

# INTERRELATIONS BETWEEN LEADERSHIP AND ORGANIZATIONAL CULTURE IN THE STATE THEATRES OF LATVIA

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## Abstract

Paper deals with the theme of leadership and organizational culture, viewed from the perspective of creativity, and searches the interrelations between these elements. The research was conducted in the state theaters of Latvia, as those are the theaters that take up significantly the largest part of theater market share (82% of the market) and also provide the biggest number and range of customers with the specific service. Quantitative and qualitative methods were used – Organizational culture assessment instrument (OCAI), developed and advanced by K. Cameron and R. Quinn was used to identify organizational culture and leadership dimensions. Structured interviews with experts were used for validation of the results and applicability of main findings. Research identifies existing organizational culture and leadership profile and preferred organizational culture and leadership profile in two subcultures – management and performing actors. Research seeks for alignment between leadership dimensions and organizational culture dimensions. Research confirms the functionalism approach which concurrently approves the role of leadership in creating organizational culture, as well as the influence of culture on leadership. Performing actors prefer clan culture values instead of dominant hierarchy culture values, while management prefers to keep status quo – maintain the existing level of the hierarchy.

**Keywords:** leadership, management, organizational culture, creativity.

**Classification JEL:** M12 – Personnel Management.

## 1. Introduction

Theaters are part of creative industries. Creative industries can be described as the convergence of creative arts (individual creativity, talent, and skills) and culture industries (mass activities) to satisfy needs of the interactive consumer (*Dubkēvičs, 2015*). The topicality of the research is also determined by the nature of state theaters: on the one hand, state theaters are business organizations (government established limited companies); while at the same time they are cultural institutions. Dual status of state theaters challenging leadership in the context of balancing between profitability and cultural – educational assignment. From a leadership perspective, it is a dispute of how to balance creative, intellectual and emotional performances with needs of basic customers and market interests. The focus area of this research is leadership profile in respective theaters.

According to Jung, leaders play such an important role because they both set the goals for followers and motivate them as well as influencing the manner in which follower's approach and accomplish these goals (*Jung, 2001: 185–195*). Drucker and other researchers believe that the main role in organizations is played by leadership instead of management – the ability to recognize and use each person's special abilities, knowledge and creativity (*Drucker, 2001*). Two approaches exist in defining leadership roles in organizational culture: functionalism and anthropological. The functionalism approach believes that leaders are architects of organizational culture, while anthropological approach doubts such opinion by stating that leaders themselves are a part of organizational culture. Most researchers represent functionalism approach.

The main area for *research in this paper* is leadership, in the context of its interrelations with organizational culture and climate for creativity. There is also comprehensive discussion regarding differences between organizational culture and organizational climate. There are two

main approaches exist when study climate for creativity: (a) climate for creativity as a singular concept, and (b) climate for creativity as a component of organizational culture. Denison argues that climate is within the scope of the culture. This research support same approach. Dennison's overview of scientific literature concludes that climate as behavioral patterns and norms, and culture as values and basic assumptions are separated, but it is mainly because of interpretation, not a phenomenon. He explains it by the traditional approach to measuring culture by qualitative methods and climate by quantitative methods (*Dennison, 1996*). Research covers all state theaters in Latvia (covers 82% of the total market share of theaters); representation of sample totality is met. During the research two subcultures were analyzed – management and performing actors. Existing and preferred organizational culture type and leadership profile for each subculture have been identified. Structured interviews were conducted for qualitative research. Findings of the research can be related to state theaters of Latvia only; it is the main limitation of the research.

## 2. Leadership theories in management science

According to Drucker, leadership and management cannot be distracted from each other and compose symbiosis where a person should apply both – managerial and leadership roles (*Drucker, 2001*). Managerial roles are mostly focusing on the organizing and performance of tasks and by aiming at efficiency, while leadership role engages others by inspiring a shared vision and effectiveness. Managerial work contributes to emphasizing processes, coordination, and motivation, while leadership has an emotional approach, it is based on relationships with followers and seeks to transform. According to Kotter, the main function of the management is to provide order and consistency to the organization, whereas primary function of leadership is to produce change and movement (*Kotter, 1990*). In other words, management is seeking for stability and order, whereas leadership is focused on adaptive and constructive change. Both are essential for any organization willing to advance.

Leadership does not exist without influence and it is associated how leader affects followers. The concept of power is also related to leadership because power is part of influencing the process. Leadership involves influencing a group of people, thus leadership occurs in groups. Leadership engages groups of people to achieve a common goal.

According to Burns, leadership can be defined as the reciprocal process of mobilizing by persons with certain motives and values, various economic, political, and other resources, in a context of competition and conflict, in order to realize goals independently or mutually held by both leaders and followers (*Burns, 1978*). Various researchers have explored the idea that concepts of leadership may differ between different national cultures. Brodbeck suggests that there are pre-existing leadership 'prototypes' or expectations about leaders in the different cultures – these affect the willingness of followers to go along with certain roles and styles of leaders (*Brodbeck, 2000: 1–29*). According to Hofstede, beliefs about leadership reflect the dominant culture of a country. Asking people to describe the qualities of a good leader is a way of asking them to describe their culture. The leader is a culture hero, in the sense of being a model for behavior (*Hofstede, 2010*). Leadership is essential for motivating followers and mobilizing resources towards the fulfillment of the organization's mission. Leadership is crucial for organizational innovation, adaptation, and performance. Studies show that leadership matters for countries, organizations, and teams (*Crossan & Apaydin, 2010: 1154–1191*). Leaders must identify strategic and tactical goals while monitoring team outcomes and the environment. From a follower work facilitation point of view, leaders provide direction and resources, monitor performance and provide feedback (*Morgeson, DeRue & Karam, 2010: 5–39*). From a functional point of view, leadership is all about organizationally-based problem-solving. Connelly suggests that without the requisite problem-solving skills and expert knowledge leaders simply cannot be effective (*Connelly et. al., 2000: 65–86*). Levin, in 1936,

researched leadership around decision-making attribute and defined leadership styles – autocratic and democratic, wherein the autocratic style, the leader takes decisions without consulting with others and in the democratic style, the leader involves the people in the decision making, thus final decision may be result of leader facilitating consensus in the group. McGregor adapted X and Y theory, where two main sets of assumptions are defined (Table 1):

