ performance

Given the complexity and multidimensionality of organizational performance, scholars are still arguing about how to measure it (Jaleha & Machuki, 2018). It does not matter who is right or wrong; the goal of organizational performance is to increase consumer value by utilizing productive assets provided by stakeholders (Khalid et al., 2019). There are many different ways to interpret the phrase “organizational performance". Organizational effectiveness, which is a larger concept, covers both financial and non-financial indicators including customer satisfaction, operations effectiveness, and corporate social responsibility. It is related to the financial, product market, and shareholder return in a restricted sense (Modell, 2019). It can also be described as an amalgamation of non-financial and financial frameworks that enable strategic leadership to evaluate the degree to which business goals have been attained (Jaleha & Machuki, 2018).

2.2. Leadership styles

When engaging with their subordinates, leaders use a certain set of characteristics, qualities, and behaviors, which are referred to as their leadership style (Oberer & Erkollar, 2018). Leadership is a kind of managerial behavior that aims to integrate corporate or personal interests and affects to achieve specified goals (Afsar et al., 2019). Al Khajeh (2018) also said that a leader’s relationship style can be characterized as the approach taken to persuade people to collaborate in order to achieve a common goal or objective. These are the different categories of leadership styles: modern leadership styles classify three types of leadership: 1) transformational leadership style, 2) transactional leadership style, and 3) laissez-faire leadership style.
1) Transformational leadership style:
Transformational leadership is concerned with change, as the term suggests (Manzoor et al., 2019). The transformative process involves the leader, the followers, and the system for which the leader and the followers are working (Stanescu et al., 2021). The leader is the main source of inspiration and motivation for the followers in order to bring about the desired transformation (Raziq et al., 2018). According to Deshwal and Ali (2020), when followers are encouraged to work to the best of their abilities and the leader attends to their needs and desires, a climate of trust, creativity, and accomplishment is established, causing positive change among the followers and a desire to act in the organization’s best interests as a whole (Dess et al., 2014; Raziq et al., 2018).

2) Transactional leadership style:
Transactional leadership refers to the contractual arrangement between a leader and followers that is based on each person’s advantages (Abasilih et al., 2019). The carrot-and-stick approach is a hallmark of this style of leadership when it comes to achieving organizational goals (Ogundare, 2021). This implies that wages are determined by how effectively employees carry out their duties and that in order to avoid discipline, they must also comply with the leader’s demands (Sulamuthu & Yusof, 2018). Saad and Abbas (2019) claim that there are three components to transactional leadership: dependent reward, active management by exception, and passive management by exception.

3) Laissez-Faire leadership style:
Laissez-faire leaders allow their team members a lot of freedom in how they conduct themselves and assign duties. When necessary, leaders offer resources and counsel, but typically avoid involvement in other situations. When employees can examine a scenario, this is often used (Fahlevi et al., 2019). Although there is a lot of freedom with this type, it is the most submissive because leaders are not motivated to guide their followers (Pahi et al., 2020).

2.3. Organizational culture
Corporate communications, organizational behavior, and strategic management have all conducted in-depth analyses of company culture (Algaraleh et al., 2022). According to Meng and Berger (2019), research on organizational performance should concentrate on determining the crucial role that internal organizational context may have. Internal organizational context includes both the political environment in which organizational actions take place as well as the broad and often stable categories of organizational elements, such as structure, culture, and authority. According to the theory, disparities in organizational performance can be attributed to how organizational culture and strategy align (Meng & Berger, 2019). Organizational culture theory generally maintains that it influences the conduct of organizational members (Martínez-Caro et al., 2020). As a result, organizational culture is recognized as a crucial organizational requirement for raising member performance and job engagement. As a result, organizational members will have more confidence in the group. The relationship between organizational culture and organizational member behavior provides the theoretical underpinning for our claim (Paais & Pattiruhu, 2020).

3. HYPOTHESES DEVELOPMENT
The following are the two key research hypotheses that are presented in this study:

3.1. The impact of leadership styles on organizations’ performance
A leader’s behavior pattern that consistently demonstrates how they handle their work assignments and corporate values is known as their leadership style (Fahlevi et al., 2019). Teamwork in the workplace might suffer from ineffective leadership (Grubaugh & Flynn, 2018). Owners or managers must first comprehend which leadership styles are most useful for conquering organizational obstacles and attaining the company’s goals and objectives before they can delegate and manage food truck businesses (Putra & Cho, 2019). Applying the most effective leadership philosophies to food truck operations will help to improve worker productivity and satisfaction. These three leadership styles will be the focus of this study (Fahlevi et al., 2019). In light of this, the following hypothesis is put forth:

H1: Leadership styles impact organizations’ performance.

