

Role of leadership in
developing a culture
that follows
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Critically discuss the role of leadership in crafting a culture that produces control systems that support organisational policies and strategies.

Management for Accountants Assignment

Smircich and Morgan (1982, p. 258) (2) state that Leadership is realised in the process whereby one or more individuals succeeds in attempting to frame and define the reality of others. Many around the world who call themselves leaders are in fact only managers, to be a leader you must have a clear vision and a goal to achieve your desired outcome. Leaders help themselves and others to make the correct choices. They set direction, build an inspiring vision, and create something that's never been created before. Leadership is about planning out where you need to go to succeed as a team or an organization; and it is strong, exhilarating, and motivating. Yet, while leaders set the direction, they must also use management skills to guide their people to the right destination, in a smooth and efficient way without any bumps in the road (1). This essay will discuss the three key types of leadership styles; transactional, transformational and conscious. This essay will also address the beliefs and values of those leaders who apply these leadership styles and how these leadership styles help craft a culture that produces control systems that support organisational policies and strategies.

As previously mentioned, there are three key styles of leadership used by leaders in organisations; transactional, transformational and conscious. Transactional leadership puts focus on results, adapts to the structure that is already in place of an organization and calculates success based on that organization's system of benefits and penalties. Transactional leaders have

formal jurisdiction and a place of responsibility within an organization. This type of leader is in charge of maintaining routine by overseeing individual performance and encouraging group performance. A transactional leader sets the criteria for their employees based on previously defined requirements. Performance reviews are the most regularly used way to judge an employee's performance as it gives the opportunity to evaluate the way an employee has worked and where they could improve. Transactional leaders work best with employees who know how to do their jobs well and are encouraged by the reward-penalty system; they exchange things of value such as bonuses or double time. This helps transactional leaders to further theirs and their workforces agendas, workers enjoy the benefits of working hard and in turn the transactional leader has the reward of a strong, hardworking workforce. Transformational leaders inspire great loyalty and trust in their employees. With the original focus on leaders who take a group or organization and "transform" them, transformational leaders focus on those who follow them, motivating them to perform at a high level, and whilst doing this, help followers develop their own potential to be leaders. Transformational leaders transform organizations and transform individuals. They have high expectations, and they inspire their employees to reach their goals by creating an inspiring vision to be reached in the future, motivating the employees to believe in and work hard to deliver that vision, managing the way in which the vision is being delivered and by building strong, stable and trust-based relationships with those around them. Northouse (2017) describes transformational leadership as "the process whereby a person engages with others and creates a connection that raises the level of motivation and morality in both the leader and the follower. This type of

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leader is attentive to the needs and motives of followers and tries to help followers reach their fullest potential.” This creates an admiration of the leader from employees, a want to “ follow the leader” and be more like them, this is great for a business as it unites a workforce and creates a strong, stable and hardworking environment where everyone wants to succeed. Transformational leaders create a culture of hard work, determination, team work and inspiration to work towards their vision. Finally, the remaining leadership type is conscious leadership. Conscious leadership can be described as bringing one’s whole self and doing this with total awareness to your leadership position. It is a requirement to be authentic and to be the person that you really are. Conscious leaders put their focus on the “ we” rather than the “ me” and understand that their position is to create a culture of trust, care and influence that expands to further than the workplace. Conscious leadership is about more than being understood by others; it’s about understanding yourself. When an entrepreneur wants to make a difference in the world through leadership, the inspiration often begins from a desire to be of service to others, which is an indisputably powerful intention to have. But, in order to become a conscious leader, you must begin by figuring out how you can be of service to the growth of yourself, your own expansion, and your willingness to leave your comfort zone time and again. Conscious leaders try to lead from a place of trust, responsibility, curiosity and integrity. They work tirelessly to create an environment without drama, where they believe in creating “ wins for all” rather than a situation where one side wins and one loses. Conscious leaders also place a high priority on their mission, values and commitment to service. Each of these styles of leadership are unique. Transactional leaders

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are different from conscious and transformational leaders in both structure and method. Conscious leadership makes a large deal of influencing a group or organization to make the world a better place. In transactional leadership, the focus is on managing the performance of the individual and deciding how well they perform in a structured environment. Transactional leadership and transformational leadership also differ quite largely. Transactional is a “telling” leadership style whereas transformational is a “selling” style. While the transactional leadership style features positive and negative reinforcement, with transformational leadership, motivation and inspiration are the most important things. Transactional leaders are reactive whilst transformational leaders are proactive. Transactional leadership appeals to the self-interest of individuals, while the transformational style gives priority to group progress.

