

ORGANIZATIONAL CLIMATE AND ITS EFFECT ON STRATEGIC LEADERSHIP WITHIN A LEARNING ORGANIZATION

By

Abdul-Nasser El-Kassar, Ph.D.
Leila Messara
Lebanese American University
Beirut, Lebanon

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Abstract

The learning organization strives to keep up with change and maintain a competitive edge by adopting a set of continuously changing learning techniques. The learning organization dimensions include: Continuous Learning, Dialogue and Inquiry, Team Learning, Embedded Systems, Empowerment, System Connections, and Provide Leadership. The role of leaders in a learning organization is to help develop the required skills, knowledge, and behavior. In order to promote a learning organization, the organizational climate may help or hinder this process making the job of the leader more difficult. Organizational climates are the set of expectations that represents a property of organizational environments that is perceived directly or indirectly by individuals in that organization. The main organizational climates that have been identified are: Structure, Responsibility, Risk, Reward, Warmth and Support, Conflict, Expect Approval. Considerable research indicate that the Organizational Climate affect certain organizational setting. The purpose of this study is to examine the effects of organizational climate on the learning organization dimensions and in particular on the leadership dimension. Data gathered through questionnaires distributed to employees from various industries in Lebanon are analysed. Using various statistical techniques, the climates that affect the leadership dimension in a learning organization are identified and the strengths of the relationships are determined. Several hypotheses regarding the effects of organizational climates on the leadership dimension are tested. The results are interpreted and recommendations are given.

Introduction

The ability to learn fast is becoming the new competitive edge nowadays. This is why a culture that supports learning in an organization is needed. A learning organization is a culture that strives to keep up with change by adopting continuous learning techniques. Pedlar et al. (1991, p. 1) defined a learning organization as “an organization that facilitates the learning of all its members and continuously transforms itself in order to meet its strategic goals”. Numerous studies have positively related this concept to commitment, job satisfaction, motivation, financial performance, and low turnover (Egan et al., 2004; Sta. Maria and Watkins, 2003; Ellinger et al., 2002).

Marsick and Walkins (2003) identified seven dimensions of a learning organization that include: Continuous Learning (providing opportunities for continuous learning), Inquiry and Dialogue (promoting feedback, communication, trust and respect),

Team Learning (encouraging team working), Embedded Systems (integrating systems to capture and share learning), Empowerment (empowering employees to a collaborative vision), System Connections (linking the organization to its environment and community), and Strategic Leadership (providing leadership by supporting and strategically utilizing learning).

Leaders play a central role in providing the direction towards attaining organizational goals. They have been found to develop the process of learning organization. Their role in a learning organization is essential for they are the ones to help develop the required skills, knowledge, and behavior. They have been found to develop the process of learning organization (Lam, 2002). A leader in a learning organization is described as a teacher, developer, coach, and facilitator (see for example, McGill and Sclocum, 1998; Macneil, 2001; Senge, 1990; Boydell and Leary, 1994). According to Macneil (2001), a leader's basic job in a learning organization is to help with knowledge sharing, building teams, and maintaining learning through mistakes. However, in order to promote a learning organization, the organizational climate may help or hinder this process making the job of the leader more difficult. The main organizational climates that have been identified (see for example Litwin and Stringer, 1968) are: Structure (the jobs, policies and organizational structure are clearly defined), Responsibility (the encouragement of individual judgment and discretion), Risk (the willingness to take risks and chances on employees' ideas), Reward (positive rewards are based on performance and outweigh punishments in the organization), Warmth and Support (warmth in the relationships among employees supported by a relaxed and people-oriented atmosphere), Conflict (maintaining good interpersonal relations and avoids open arguments and disagreements), Expect Approval (pride and loyalty toward the organization and work group).

Objectives of the Study

The purpose of this study is to examine the organizational climates within learning organizations and their effects on the various learning dimensions. Particular attention will be paid to identifying the strength of the relationships between the organizational climates and the strategic leadership dimension. This research will try to answer the following questions:

1. Which organizational climate promotes the strategic leadership learning dimension?
2. Which organizational climate influences the strategic leadership learning dimension the most?
3. Which factor of an organizational climate influences the strategic leadership learning dimension?
4. Which characteristic of the leadership dimension is influenced by a certain climate?