3.2. The impact of organizational culture on organizations’ performance
According to Mujeeb and Ahmad (2011), a strong culture is essential for excellent performance; however, because organizational cultures vary, the same tactics do not always produce the same results for two businesses operating in the same sector and locale. An average person can be motivated to work hard and accomplish great things by a strong, positive culture, but an excellent employee can be demotivated to perform poorly and accomplish little by a weak, negative culture (Elsbach & Stiglani, 2018). Organizational culture is crucial to performance management as a result (Hoque, 2018). Omar and Mahmood (2020) assert that cultural research will advance our understanding of performance management. According to Abuzaqqa (2019), organizational strategies like performance management could be ineffective if the effect of organizational culture is not taken into account because the two are interrelated and changes in one would have an impact on the other. According to Shahzad et al. (2012), organizational culture has a substantial impact on a variety of organizational processes, personnel, and performance. Furthermore, organizational culture has an indirect effect on organizational performance (Nikpour, 2017). In light of this, the following hypothesis is put forth:

H2: Organizational culture impacts organizations’ performance.

4. THEORETICAL FRAMEWORK
This study presents a theoretical framework in order to test the impact of organizational culture and leadership styles on Jordanian public organizations’ performance. Figure 1 illustrates the framework.
5. RESEARCH METHODOLOGY

To investigate the research topics and investigation, the quantitative research method is employed in this study. A quantitative approach to investigation allows for the collection of data from a large number of people and the generalization of the results (Thuneibat et al., 2022; Alqaraleh et al., 2020; Creswell & Creswell, 2017). Because the majority of the participants are Arabic native speakers, the questionnaire was delivered in Arabic translation to Jordan (Alqaraleh et al., 2018). A questionnaire was used as a data-gathering method to investigate the objectives of the study. Jordanian public sector organizations make up the population of the study. Permanent employees, including supervisors and deputy managers, will be the target responders of the questionnaires. There are 31 items in the questionnaire that evaluate the association between variables in this study. The total number of questionnaires distributed among participants was 200. Deputies and managers from Jordanian public sector organizations were among those who took part. A total of 168 questionnaires were returned out of 200, representing an 84% response rate. However, after processing the input data, it was discovered that there are 14 partial sets of data, where participants did not finish the entire question, as well as 16 incomplete sets of demographic data. The response rate was reduced to 69%. Thus, the size of the sample examined is 138 respondents, which is a sufficient sample (Alqaraleh, 2020). The top management response rate is always less than 25% and the minimum requirement of 10%. Table 1 also shows the sources of adapted scales.

6. RESULTS AND DISCUSSION

This study used regression analysis to forecast the effects of organizational culture and leadership styles on the performance of the organization as the dependent variable factor. According to Sugiyono (2014), descriptive statistics are statistics that are used to evaluate data in ways that explain or show the data as it is without attempting to draw broad conclusions or generalizations. The purpose of this study was to use SPSS version 23 to test descriptive statistics. The results are below.

Table 2. Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP</td>
<td>273</td>
<td>9.00</td>
<td>61.00</td>
<td>44.57</td>
<td>9.20</td>
</tr>
<tr>
<td>OC</td>
<td>273</td>
<td>0.00</td>
<td>56.00</td>
<td>40.14</td>
<td>8.35</td>
</tr>
<tr>
<td>LS</td>
<td>273</td>
<td>20.00</td>
<td>98.00</td>
<td>71.84</td>
<td>13.81</td>
</tr>
</tbody>
</table>

Source: Primary data processing with SPSS version 23. The variables in this study are summarized in Table 2. Based on respondents’ responses to nine questions and five alternative answers (1, 2, 3, 4, and 5), the variable organizations’ performance provides a minimum value of 9 and a maximum value of 63, with an average score of 44.57 and a standard deviation of 9.20. The variable organizational culture, based on respondents’ responses to nine questions and five possible answers (1, 2, 3, 4, and 5), yields an average score of 40.14 and a standard deviation of 8.35, with a minimum value of 8 and a maximum value of 56. Based on respondents’ responses to fifteen questions and five alternative answers (1, 2, 3, 4, and 5), the variable leadership styles provides a minimum value of 20 and a maximum value of 98, with an average score of 71.84 and a standard deviation of 13.81.