*Table 1. McGregor X and Y theory (own study based on: McGregor, E. 1985. The Human Side of Enterprise. New York: McGraw-Hill)*

X assumptions	Y assumptions
Assumptions about human nature	
The average human being: <ul style="list-style-type: none"> <li>– inherently dislikes work</li> <li>– avoids work if he can</li> <li>– prefers to be directed</li> <li>– wants to avoid responsibility</li> <li>– has relatively little ambition</li> <li>– wants security above all</li> </ul> Therefore must be coerced, controlled, directed and threatened with punishment to get him to put forth the adequate effort.	The average human being: <ul style="list-style-type: none"> <li>– regards work as being natural as play or rest</li> <li>– exercises self-direction and self-control when committed to goals</li> <li>– is rewarded in part by needs for the satisfaction of ego and self-actualization</li> <li>– learns under proper conditions to accept and even seek responsibility</li> <li>– has potential that is only partially realized</li> </ul> The capacity to exercise imagination, ingenuity, and creativity in problem-solving is widely distributed in the population.

According to Amabile theories (The componential theory of individual creativity and The work and environment for creativity), it is possible to assume that X dimensions correlate with management roles and external motivation, while Y dimensions correlate with leadership roles and internal motivation, however, these assumptions are disputable (*Amabile, 1997*). These assumptions result in policies and practices, as well as generate results presented in Table 2.

*Table 2. Results produced from X and Y theory (own study based on: McGregor, E. 1985. The Human Side of Enterprise. New York: McGraw-Hill)*

Resulting Policies and Practices	
Break work into tasks that: <ul style="list-style-type: none"> <li>– require few skills and a little training</li> <li>– can be performed by individuals</li> </ul> Limit training to the minimum necessary Pay low compensation Provide close supervision Expect high turnover of people and staff, and organize for it Minimize promotions from within	Break work into tasks that: <ul style="list-style-type: none"> <li>– require skills and cross-training</li> <li>– can be performed by teams</li> </ul> Provide good training and encourage personal development Pay market or higher compensation Allow use of judgment on the job, with limited supervision Expect employee loyalty Promote from within
Results produced	
High employee turnover (confirming the correctness of assumptions and expectations) High recruiting and supervisory costs Low wages and per-person training costs Low job satisfaction	Low employee turnover (confirming the correctness of assumptions and expectations) Low recruiting and supervisory costs High wages and per person training costs High job satisfaction

Highest potential for success is in a low-cost competitive strategy	Highest potential for success in a differentiation competitive strategy
---------------------------------------------------------------------	-------------------------------------------------------------------------

A number of researchers suggest that depending on leader's basic assumptions about human nature two different leadership styles will evolve – often named task-oriented leadership versus people oriented leadership or also known as *transactional* and *transformational* leadership. Researchers also deeply analyze the main tasks and objectives to be achieved by the leaders, thus various other leadership models have been proposed – based on different attributes of leadership. Morgeson suggests that leadership models should include: (a) strategic structuring and plan (e.g., identifying strategies and goals); (b) providing direction and resources (e.g., clarifying tasks, ensuring the team has sufficient resources); (c) monitoring the external environment (e.g., monitoring changes); and (d) monitoring performance and feedback provision (e.g., monitoring individual performance and providing corrective feedback), (*Morgeson, DeRue & Karam, 2010: 5–39*).

The essence of transactional leadership according to Bass, is to motivate followers to reach agreed task goals and objectives by communicating expectations and rewarding people when they have met those objectives (*Bass, 1985*). Burns claims that transactional leaders offer rewards and penalties in exchange for compliance (*1978*). Transactional leadership style implies the assumption that the relation between the leader and follower is fundamentally an exchange relationship to meet self-interests. Three kinds of transactional leadership have been identified: active management by exception, meaning that the leader focuses on subordinates' mistakes and takes corrective actions, passive management by exception, meaning that the leader only acts when there is a problem, and contingent reward, meaning that the leader clarifies expectations and makes rewards contingent on meeting such expectations (*Docci & Hofmans, 2015: 436–447*).

Transactional leadership styles have been named as strategic leadership, expert leadership, pragmatic leadership, functional leadership, legislative and instrumental leadership – depending on which attributes have been identified for deeper research. Morgeson suggests functional leadership theory, Mumford advocates pragmatic leadership theory, where one of the basic assumptions is that effective leaders must ensure that organizations adapt to the external environment and use resources efficiently. Effective leadership also depends on leader expertise and on the formulation and implementation of solutions to complex social (and task-oriented) problems (*Mumford, 2000: 65–86*). Yukl suggests that a class of leadership representing strategic and work facilitation functions should be called instrumental leadership (*Yukl, 2010*). Mumford and colleagues have referred to a similar type of leadership as 'pragmatic' leadership. Antonakis developed instrumental leadership model and describe the four factors: (a) environmental monitoring; (b) strategy formulation and implementation, and follower work facilitation; (c) path to goal facilitation; and (d) outcome monitoring (*Antonakis, et. al., 2014: 746–771*).

In 1980's attention was shifted to new concepts of transformational, charismatic, visionary and inspirational leadership. These theories refer to leadership styles through which leaders promote positive change in follower's behaviors by changing their beliefs about themselves, others, and their work (*Avolio, 1999*).

