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# IMPACT OF ORGANIZATIONAL CULTURE AND INFLUENCE TACTICS ON TRANSFORMATIONAL LEADERSHIP

Shuchi Mehta †  
Venkat R. Krishnan †

Impact of organizational culture (strong and weak) and use of influence tactics (soft and hard) on transformational leadership was studied using a 2 x 2 experimental design and a sample of 120 executives in a large manufacturing firm in eastern India. Results of analyses of variance show that leaders are seen as more transformational if the organizational culture is strong rather than weak, and if leaders use soft influence tactics rather than hard tactics. Transformational leadership is the highest when soft tactics are used in a strong culture, and the lowest when hard tactics are used in a weak culture.

Studies have looked at how leaders shape their firm's culture or how they influence employee outcomes using combinations of influence tactics. However, few studies have examined the impact of organizational culture and use of influence tactics on shaping the employee perception regarding their leader being transformational. The aim of this study is to analyze the impact of different types of organizational culture and different types of influence tactics used by the leader on employee's perception of the leader's transformational leadership.

## THEORY AND HYPOTHESIS

### Organizational Culture

Organizational culture is defined as beliefs, assumptions, and values that members of a group share about rules of conduct, leadership styles, administrative procedures, ritual, and customs (Mintzberg, 1990; Schein, 1990, 1992, 1995). Organizational cultures can be classified as strong and weak cultures (Deal & Kennedy, 1982; Peters & Waterman, 1982). Deal and Kennedy (1982) concluded that corporations could have a varying degree of strong to a weak culture, and that a strong (not overbearing) culture is in fact better than a weak culture. Successful companies apparently have strong cultures characterized by such attributes as a bias for action, closeness to the customer, autonomy and leadership, and productivity (Lee, 1984). Strong cultures encourage cohesion, increase organizational commitment, and offer a

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† Shuchi Mehta is a Human Resources manager in EXL Service.com (India) Pvt. Ltd., Noida.

† Dr Venkat R. Krishnan is a Professor of Organizational Behavior at XLRI, Jamshedpur.

normative way to encourage desirable work behavior (Deal & Kennedy, 1982). Deal and Kennedy (1982) concluded that companies with weak cultures have no clear beliefs about how to succeed in business, or have many, but cannot decide which are important. The most severe symptoms of a company with cultural deficiencies are inward focus, short-term focus, morale problems, fragmentation and inconsistency, and emotional outbursts.

### **Influence Tactics**

Influence is at least one of the primary means by which individuals and work units in organizations communicate and exchange inputs and outputs with one another (Church & Waskowski, 1999). Kipnis and Schmidt (1985) suggested that influence tactics could be grouped into three categories—hard tactics, soft tactics, and rational persuasion. Falbe and Yukl (1992) defined nine different influence tactics—inspirational appeal, consultation, rational persuasion, ingratiation, personal appeal, exchange, pressure, legitimating, and coalition. Pressure and legitimating tactics are hard tactics, and many forms of coalition are hard, especially upward appeals to an agent's superior (Falbe & Yukl, 1992). The soft tactics include ingratiation, consultation, inspirational appeals, and personal appeals (Falbe & Yukl, 1992). Managers use a combination of soft and hard influence tactics within their organizations to influence various employee outcomes including their perceptions about the managers' leadership behaviors.

### **Transformational Leadership**

Burns (1978) defined transformational leadership as the process of pursuing collective goals

through the mutual tapping of leaders' and followers' motive bases toward the achievement of intended change. Transformational leadership occurs when leaders and followers raise one another to a higher level of motivation. Rouche, Baker, and Rose (1989) defined it in terms of the ability of a leader to influence the values, attitudes, beliefs, and behaviors of others by working with and through them in order to accomplish the organization's mission and purpose. Transformational leadership comprises of attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1998).

***Transformational leadership and organizational culture.*** Transformational leadership and organizational culture hold the key to understanding organizational effectiveness (Weese, 1996). Bass and Avolio (1993) held that culture contributes to determining whether or not a charismatic leader emerges in a firm. Weese (1995) claimed that high transformational leadership and strong organizational cultures go together. Sosik (1997) concluded that groups working under high transformational leadership generated more original solutions, supportive remarks, solution clarifications, and questions about solutions, and reported higher levels of perceived performance, extra effort, and satisfaction with the leader than groups working under low transformational leadership. In a highly innovative and satisfying organizational culture, transformational leaders build on assumptions such as: people are trustworthy and purposeful; everyone has a unique contribution to make; and complex problems are handled at the lowest level possible (Bass & Avolio, 1993). Ritchie (2000) concluded that organizational culture affects outcomes such as productivity, performance,

self-confidence, and ethical behavior. A strong culture creates a feeling of belongingness and increases job satisfaction and commitment. Strong cultures encourage cohesion, increase organizational commitment, and offer a normative way to encourage desirable work behavior (Deal & Kennedy, 1982). Strong cultures lead to increased member identification, commitment, cooperation, and greater consistency in decision-making and performance (Martin, Feldman, Hatch & Sitkin, 1983; Ouchi, 1981; Pettigrew, 1979), and greater behavioral clarity and individual "sense-making" (Deal & Kennedy, 1982). Therefore, we hypothesized:

**Hypothesis 1.** Leaders in strong organizational cultures would be seen as more transformational than leaders in weak organizational cultures.