Methodology

The study is conducted within Lebanese organizations from different industries. Data were gathered through questionnaires distributed randomly to employees from different industries. Analysis of the data is based on the seven climates and their relationship with learning organizations. Preliminary statistical analysis based on pilot study found several climates significantly related to learning organization and to the strategic leadership dimension.

The study is based on a questionnaire composed of three parts: demographic questions, learning organization questions and organizational climate questions. The learning organization part is based on a questionnaire developed by Watkins & Marsick (1997). Basim et al. (2007) demonstrated its reliability and validity. This part contains seven sets of questions corresponding to the seven dimensions of learning organization. Similarly, the organizational climate part, developed by Litwin & Stringer (1968), has seven sets of questions corresponding to the seven organizational climates. Each learning organization dimension and each organizational climate is composed of several components or aspects each of which is expressed by a question or a statement rated on a seven-point Likert scale ranging from 1 = strongly disagree to 7 = strongly agree, with 4 = neutral. A score based on the average is calculated for each learning organization dimension and each organizational climate. Using the median of each score, a new categorical variable is constructed for each dimension or climate indicating a Low or High score. These variables are used to conduct the statistical analysis.

Statistical Analysis

The 101 respondents in the sample consist of 50.5% males and 49.5% females. The age distribution is 51.5% in the 25 years or below range, 34.7% in the 26 to 30 years range, and 13.8% above 30 years. Most of the respondents are employees 72.3 %, while 7.9% are supervisor and 19.8% managers. The employee's years of experience found 68.3% in the range of 0-5 years, 19.8% in the range of 6-10 years, and 11.9 % with more than 11 years of experience. The distribution of the monthly salaries is 42.6 % below than \$1000, 55.4% between \$1000 and \$3000, and the rest in the range of \$3000-\$6000. These distributions could be explained by the fact that older more experienced people in high level positions with higher salaries are too busy to take the time to fill in the questionnaire.

To study the effects of organizational climate on leadership within a learning organization, we used the set of questions related to the leadership dimension and its corresponding score as the dependent variables. The organizational climate scores are the independent variables. The individual characteristics of leadership within a learning organization include:

- Support learning opportunities and training.
- Sharing information with employees about competitors, industry trends and organizational directions.
- Empowering others to help carry out the organization's vision.

- Mentoring and coaching those they lead.
- Continually look for opportunities to learn.
- Ensuring that the organization's actions are consistent with its values.

The reliability of responses concerning the six aspects of the leadership dimension was checked. The computed Cronbach's alpha value was 0.86. The descriptive statistics for the leadership dimension revealed a mean score of 4.76, a standard deviation of 1.00, and quartiles of 4.17, 4.83, and 5.33. Similar statistics resulted for the individual aspects with means varying from 4.59 to 4.98. The lowest means, 4.59 and 4.63, correspond to empowering others and sharing information, respectively, and the highest means, 4.98 and 4.90, to ensuring values and continually learning. The frequency distributions of the responses for the individual aspects all have the same characteristics of being skewed to the left with highest frequencies corresponding to the value of 5 (agree). Correlation analysis showed all six aspects are highly correlated among each other. In fact, factor analysis for the six statements resulted in one single factor. Hence, the leadership dimension score can be used as a single variable to conduct our analysis. It is interesting to note that no significant correlation was found between this score and any of the demographic variables, age, gender, salary, position. A negative significant correlation, at a level of significance of 0.05, was found between the leadership dimension score and the years of experience. This indicates that more experienced people tend to ignore or think less of the leadership provided by their organization.

Next we conduct correlation analysis to determine which organizational climate affects the leadership dimension within a learning organization. The correlation matrix shown below indicates that the leadership dimension score (LDS) is correlated at a level of significance of 0.05 to all climate scores except the conflict climate score (CS). The critical value for the two tailed test at a level of 0.05 is ± 0.196 . Also, the matrix shows that the leadership score is strongly correlated, at a 0.01 level of significance, to the following climate scores: structure, responsibility, reward, warmth and support, and expect approval. The highest correlations correspond to the reward, warmth and support, structure, and expect approval climates.