*Transformational leadership* theory has received a tremendous amount of attention in the last three decades and has deservedly emerged as one of the most dominant leadership theories (*Mhatre & Riggio, 2014*). Transformational leadership theory was first proposed by Burns, and he defined transformational leadership as following: "Such leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. Their purposes, which might have started out as separate but related, as in the case of transactional leadership, become fused, when transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of

both leader and led, and thus it has a transforming effect on both” (*Burns, 1978*). The theory was further developed by Bass and Avolio who argues that transformational leadership focuses on developing followers for the purpose of performing leadership roles (*Avolio, 1999*). Vera and Crossan argue that transformational leaders are essentially changing agents because they show the future towards subordinates and inspire them to achieve this new future (*Vera, 2004: 222–240*). Transformational leaders articulate ambitious goals, serve as role models for desired behaviors, stimulate followers to reflect on new ways to perform and encourage teamwork. They also treat people as individuals who may be motivated by different factors and tailor their leadership to best influence each to achieve collective goals (*Podsakoff, MacKenzie, Moorman & Fetter, 1990: 107–142*). According to Podsakoff, transformational leadership is a multi-dimensional construct and is associated with six key behaviors:

1. Identifying and articulating a vision – transformational leaders identify new opportunities for their organization and inspire followers with those opportunities;
2. Providing an appropriate model – transformational leaders set an example for their followers that is consistent with their espoused values;
3. Fostering an acceptance of group goals – transformational leaders promote cooperation among their followers in order to achieve common goals;
4. High-performance expectations – transformational leaders demonstrate expectations for excellence, quality and high performance from their followers;
5. Providing individualized support – transformational leaders demonstrate respect for and concern about their followers’ personal feelings and needs;
6. Intellectual stimulation – transformational leaders stimulate their followers’ efforts towards innovation (*Podsakoff et al., 1990*).

These behaviors suggest that transformational leadership is both dynamic and effective in shaping followers’ attitudes and behaviors to achieve individual and team outcomes. Bass assume that the same leader may display different behaviors toward each follower. Schaubroeck conceptualized transformational leadership theory to as a group-level construct that emphasizes followers shared perceptions about a leader’s leadership behaviors (*Schaubroeck et al., 2007: 1020–1030*). Transformational leadership has been researched in terms of its efficiency, ability to handle complex tasks, beneficial consequences to employee satisfaction, support for creativity and much more.

Liu, Siu, and Shi claim that transformational leadership demonstrates beneficial consequences for employee’s well-being and confirm positive interrelation with employee self-efficacy (*Liu et al., 2010: 454–479*). Densten argues that transformational leadership reduce burnout and emotional exhaustion (*2005: 105–118*). Walumbwa with colleagues claim that it generates competitive advantages for the organization as a whole as it boosts job performance and organizational success (*Walumbwa et al., 2009: 421–449*). Nemanich and Keller also claim that transformational leadership is particularly effective in a situation of crisis or uncertainty (*Nemanich, 2007: 49–68*). Transformational leadership is widely recognized to be an effective strategy for managing the changing environment faced by modern organizations (*Bass, 1999*). Job satisfaction and commitment in followers have been confirmed by Fuller, Patterson, Hester, Stringer, Lowe, Kroeck, and Sivasubramaniam, DeGroot, Kiker, and Cross, Judge, and Piccolo. According to Sivasubramaniam, Murray, Avolio and Jung, transformational leadership stimulates team’s collective efficacy, and, in turn, increases team performance (*Sivasubramaniam et al., 2002: 66–96*). According to Jung, there is evidence for a positive effect of transformational leadership as the charismatic components of transformational leadership may transform followers’ views of their work by demonstrating the purpose of work and by showing behavior that is in line with the organization’s mission and vision (*Jung, 2001: 185–195*).

Likewise, other theories, transformational leadership receives a significant amount of critique as well. Studies conducted by Basu and Green, Jaussi and Dionne, Krause, argue that there is no effect or even negative effects of transformational leadership on organization-focused idea generation or related creative behaviors. Transformational leadership theory has been reviewed by Lowe, Kroeck, and Sivasubramaniam, Eagly, Johannesen-Schmidt, and van Engen, Judge and Piccolo, and given both theoretical as well as meta-analytic analyze along with an in-depth theoretical and methodological critique (*van Knippenberg & Sitkin, 2013*). A number of studies suggest that groups with a leader showing transactional behavior can generate more original ideas than groups with a leader showing transformational behavior while others confirmed the positive effect of transformational leadership on same dimensions.

The majority of studies suggest, that people oriented, transformational leadership is supporting a climate for creativity. Two levels of creativity can be observed – individual (or persons) creativity and group (or team) creativity. These are dimensions of separate research, authors suggest outlook based on hypothetical assumption.

Effective leaders are able to combine both leadership styles – task oriented and people oriented. Depending on organizational context, task complexity, team and individual personality profile and strategy.

### 3. Organizational Culture

Organizational culture is one of the main subjects in academic research of organizational theory, as well as in management practice (*Alvesson, 2012*). Organizational culture and the related discipline of management science began investigating organizations in terms of culture as early as the 1930's. Organizational culture develops and maintains interactions between individuals and organization. Some of the organizations take purposeful steps to manage and adapt organizational culture with the ultimate goal to improve the performance of the whole organization. Most of the theories, concepts and organizational culture definitions have one thing in common – organizational culture is defined as a set of values. Schneider proposed that individuals may be attracted to organizations they perceive as having values similar to their own. In addition, organizations attempt to select recruits who are likely to share their values (*Schneider, 1987*).

In the 2000's researchers linked together organizational culture and strategy alignment, where culture and strategy support each other (*Namatēvs & Turlais, 2016: 119–129*).