**Transformational leadership and influence tactics.** Kipnis, Schmidt, and Wilkinson (1980) argued that without the ability to influence, nothing in an organization can be accomplished and thus the leadership process becomes ineffective. One of the most important determinants of managerial effectiveness is success in influencing people. Effective managerial leadership requires managers to inspire and enthuse others with their vision of potential of an innovation, persist in promoting their vision despite strong opposition, show extraordinary confidence in themselves and their mission, and gain the commitment of others to support the innovation (Howell & Higgins, 1990). In order to gain the support of the stakeholders of the organization the managers need frequent influence attempts that involve a variety of influence tactics (Howell & Higgins, 1990). Bennis and Nanus (1985) concluded that pull style of influence associated with transformational behaviors works by attracting

and energizing people through identification with leader's vision rather than through rewards or punishment of the push style. Influence tactics affect how decisions are made in organizations, and successful implementation of strategies and policies (Bass, 1985; Conger & Kanungo, 1998). Krishnan (2004) found that transformational leadership was positively related to follower's upward influence strategy of friendliness. Falbe and Yukl (1992) found that soft tactics such as rationality; inspirational appeal, consultation, ingratiation and less pressure were more successful in influencing subordinates' commitment to work-related outcomes. We therefore had:

**Hypothesis 2.** Leaders using soft influence tactics would be seen as more transformational than leaders using hard influence tactics.

**Transformational leadership, influence tactics, and organizational culture.** Organizational culture can be used as an effective method of influencing the perceptions and behaviors of the organization's members (Cabrera & Bonache, 1999). Schein (1992) identified five primary influencing mechanisms that leaders use to influence employees in a given organization culture, which is subsumed under transformational leadership. The five mechanisms are: what leaders pay attention to, measure, and control; the leaders' reactions to critical incidents and crises within the organization; their deliberate role modeling, teaching and coaching; the criteria leaders use for allocation of rewards and status; and the criteria utilized for recruitment, selection, promotion, and retirement. Combination of use of influence tactics and organization culture type would affect the member's perception of their leaders being transformational which would vary across the culture types and use of tactics.

**Hypothesis 3.** Transformational leadership scores would vary across four combinations—strong culture and soft tactics; strong culture and hard tactics; weak culture and soft tactics; weak culture and hard tactics, with strong culture and soft tactics resulting in the highest scores, and weak culture and hard tactics resulting in the lowest scores.

## **METHOD**

Participants in this study were 120 executives of a leading auto-engineering firm in eastern India. The firm is a joint venture between a leading firm worldwide in manufacturing low emission diesel engines and a leading medium and heavy commercial vehicles manufacturer in India. The firm manufactures low emission diesel engines. All the executives in the sample were at least graduates and were involved in routine decision making on the shop floor of the firm. The sample was a mix of males (70%) and females (30%) drawn from all functional departments within the firm. The sample was drawn from the executive positions below the levels of managers in the firm. The executives spoke fluent English and were science or engineering graduates.

### **Experimental Design**

Experiments were conducted using a scenario method in a 2 x 2 format because this method was found to reasonably simulate leadership situation (Choi & Mai-Dalton, 1999). The executives were randomly assigned to different cells and were told that the purpose of the study was to investigate their reactions to the leader under different organizational culture settings. There were four cells supervised by a designated leader who was the confederate (the first author was the leader in all the four cells).

The four cells depicted four different organization scenarios—strong culture and soft tactics; strong culture and hard tactics; weak culture and soft tactics; and weak culture and hard tactics. The culture was presented as strong or weak through a scenario, and the leader manipulated the influence tactics by exhibiting either soft tactics or hard tactics. The dependent variable in all the four combinations was transformational leadership. The experiment involved executives to plan for a party to welcome the chief executive of the firm within an organization scenario (strong or weak culture). All the four scenarios had a common introductory paragraph that contained the directions for the theme party. The second paragraph contained instructions for the executives representing either a strong or a weak culture. The second paragraph for both strong and weak culture is included in the appendix. The appendix also contains the instructions for the leader representing either soft or hard influence tactics. Constraints were built in the different scenarios by developing a trade off between the amount of resources available and the actual plan for the party.