	SS	RS	RKS	RWS	WSS	CS	EAS	LDS
SS	1.000							
RS	.099	1.000						
RKS	-.104	.024	1.000					
RWS	.397	.431	-.093	1.000				
WSS	.376	.207	-.035	.578	1.000			
CS	-.054	-.039	-.061	-.107	-.425	1.000		
EAS	.184	.011	.073	.242	.338	-.425	1.000	
LDS	.429**	.280**	-.197*	.539**	.521**	-.192	.400**	1.000

*Significant at .05 (two-tail)

**Significant at .01 (two-tail)

Regression analysis can be applied to investigate further the significance of the effects of these climates on leadership in a learning organization. A summary of stepwise regression with a selection of the best model of each size is shown below. In each row, we give the p-value and the coefficient of determination for the best model of each size as well as the p-values for the individual variables.

Model	SS	RS	RKS	RWS	WSS	CS	EAS	p-value	R ²
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1				.000				6.17E-09	.290
2				.000			.001	1.75E-10	.368
3	.009			.000			.001	3.65E-11	.411
4	.023			.004	.041		.007	2.46E-11	.436
5	.034		.035	.005	.035		.003	1.33E-11	.462
6	.026	.126	.025	.047	.031		.002	1.87E-11	.476
7	.031	.122	.027	.065	.029	.596	.002	6.51E-11	.477

Note that the best model of size four includes the four climates with the highest correlations. Although the warmth and support climate has the second highest correlation with leadership, it is dropped out of the best model of size three. This is due to the fact that the warmth and support climate and the reward climate have the highest correlation among the various climates. This result suggests that further investigations should be carried out to study the effects of these climates on the leadership dimension. In the following we illustrate the investigation of the effects of a structure climate on leadership.

First, we factor analyzed the structure climate. The analysis resulted in grouping the different aspects of the structure into three components which we named: structural guidelines, structural roles, and structural red tapes. The structural guidelines factor measures the extent to which policies and organization structure are clearly defined. The structural role is a measure of how clear is it who is the boss, and who has the formal authority to make a decision. The structural red tapes factor measures the extent of keeping red tape to a minimum. Using the factor scores obtained from the factor analysis as the independent variables and the overall leadership dimension score as the dependent variables, a regression model resulted in the following correlation matrix and regression output.

Correlation Matrix				
	<i>Structural Roles</i>	<i>Structural Guidelines</i>	<i>Structural Red Tapes</i>	<i>LDS</i>
<i>Structural Roles</i>	1.000			
<i>Structural Guidelines</i>	.000	1.000		
<i>Structural Red Tapes</i>	.000	.000	1.000	
<i>LDS</i>	.180	.386	.193	1.000
	Sig .072	Sig .000	Sig .053	

Regression Output

<i>variables</i>	<i>coefficients</i>	<i>std. error</i>	<i>t-value</i>	<i>p-value</i>
Intercept	4.7574	0.0900	52.840	2.67E-73
<i>Structural Roles</i>	0.1809	0.0905	2.000	.0483
<i>Structural Guidelines</i>	0.3888	0.0905	4.296	4.13E-05
<i>Structural Red Tapes</i>	0.1948	0.0905	2.153	.0338

The correlation matrix shows that the only significant correlation, at a level of 0.05, is between the structural guidelines factor and the leadership dimension. However, the regression model indicates that all three factors are significant at a level of 0.05.

Similar analysis can be conducted using the individual characteristics of leadership within a learning organization as dependent variables. A summary of the analysis is given in the following table.

	Correlations			
	<i>Structural Roles</i>	<i>Structural Guidelines</i>	<i>Structural Red Tapes</i>	<i>Structural Climate</i>
<i>Support Learning</i>	.158	.247*	.073	.258**
<i>Sharing Information</i>	.229*	.344**	.006	.324**
<i>Empowering Others</i>	.030	.229*	.259**	.276**
<i>Mentoring and Coaching</i>	.075	.314**	.191	.352**
<i>Continually Learning</i>	.161	.329**	.269**	.417**
<i>Ensuring Values</i>	.187	.328**	.119	.383**

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

The above table shows that there is a significant correlation, at a level of significance of 0.01, between the structural climate score and each of the individual characteristics of leadership within a learning organization. The structural guidelines factor is also correlated at a level of significance of 0.01 with each of the individual characteristics. The structural role factor has a significant correlation to the sharing information characteristic only, while the structural red tape factor has a strong correlation with the empowering others characteristic and the continuous learning characteristics of a leader.