Despite disagreements over some elements of measurement and definitions, researchers seem to agree that culture may be an important factor in determining how well an individual fits an organizational context (*Schein, 2010*). Organizational culture explains meanings for routine organizational events, thereby reducing the amount of cognitive processing and energy members need to expend throughout the day (*Geertz, 1973*). According to Schein, there are four categories of culture: (1) macro cultures (nations, occupations that exist globally); (2) organizational cultures; (3) subcultures (groups within organizations); and (4) micro-cultures (microsystems with or within organizations). Schein identifies three levels of culture: (1) artifacts (visible); (2) espoused beliefs and values (may appear through surveys); and (3) basic underlying assumptions (*Schein, 2010*). To be effective, the organizational culture must be appropriate to needs of the business, company, and employees. Effective cultures result from the following: a clear mission, shared assumptions, the right values, and beliefs, the right behaviors, rites and rituals, a good fit with the organization's competitive strategy and how it is executed (*Heskett, 2012*). Cameron and Quinn are authors of typological culture theory – Competing Values Framework Theory and define four culture types: Clan culture, Adhocracy culture, Hierarchy culture and Market culture. According to Cameron and Quinn, each culture type inherent particular leadership roles presented in Figure 1.

Clan culture leadership roles are facilitating and mentoring. Leadership roles are people oriented, seeks consensus, avoid conflicts, involve people in decision making, participation, and openness, morale, and commitment are actively pursued. Adhocracy culture leadership roles are innovative and visionary. Leadership roles are future oriented, emphasizing possibilities as well as probabilities, is based on anticipation of a better future, innovation and adaptation are actively pursued. Hierarchy culture leadership roles are monitoring and controlling. Leadership roles are stability and control oriented, seeks track of all details and contributes expertise, documentation and information management are actively pursued. Market culture leadership roles are competition and producing. Leadership roles are goals and target oriented and are energized by competitive situations, productivity is actively pursued.

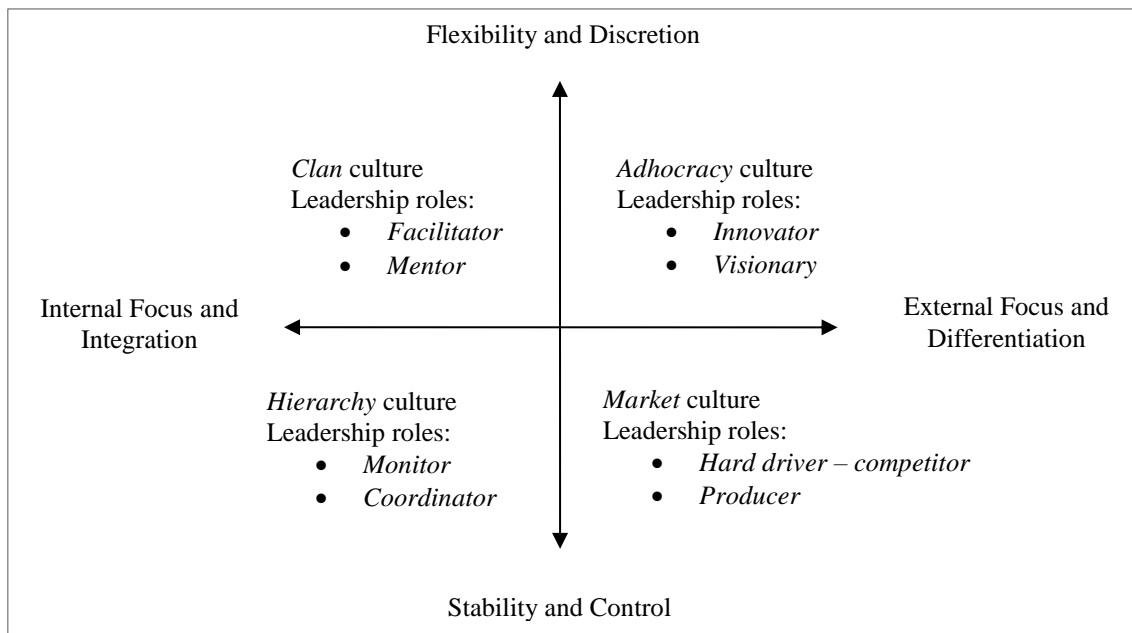


Figure 1. *The Competing Values of Leadership (Cameron, S. K. & Quinn, E. R. 2005 Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework. San Francisco: Jossey-Bass)*

There are no ideal cultures exist (Heskett, 2012). Ideal in the context of culture doesn't mean regulative preferred culture but theoretical, notional construct. An ideal type is a term proposed by Weber, and his interpretation reflects it as the state of mind, a kind of fiction, which has no exact relevance in reality. Weber names ideal types as utopias but highlights its importance for quality improvements. He also formulates singular paradox: the more precise ideal type is defined, the more alienated it will stay towards reality, and the better will measure the real outcome (Dubkēvičs, 2009).

Cameron and Quinn's typological theory 'Competing Values Framework' is one of the most popular contemporary organizational culture theories. The exceptional value of this theory is its applicability for diagnosing complicated organizational realities. At the same time, all typological theories have same deficiency – they tend to simplify the reality (Schein, 2010).

#### 4. Methods

Quantitative and qualitative methods were used. Cameron and Quinn build not only their own typological theory 'Competing Values Framework', but also developed an instrument for diagnosing and changing organizational culture – Organizational culture assessment instrument (OCAI). This theory covers management and leadership roles in the context of organizational

culture. OCAI questionnaire consists of 6 key dimensions, 4 answers each, according to each organizational culture type. Each question is scored according to its weight in 100 point system. OCAI covers existing situation and preferable (future) view, two subcultures – management and performing actors are questioned. Structured interviews with experts were used for validation of the results and applicability of main findings.

#### 4.1. Results of the research

The size of population (N) is 198 respondents, while the sample size (n) is 130. In order for the standard error not to overreach 0.05, a sample size of 132 respondents is required. The sample size is sufficient to ensure the validity of the study. Performing actors and management subcultures were studied. Management subculture forms 22% of sample totality, performing actors – 78% accordingly.