Table 3 shows the results of a correlation analysis of the study’s major factors. The factors in this study have substantial associations, as shown in Table 3. The correlation findings back up the research ideas (H1 and H2).

Table 3. Correlations

<table>
<thead>
<tr>
<th></th>
<th>OP</th>
<th>OC</th>
<th>LS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>1</td>
<td>0.610***</td>
<td>0.616***</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>273</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.610***</td>
<td>0.824***</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>273</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
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<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>273</td>
<td>273</td>
<td>273</td>
</tr>
</tbody>
</table>

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


6.1. Multiple linear regression analysis

The influence of the free variable on the dependent variable is determined using linear regression analysis. The regression is called regression when the independent variables consist of two or more. Table 4 shows the results of the regression analysis.

Table 4. Coefficients^a

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.090</td>
<td>1.396</td>
<td>1.310</td>
<td>0.191</td>
</tr>
<tr>
<td></td>
<td>LS</td>
<td>0.436</td>
<td>0.721</td>
<td>16.918</td>
</tr>
<tr>
<td></td>
<td>OC</td>
<td>0.131</td>
<td>0.166</td>
<td>5.904</td>
</tr>
</tbody>
</table>

Note: a. Dependent variable: OP. Source: Primary data processing with SPSS version 23.

The coefficient of determination (Adjusted R-square) is 0.693 based on Table 5. This shows that the independent variables, organizational culture and leadership styles, have a 69.3% ability to explain employee performance. The remaining 30.7% (100% - 69.3%) is explained by factors other than the independent variables.

6.3. Simultaneous significance test (F-statistic test)

According to Ghozali (2011), the F-test decision is made by comparing the value of F arithmetic with the value of the F-test:

a) If the F-test > F arithmetic, then $H_0$ is rejected and $H1$ is accepted.

b) If the F-test < F arithmetic, then $H_0$ and $H1$ are accepted.

Hypotheses to be used in this research are: $H_0; \beta 1 = \beta 2 = 0$, meaning that independent variables simultaneously (together) have no significant effect on the dependent variable.

Table 6. ANOVA^a

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>13185.631</td>
<td>2</td>
<td>6592.815</td>
<td>308.231</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>1359.050</td>
<td>270</td>
<td>5.389</td>
<td>21.389</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>14944.681</td>
<td>272</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: a. Dependent variable: OP. b. Predictors: (Constant), LS, OC. Source: Primary data processing with SPSS version 23.

According to the analysis with SPSS and referring to Table 6, the F-count obtained by ANOVA (F-test) was 308.231 and the F-test was 6. We can deduce from the aforementioned data that F-count > F-test, and we can rule out $H_0$. This suggests that both corporate culture and dedication have a substantial impact on employee performance.

6.4. Individual parameter significance test (t-statistic test)

The t-test, as defined by Ghozali (2011), indicates how much the independent factors individually explain the variation of the dependent variable. The following is Dasar’s decision in this test:

a) By comparing the value of t arithmetic with the t-test ($a = 5\%$):
   - if the t-test > t, then $H_0$ is rejected and $H1$ is accepted;
   - if the t-test < t, then $H_0$ and $H1$ are accepted.

b) By using the probability figure of significance:
   - if the significance value < 0.05, then $H_0$ is rejected and $H1$ is accepted;
   - if the significance value > 0.05 then $H_0$ and $H1$ are rejected.

Partially, the following output of the data processing is done using SPSS.

Based on Table 4, the multiple linear regression equation is as follows:

$$ Y = 2.090 + 0.151X1 + 0.436X2 + \varepsilon \quad (1) $$

The following are the definitions of the regression equation:

- **Constant**: In this study, the constants were 2.090, which means that if all of the independent variables are zero (0), the value of the dependent variable (Y) is positive 2.090.

- **The impact of organizational culture on organizations’ performance**: The favorable company culture can be seen in the regression coefficient figures. The positive coefficient of 0.151 implies that organizational culture has a favorable impact on the performance of Jordanian public organizations. This suggests that if the unit’s organizational culture improves, the organization’s performance improves by 0.151, providing the other independent variables in the regression model remain constant.