The above analysis indicates that the leadership dimension in a learning organization improves in a structural climate as the structural factors improve, and in particular when the structural guidelines factor improves. In order to examine the extent of this improvement, we tested whether a significant difference exists in the leadership dimension in an organization with a structural climate. This will be accomplished by classifying the organizations into two groups, a low structural climate score group and a high structural climate score group. The classification is based on the median structure climate score. The individual characteristics of the leadership dimension means for the two groups are compared in order to test if in a structure climate organization the mean is significantly higher. The test is also conducted for the leadership dimension score. Thus,

H_1 : The mean leadership dimension score for an organization with a high structure climate score is higher.

The computer output for the above test is:

	Structure Climate Score	
	Low	High
Mean LDS	5.0065	4.5033
Std. Dev.	1.0687	0.8822
N	51	50

Test statistics $Z = 2.58$

$p\text{-value} = .0049$

The test was conducted for each characteristics of the leadership dimension and the results are summarized in the following table.

	Mean		Z-value	p-value
	High	Low		
<i>LDS</i>	5.01	4.50	2.58*	.0049**
<i>Support Learning</i>	4.75	4.66	0.32	.3749
<i>Sharing Information</i>	5.00	4.26	2.61	.0045**
<i>Empowering Others</i>	4.78	4.40	1.35	.0879
<i>Mentoring and Coaching</i>	5.02	4.44	2.20	.0138*
<i>Continually Learning</i>	5.20	4.60	2.82	.0024**
<i>Ensuring Values</i>	5.29	4.66	2.86	.0021**

Note that the score for the individual characteristics of leadership is always higher for organizations with high structure climate score. The tests show that the mean is significantly higher for all leadership characteristics except for information sharing and empowering others.

Results and Discussion

The objective of this research was to examine the effect of the different organizational climates on the learning organization dimensions with particular attention to the strategic leadership dimension.

The statistical analysis showed that the leadership dimension in a learning organization is affected by the organizational structure climate. The analysis also showed that the effects vary according to the individual characteristics of leadership within a learning organization. This research identified the organizational climates that significantly affect the leadership dimension and determined the extent of the relationships. In particular, the organizational climates structure, responsibility, reward, warmth and support, and expect approval were found to be positively correlated with the leadership dimension. Hence, promoting these climates will help improve the leadership dimension in a learning organization. The research illustrated how the factors of a particular climate affect the leadership dimension and their impact on the individual characteristics of the leadership dimension by analyzing the effects of the structure climate.

The findings demonstrated that a structural climate within an organization promotes the leadership dimension and positively affect each of its individual characteristics. The structural guidelines factor was singled out as having the most effect on the individual characteristics of the learning dimension. Further analysis showed evidence that leaders in a structural climate tend to mentor and coach employees, share information with others, insure that the values of the organization are met, and are interested in personal development. On the other hand, the study did not find clear evidence that leaders in a structural climate support more or less employee learning opportunities and training, or empower others to carry out the organizational vision.

Conclusion

This research aims at identifying the organizational climates affecting the leadership dimension in a learning organization and determining the extent of the relationships. The relationships were tested empirically by collecting information based on a reliable and valid questionnaire distributed to Lebanese employees working in small and medium size companies. The results of the statistical analysis indicated that promoting the structure, responsibility, reward, warmth and support, and expect approval climates are the climates that have positive effects on the leadership dimension. Further analysis conducted using the structure climate identified the structural guideline factor in a structural climate to be the most influential.

Future research could also explore whether these findings are global or are influenced by the Lebanese culture. In another direction, the effects of the organizational climates on the other learning dimension can be investigated.

Managerial Implications

This study adds to the literature on the strategic leadership dimension in a learning organization and its relationship to organizational climate so that organizations can identify the ideal climate or climates to be promoted in order to improve the leadership dimension. This will enable leaders in a learning organization to help develop the required skills, knowledge, and behavior.

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