Structure of respondents: 53.1% female, 46.9% male; 65.6% working in current position more than 10 years. Various research data confirms, that effective leadership is characterized by balanced competing leadership roles ratio. If one of the leadership roles significantly dominates, it can delay the development in other important areas.

Authors analyze following key dimensions: Organizational Leadership, (dimension 2), and Management of Employees (dimension 3). Management of employees (dimension 3), reflects most visible leadership values which are realized through particular leadership/management style, thus allow diagnosing leadership roles and analyze compliance with organizational culture.

OCAI data confirms that in Latvian state theaters dominant organizational culture type is hierarchy culture. Main leadership roles for hierarchy culture are monitoring and controlling. The difference of more than 10% is significant in OCAI. Existing organizational culture characteristic in Latvia state theaters – *management subculture* is presented in Figure 2.

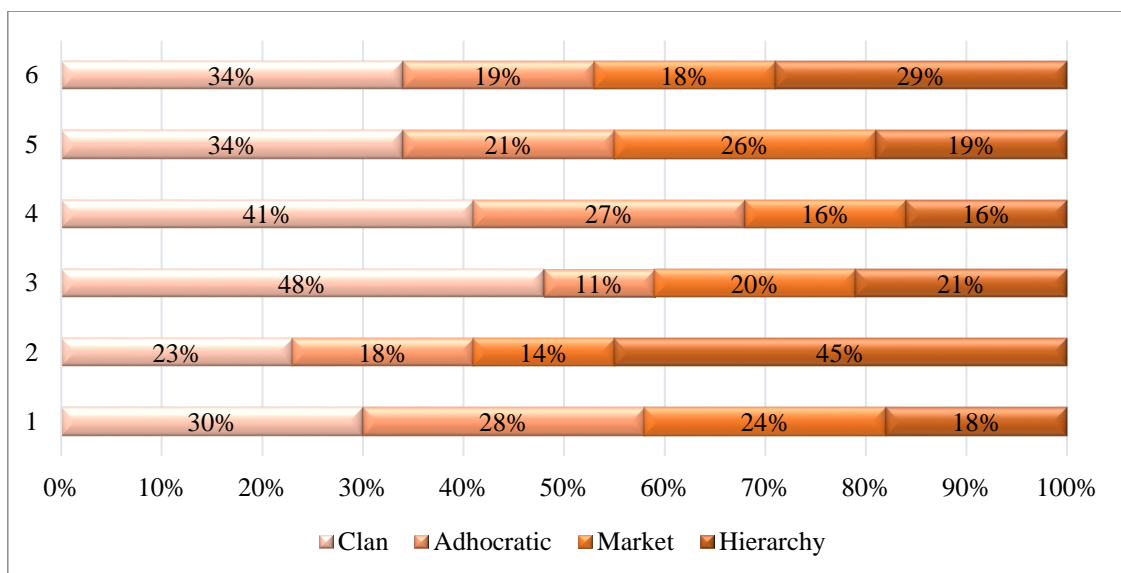


Figure 2. Existing organizational culture characteristic in Latvian state theaters (management subculture), (own study)

The existing organizational culture profile according to management subculture is dominated by clan culture values. Organizational leadership profile (dimension 2) is significantly dominated by hierarchy culture values – 45% of share in organizational leadership dimension. According to OCAI, the organizational leadership based on hierarchy culture values in the organization is generally considered to demonstrate coordinating, organizing and smooth-



running efficiency. At the same time, leadership/management style (dimension 3) is significantly dominated by clan values. According to OCAI, the leadership/management style in the organization based on clan culture values is characterized by teamwork, consensus, and participation.

Existing organizational culture characteristic in Latvia state theaters – *performing actors subculture*, is presented in Figure 3. The existing organizational culture profile according to performing actors subculture is dominated by hierarchy culture values. Organizational leadership profile (dimension 2) is dominated by hierarchy culture values – 31% of share and market culture values – 28% in organizational leadership dimension. According to OCAI, the organizational leadership based on hierarchy culture values in the organization is generally considered to demonstrate coordinating, organizing and smooth-running efficiency and organizational leadership based on market culture values in the organization is generally considered to demonstrate no-nonsense, aggressive, results-oriented focus. Leadership/management style (dimension 3) is slightly dominated by clan values – 29% of share, following by hierarchy culture (27%), and market culture (25%) values.

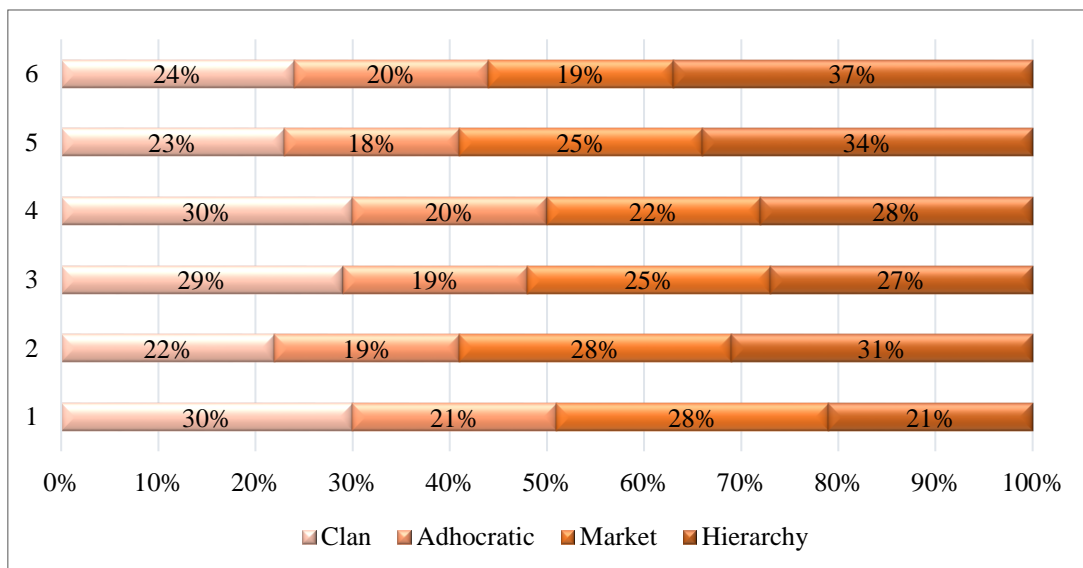


Figure 3. Existing organizational culture characteristic in Latvian state theaters (*performing actors subculture*), (own study)