- **The impact of leadership styles on organizations’ performance**: Leadership styles have a regression coefficient of 0.436. The positive coefficient suggests that leadership styles have a beneficial impact on the performance of Jordanian public organizations. This suggests that if the other independent variables in the regression model remain constant, every increase in leadership style will raise the organization’s performance by 0.436.

6.2. Test of the coefficient of determination ($R^2$)

Looking at the coefficient of determination, or $R^2$, to see the splendor model (the model’s capacity to explain the fluctuation of the dependent variable by variation of the independent variable) (R-square). If the $R^2$ value is bigger (closer to 1), the model is considered good or has a stronger ability to explain the influence of the independent variables on the dependent variable. If the $R^2$ value decreases (around 0), the model’s capacity to describe the influence of the independent variables investigated against the more dependent variable weak is decreasing. After conducting tests using SPSS, the following output employment as a basis for the choice.

Table 5. Model summary^b

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$-square</th>
<th>Adjusted $R$-square</th>
<th>Std. Error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.834^a</td>
<td>0.695</td>
<td>0.693</td>
<td>4.62494</td>
</tr>
</tbody>
</table>

Note: a. Predictors: (Constant), LS, OC. b. Dependent variable: OP. Source: Primary data processing with SPSS version 23.
Two hypotheses are carefully sought authors in this partial test. The first is about the impact of organizational culture on performance, and the second is about the impact of leadership styles on performance.

Based on the results of the calculations, an analysis of the impact of organizational culture on the performance of Jordanian public organizations was conducted. For $X_1$, the t-test value is 3.904, and the value of the t-test view was obtained by using the table of percentage point of student's t-distribution to obtain the value $t_{test} = 7$.

An analysis of the impact of leadership styles on Jordanian public organizations' performance was conducted. According to the results of the calculations made using SPSS, the t-test count for variable $X_2$ is 16.918 and the value of the t-test view is 7 when using the table of percentage point distribution.

According to Ghazali (2011), comparing the t-test with $t$ is one way to make decisions. To test this hypothesis, we can decide that the value t-test and significant value 0.000 (greater than 0.05), which means that organizational culture leadership styles do have a significant impact on Jordanian public organizations' performance.

The importance of organizational culture in a corporation or organization cannot be overstated. Organizational culture is very effective and will increase the performance of Jordanian government agencies. Jordanian public organizations have an excellent organizational culture, which shows that the organization's culture is strong enough to apply the regulations and improve performance. The positive and significant impact of organizational culture is on performance. The higher the performance level of the organization, the better the culture of the organization. Alternatively, in a poorly managed organizational culture, organizational performance will suffer. Leadership styles also play a part in increasing the performance of a company, because if the leadership style is weak, the performance will suffer. Leadership styles in Jordanian public organizations can enable high performance. Multiple linear regression tests revealed that organizational culture and leadership styles together had a significant impact on an organization's success. The organizational culture variable was 0.436, while the leadership styles variable was 0.151. The findings of the table regression analysis between organizational culture and organizational performance show that when applied effectively, the cultural level of organizations' performance will be higher. Leadership styles will then result in high-performance levels in suitable organizations.

7. CONCLUSION

Organizational culture significantly affects organizational performance, therefore the stronger the culture that is applied within the organization, the greater the performance of the resulting organization. This allows testing to accept the first hypothesis ($H_1$) $t = 1.31$ and claims of influence to be disregarded. This suggests that the company is sincerely trying to implement organizational culture more consistently. Yet some people continue to think that culture just has a small part to play.

The results of the second hypothesis ($H_2$) test, which examined claims that leadership styles have an impact on organizations' performance, showed a significant relationship between performance and leadership styles at 0.436, showing that the claim of the $H_2$ test that these influences are plausible is true. This suggests that management should work to increase executive expertise in order to strengthen their sense of loyalty to the business.

According to the findings, Jordanian public institutions need to change their culture to enforce bureaucratic regulations with more rigor. To build a strong culture across all adhered-to policies, management must also improve. Including subordinates in decision-making by encouraging their suggestions is one of them. This will boost their trust in the company and motivate them to offer additional support.

REFERENCES