In 1980, Edgar Schein developed an organizational culture model in order to make culture more visible within an organization. He also showed which steps should be followed to bring about cultural change. As stated by Edgar Schein; there are direct and indirect mechanisms within organizations. The organizational culture model is determined directly by direct mechanisms. This includes influencing behaviour by leading by example, giving and listening to opinions, status and appointments. Mechanisms which are indirect do not influence the organizational culture directly however they are crucial. This includes the mission statement of a company, corporate identity, formal guidelines, rituals and design. Edgar Schein split organizational culture into three different levels: artefacts and symbols, espoused values and basic underlying assumptions. Artefacts and symbols brand the surface of the organization. They are the elements which are visible in the organization such as architecture, logos, structure, corporate clothing and processes. These are not only seen by the employees but are also visible and able to be recognised by people outside of the organization. Espoused Values concerns standards, values and rules of conduct. How are strategies expressed by the organization, the organizations objectives and philosophies and how these are made public. Problems could begin when the ideas of managers do not fall in line with the basic assumptions of the organization. Basic underlying assumptions are deeply implanted in the organizational culture and are accomplished as self-evident and unconscious behaviour. Assumptions are difficult to recognize from within the organization. It can easily be seen that different kinds of leaders lead those who follow them in distinct ways, because of this; it can be shown that each

leadership style has its own beliefs and values associated with it. Values and beliefs which create the culture of an organisation has an effect on the managers of the organization's reputation. Transactional leaders can have a massive effect on a variety of different types of people as it values both order and structure, which can deliver results often. As a manager, team member, boss, or leader, comprehending the values of transactional leadership and the factors which make this leadership style so effective can help largely in future ventures. The theory of transactional leadership works when it is assumed that people are motivated and encouraged to work hard by a reward or by a punishment and that everything works best under a command chain which is clear to everyone . By working in this manner, a transactional leader is able to show outside parties that they can produce a strong, hardworking workforce which in turns creates an attractive reputation for the leader. However, it could also be argued that leading this way means the leader has no personal link with their followers and cares more about the work being done rather than those who are completing the work. Transformational leaders are the individuals that have a vision, are passionate and have the skills to lead people and not just manage them. They also are able to make people follow this vision, while motivating and inspiring the team to actually make this vision a reality. The idea of transformational leadership can be described as leaders and those who follow them working together, motivating each other and lifting each other up to a level where everyone can achieve the goals set out for them and reach success by having a strong belief in their vision. To truly be a transformational leader, trust and respect must be earned from followers. Transformational leaders

elevate the level of human conduct of leader and follower. Transformational leaders put themselves into a dynamic relationship with followers who will feel dignified by it and become more active themselves, creating a new group of leaders. They look for motives in followers, want to satisfy higher needs, and engage the full person of the follower. By doing this, transformational leaders create a culture in which employees and managers can work together and achieve the vision of an organization with little drama and the strong link between them of having the same beliefs. Conscious leaders are those who have come to a world-centric perspective and want to create value for all stakeholders because they understand and believe strongly that the needs of society and corporate performance are linked. They believe that doing well and doing good can intersect. In fact, organizations which have leaders who simultaneously align the interests of all stakeholders and the environment outperform well-known organizations which are recognized for their financial success.


Just as each type of leadership style has its own beliefs and values, they also have their own control mechanisms which make the styles so distinct. Firstly, transactional leaders main control mechanism when running an organization is a system of rewards and punishments. This control mechanism is used in order to encourage workers to work to their highest potential in order to gain rewards. These rewards could include bonuses for excellent work or double pay for working overtime and if work is done badly, a punishment could be given such as a dock in wages or being fired. A transactional leader would employ this style of leadership in order to get the most out of their workers, when the transactional leader gives work, the worker is considered to be fully responsible for it, whether they have the capability to carry it out or not. When things go wrong, the worker is considered to be personally at fault. Someone would be a transactional leader in order to have a strong reputation of being in charge and having workers who are encouraged by rewards and work hard to receive them, resulting in hard work being done for the organisation. Transformational leaders care about those who follow them, they want everyone in an organisation to come together to create one strong team working towards one visions. Someone may become a transformational leader because they have the passion to work hard and involve everyone in this. Transformational leaders lead by example and they do this in order to create a culture where no one is above anyone else, everyone is equal and important. Conscious leaders care about what's happening outside of an organization just as much as what is happening inside, they lead in order to make a difference and want what's best for everyone. They do this in order to make change but also


have a strong work ethic while doing so, by making a positive change with their work, the organization is attractive to outside parties and is likely to make high profits.


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