Existing organizational culture characteristic in Latvian state theaters (*both subcultures*), is presented in Figure 4. The existing organizational culture profile according to both subcultures is slightly dominated by hierarchy culture values. Organizational leadership profile (dimension 2) is dominated by hierarchy culture values – 34% of share and market culture values – 25% in organizational leadership dimension. According to OCAI, the organizational leadership based on hierarchy culture values in the organization is generally considered to demonstrate coordinating, organizing and smooth-running efficiency and leadership based on market culture values in the organization is generally considered to demonstrate no-nonsense, aggressive, results-oriented focus. Leadership/management style (dimension 3) is slightly dominated by clan values – 33% of share, following by hierarchy culture (25%), and market culture (24%) values.

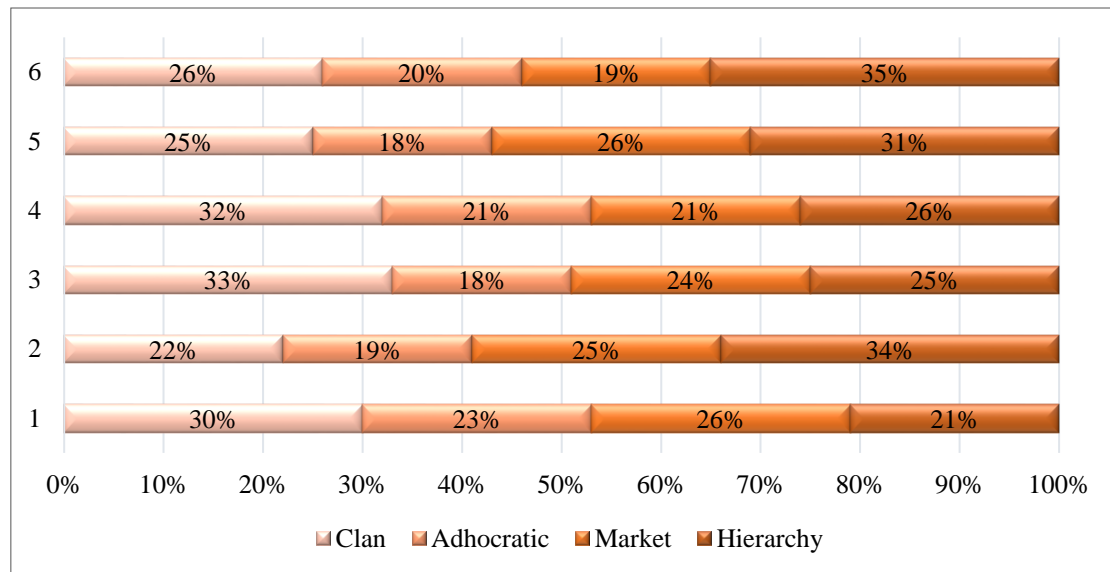


Figure 4. Existing organizational culture characteristic in Latvian state theaters (both subcultures), (own study)

Preferred organizational culture characteristic in Latvia state theaters – *management subculture* is presented in Figure 5. As flows from the Figure, the preferred organizational culture profile according to management subculture is dominated by clan culture values. Organizational leadership profile (dimension 2) is significantly dominated by hierarchy culture values – 39% of share. According to OCAI, the organizational leadership based on hierarchy culture values in the organization is generally considered to demonstrate coordinating, organizing and smooth-running. Leadership/management style (dimension 3) is significantly dominated by clan culture values – 36% of share. According to OCAI, the leadership/management style in the organization based on clan culture values is characterized by teamwork, consensus, and participation.

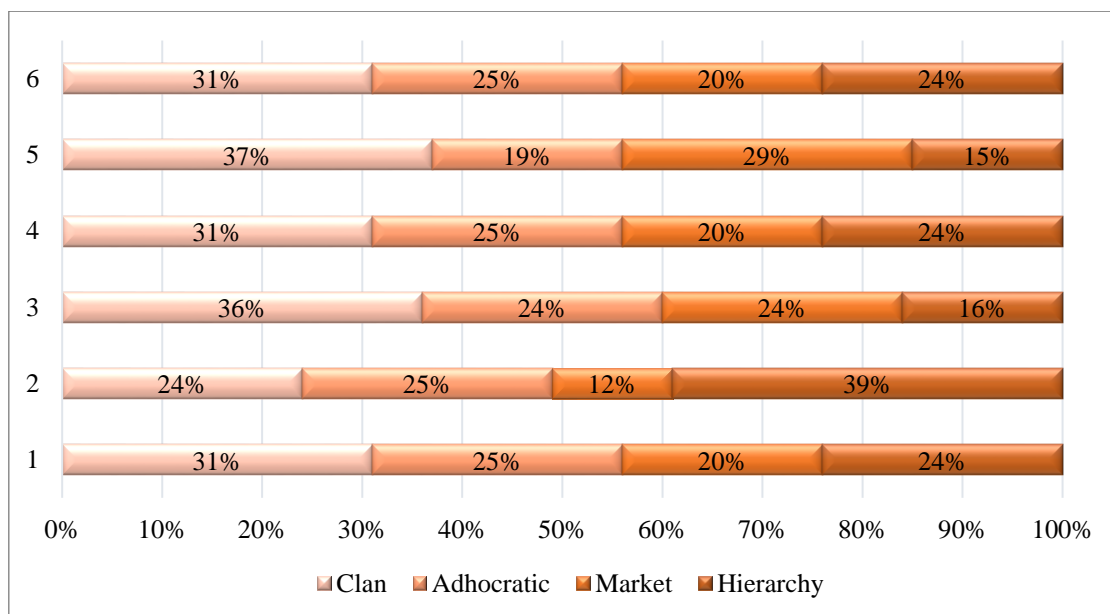


Figure 5. Preferred organizational culture characteristic in Latvian state theaters (management subculture), (own study)