**Organizational culture.** We operationalized strong culture as one that is high on six dimensions—bias for action, leadership, team orientation, autonomy, customer orientation, and productivity. To check whether the strong culture and weak culture cells were seen by participants as intended, we developed and administered a 32-item questionnaire capturing the six dimensions. We calculated separate scores for each of the six dimensions (Cronbach alpha being not less than 0.84) and did an analysis of variance, which showed that the scores of all the six dimensions were significantly ( $p < 0.001$ ) higher in the strong culture cells than in the weak culture cells.

**Influence tactics.** We operationalized soft tactics as use of ingratiation, consultation, personal appeal, and inspirational appeal, and hard tactics as use of coalition, legitimating, rational persuasion, pressure, and exchange. To check whether the soft tactics and hard tactics cells were seen by participants as intended, we had the participants respond to the modified 26-item Influence Behavior Questionnaire (Yukl & Falbe, 1990; Yukl & Tracey, 1992). We calculated separate scores for each of the four soft tactics and the five hard tactics (Cronbach alpha being not less than 0.73). We did an analysis of variance, which showed that the scores of all the soft tactics were significantly higher and the scores of all the hard tactics were significantly lower in the soft tactics cells than in the hard tactics cells.

**Measures**

**Transformational leadership.** The executives were asked to evaluate the leadership behavior of the leader in the experiment using the

Multifactor Leadership Questionnaire (MLQ) of Bass and Avolio (1992). The five factors of transformational leadership—attributed charisma; idealized influence behavior, inspirational leadership; intellectual stimulation, and individualized consideration—were captured through 47 items. Respondents were asked to indicate how frequently their leader in the experiment demonstrated the leadership behavior described. The response choices ranged from 0 (not at all) to 4 (frequently, if not always). The Cronbach's coefficient alpha was not less than 0.95 for the scales of all the five factors.

**RESULTS**

We did three sets of two-way analysis of variance to test if the scores on the five transformational leadership factors varied across (a) strong and weak culture, (b) soft and hard tactics, and (c) all the four cells. The results of the first two are presented in Table 1. The

**TABLE 1**

**Two-Way Analyses of Variance of Transformational Leadership Factors across Organizational Culture and Influence Tactics**

	Strong Culture Mean	Weak Culture Mean	F <sup>a</sup>	Soft Tactics Mean	Hard Tactics Mean	F <sup>a</sup>
Attributed Charisma	3.23	1.88	278.71	2.90	2.22	26.19
Idealized Influence	3.08	1.96	155.18	2.91	2.13	43.63
Inspirational Leadership	3.10	1.95	195.07	2.88	2.17	37.76
Intellectual Stimulation	3.02	1.88	129.35	2.86	2.04	43.15
Individualized Consideration	3.22	1.89	232.45	2.94	2.17	34.13

<sup>a</sup> p < 0.001 for all F.  
N=60 for each cell.

scores on all the five transformational leadership factors were significantly ( $p < 0.001$ ) higher in strong culture than in weak culture, thus supporting our hypothesis 1. The scores were also significantly ( $p < 0.001$ ) higher when the leaders used soft tactics than when the leaders used hard tactics. Hypothesis 2 was hence supported.

The results of the analysis of variance across all the four cells together are presented in Table 2. The scores on all the five transformational leadership factors significantly ( $p < 0.001$ ) varied across the four combinations of culture and tactics, with strong culture and soft tactics resulting in the highest scores, and weak culture and hard tactics resulting in the lowest scores. A look at the two cells in the middle revealed that leaders in strong culture using hard tactics were seen as significantly more transformational than leaders in weak culture using soft tactics. This supported our hypothesis 3.

## Discussion

Earlier studies have established the role played by leadership in formation of organizational culture and influencing employee outcomes concerning decision-making and implementation using combinations of influence tactics. This study is an attempt to look at the role of culture type and use of influence tactics in shaping employee perception regarding their leader being transformational. Higher the use of soft tactics, higher is employee perception about leader being a transformational leader. Similarly, stronger the culture, higher is the employee perception about the leader being a transformational leader. The interesting observation is the stronger effect of culture in interaction between culture type and influence tactics on employee perceptions. Leaders in strong culture using hard tactics are seen as significantly more transformational than leaders in weak culture using soft tactics. Interaction

**TABLE 2**

**Two-Way Analysis of Variance of Transformational Leadership Factors across All Four Cells Together**

	Strong Soft Tactics Mean	Culture Hard Tactics Mean	Weak Soft Tactics Mean	Culture Hard Tactics Mean	F <sup>a</sup>
Attributed Charisma	3.47	2.98	2.32	1.44	345.55
Idealized Influence	3.44	2.72	2.37	1.54	201.87
Inspirational Leadership	3.39	2.81	2.38	1.52	271.58
Intellectual Stimulation	3.36	2.68	2.35	1.41	152.31
Individualized Consideration	3.54	2.89	2.34	1.44	325.40

<sup>a</sup>  $p < 0.001$  for all F.  
N=30 for each cell.

effects favorably change the employee perception about their leader being transformational despite the use of hard tactics in the case of strong culture.