Preferred organizational culture characteristic in Latvia state theaters – *performing actors subculture* is presented in Figure 6. It is dominated by clan culture values following by adhocracy culture values. Organizational leadership profile (dimension 2) is significantly dominated by clan culture values – 34% of share. According to OCAI, the organizational leadership based on clan culture values in the organization is generally considered to demonstrate mentoring, facilitating or nurturing. Leadership/management style (dimension 3) is significantly dominated by clan culture values – 34% of share. According to OCAI, the leadership/management style in the organization based on clan culture values is characterized by teamwork, consensus, and participation.

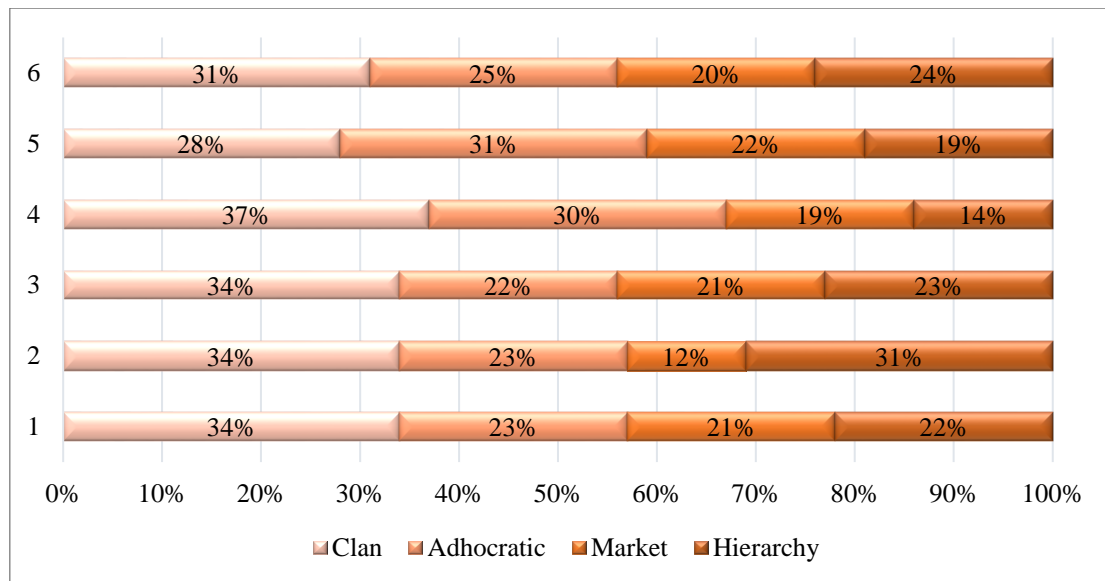


Figure 6. Preferred organizational culture characteristic in Latvian state theaters (*performing actors subculture*), (own study)

Preferred organizational culture characteristic in Latvia state theaters – (both subcultures), is presented in Figure 7.

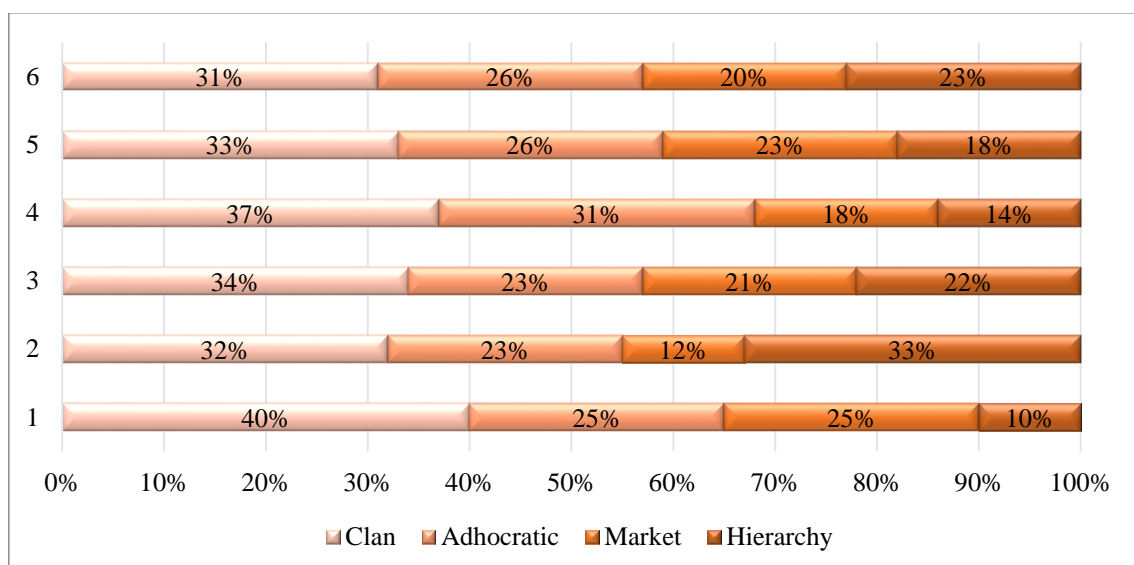


Figure 7. Preferred organizational culture characteristic in Latvian state theaters (*both subcultures*), (own study)

The preferred organizational culture profile according to both subcultures is dominated by clan culture values following by adhocracy culture values. Organizational leadership profile (dimension 2) is slightly dominated by hierarchy culture values – 33% of share. Leadership/management style (dimension 3) is significantly dominated by clan culture values – 34% of share. According to OCAI, the leadership/management style in the organization based on clan culture values is characterized by teamwork, consensus, and participation.

## 4.2. Results discussion

Leadership involves influencing a group of people, thus leadership occurs in groups. Leadership engages groups of people to achieve a common goal. Management and leadership are not the same however have similar characteristics. These two are complementary dimensions.

Organizational culture has various definitions; however, most of the scientists agree that organizational culture is based on values. Organization culture is not homogenous; it consists of subcultures, where 2 main subcultures – management and employees are most important of them. Two subcultures – management and performing actors are included in this research. Typological theories tend to simplify reality, however, allow assessing and diagnosing complicated organizational phenomenon.

State theaters of Latvia have never been researched in terms of organizational culture and leadership before.

The existing organizational culture profile according to management subculture is dominated by clan culture values, as well as leadership/management style (or the way, how leadership is communicated) is significantly dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation. At the same time organizational leadership in the organization is dominated by hierarchy culture values, thus not aligned with dominant organizational culture type. Hierarchy culture main values are coordinating, organizing and smooth-running efficiency. Leadership/management style is aligned with organizational culture profile. There is a significant difference between two leadership related dimensions.

The existing organizational culture profile according to performing actor's subculture is dominated by hierarchy culture values, same as organizational leadership in the organization. Hierarchy culture main values are coordinating, organizing and smooth-running efficiency. Leadership/management style (or the way, how leadership is communicated) is slightly dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation. Market culture values are taking slightly less share in the respective profiles. Organizational leadership is aligned with organizational culture profile. There is no significant difference between two leadership related dimensions.

The existing organizational culture profile according to both subcultures is slightly dominated by hierarchy culture values, same as organizational leadership in the organization. Hierarchy culture main values are coordinating, organizing and smooth-running efficiency. Leadership/management style (or the way, how leadership is communicated) is slightly dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation. Market culture values are taking slightly less share in the respective profiles. Organizational leadership is aligned with organizational culture profile. There is no significant difference between two leadership related dimensions. Market culture values are more visible (take a bigger share) comparing to existing organizational culture profile according to management subculture.

The preferred organizational culture profile according to management subculture is dominated by clan culture values, as well as leadership/management style (or the way, how leadership is communicated) is significantly dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation. At the same time

organizational leadership in the organization is dominated by hierarchy culture values, thus not aligned with dominant organizational culture type. Hierarchy culture main values are coordinating, organizing and smooth-running efficiency. Leadership/management style is aligned with organizational culture profile. There is a significant difference between two leadership related dimensions.

The preferred organizational culture profile according to performing actors subculture is dominated by clan culture values, as well as both leadership related dimensions are also dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation in leadership/management style dimension and mentoring, facilitating or nurturing in organizational leadership dimension. A significant increase of adhocracy culture values is presented in organizational culture profile, organizational leadership dimension and leadership/management style dimension. Both – leadership/management style and organizational leadership dimensions are aligned with organizational culture profile. There is no significant difference between two leadership related dimensions.

The preferred organizational culture profile according to both subcultures is dominated by clan culture values following by adhocracy culture values. Leadership/management style (or the way, how leadership is communicated) is significantly dominated by clan culture values. Clan culture values are characterized by teamwork, consensus, and participation. Organizational leadership dimension is dominated by hierarchy culture values, but the difference is small – just 1% – hierarchy is 33% and clan is 32%. Both – leadership/management style and organizational leadership dimensions are aligned with organizational culture profile. There is a slight difference between two leadership related dimensions.

The existing and preferred respective profiles (organizational culture profile, organizational leadership profile and leadership/management style profile) according to management subculture can be characterized by high similarity. Conclusion – management subculture prefer to keep status quo – maintain existing culture values. The most visible difference is observed in leadership/management style dimension, where a significant increase of adhocracy culture values is presented (from 11% existing to 24% preferred). Adhocracy culture values are characterized by individual risk taking, innovation, freedom, and uniqueness.

The existing and preferred respective profiles (organizational culture profile, organizational leadership profile and leadership/management style profile) according to performing actors subculture are different. Performing actors prefer to decrease hierarchy and market values in all respective dimensions, at the same time slightly increase clan and adhocracy culture values.

The existing and preferred respective profiles (organizational culture profile, organizational leadership profile and leadership/management style profile) according to both subcultures are different. Preferred values are clan values and adhocracy values versus existing hierarchy values.

Preferred organizational leadership dimension according to performing actors subculture and preferred organizational leadership dimension according to both subcultures are very similar – differences are not higher than 2%.

Preferred scores for adhocracy culture values are increasing in all subcultures – management, performing actors and both subcultures combined.

## 5. Conclusions

The biggest difference between two leadership related dimensions is observed in existing culture profiles according to management subculture. This can be explained by the difference of these two dimensions – organizational leadership is reflecting leadership dimensions, while leadership/management style reflects the way of communication – how leadership has been communicated.

In general organizational leadership approach can be characterized as more transactional rather than transformational because hierarchy culture organizational leadership roles are controlling and monitoring.

Overall dominant management in state theaters in Latvia is not focused on significant challenges, risks, and creative experiments. The instinct to preserve internal environment and culture dominate in organizational leadership approach.

Performing actors prefer clan and adhocracy culture values to hierarchy and market culture values, however, there is no evidence that these values would give better results.

Both subcultures prefer a slight increase of adhocracy values in management related dimensions and in organizational culture profile as a whole. By doing so, organizational culture profile would become more balanced and values would be distributed evenly.

State theaters are organizations of dual nature, they have to balance between profitability and cultural – educational assignment, thus management has to balance between market values and adhocracy values, in an environment where two competing values met. Research recommends a slight increase of adhocracy values.

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