The findings of our study support the claim that organizational culture and influence tactics shape perception about leadership behavior within an organization. Culture that promotes bias for action, team orientation, customer orientation, productivity focus, and autonomy creates conditions for leaders to affect employee outcomes favorably, and employees in turn perceive their leaders to be transformational. Strong cultures help the leaders to exhibit greater consideration towards the employees and be more charismatic. Use of hard tactics in strong cultures does not change the employee perception about leader being charismatic and considerate to their needs. This supports earlier studies that concluded that culture could be used as an effective method of influencing the perceptions and behaviors of organizational members (Cabrera & Bonache, 1999). Similarly, use of soft tactics allows the leaders to show higher consideration and appeal to the ideals of their employees. Use of soft tactics in weak cultures however does change the employee perception, and the employees perceive the leader to be inspirational and able to appeal to their ideals to influence the outcomes.

The current study is useful for firms in identifying their cultural type (strong or weak) and in evaluating the influencing behaviors in their respective cultures to improve the attitudes towards leaders. Human resource managers could evaluate the effect of combinations of cultural dimensions (e.g., bias for action) and

use of tactics by leaders (e.g., ingratiation) on inspiring the employees. The findings could help in developing a leadership style audit, where the effect of leader's use of tactics to inspire people can be evaluated in context of their cultural type. This would help in improving the overall leadership competencies in organizations.

**Limitations.** The perceptions of participants in the experiment regarding existing culture in their firm could have biased the effects of organizational culture. Replicating this study using a survey method could help. Future studies could look at how the interaction effect of culture and influence tactics affects the effectiveness of transformational leaders in different organizational settings. They could also study the effect of combination of individual cultural dimensions and use of influence tactics on each of the transformational leadership factors.

**Conclusion.** This experimental study attempted to make a significant theoretical contribution in studying the effects of culture type and influence tactics on shaping employee perception regarding transformational leadership. Leaders in strong culture and leaders who use soft influence tactics are likely to be seen as more transformational. Culture appears to have a stronger effect than influence tactics in shaping employee perceptions regarding transformational leadership. Leaders in organizations should understand the nature of their organizational culture type, and then use those influence tactics that would enable them to be seen as transformational leaders, making it easier for them to cause desired change.

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## **APPENDIX**

### **Scenario Descriptions for the Experiment**

#### **Strong culture**

Our firm believes that client satisfaction is our topmost business priority and hence you are encouraged to brainstorm and think out of box to arrive at the ideas. This is the first time we have received an order from this firm and hence the team should develop a design that understands the customer needs. We encourage you to take initiative in coming up with ideas that would increase the customer satisfaction and also later take ownership of those ideas. You are supposed to keep this point in mind before developing the theme. There are no barriers to the views that you would come up in the brainstorming session.

#### **Weak culture**

Our firm believes that following correct procedures and systems that involve low company cost in delivering client satisfaction is our topmost business priority and hence you are encouraged to discuss your ideas with your leader and align your ideas to her requirements. The team is allowed little flexibility in deviation from established procedures and system and the corporate objective of low costs incurred in maintaining customer relationships. This customer is not a very important customer and has created great nuisance in past interactions with the company, hence we encourage you not to treat this customer as your top priority, but still develop the theme that understands the customer needs. The client has been informed

that we will not be responsible for any defects on our part; hence, any disputes that he wishes to raise would not be subject to any legal complaints. You are supposed to keep this point in mind before developing the theme.

#### **Soft tactics**

The leader increases the executives' cooperation by increasing the executive's positive regard for the leader. She explains to the executives that they need to look at this as an opportunity to see their business from a real sense and hence come up with suggestions concerning what they shall do if they were asked to do so in a real life situation. She works to increase executive's confidence that they can do the requested task, or the leader uses her personal appeal with the executives to get the task achieved.

#### **Hard tactics**

The leader uses explicit or implicit offers to provide a favor or benefit in return for doing what the leader requests. She explains to the executives that they have to think of this as a situation when they have been mandated by their management to come up with ideas, and that they have deadlines to meet. The management here has linked the success of the party to their performance appraisals and hence it is in the interest of the executives to develop a good theme. The leader uses demands, threats, frequent checking, or persistent reminders in an attempt to influence to carry out a request. She reminds the team persistently regarding the deadlines and consistently goes to each team to check on the progress.