

A Study: On Impact of Leadership in Corporate Culture

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Abstract - This paper presents a study, in which the effects of decision making of leaders in an organization's culture and performance are analyzed. The study has been focused on age, gender and experience of the leaders. This research is conducted over different firms, in order to investigate the impact of age, gender & experience on leaders within Pakistan. For this purpose, decision making questionnaire was administered to a sample of 100 participants (79 Men and 21 women) of ages between (25 -70) years, experience from (2-35) years. SPSS tool is used to signify percentages of age, gender & experience of different participants contributing to the decision making.

Keywords: Leadership, Decision Making, Age, Gender, Experience.

1 INTRODUCTION

In this global world, decisions have a profound impact on the economic, social, political and environmental situations. "Decision making is defined as the entire sophisticated stages in which individuals determine alternative actions, evaluate them and choose one of these alternatives to apply." (Engin et al, 2011). "Decision making style is called a situation which includes the approach, reaction and action of the individual who is about to make a decision (Phillips, Paziienza, & Ferrin, 1984)." Decision making styles of individuals vary according to their nature and cultural backgrounds (Brown et al., 2011)(Frances P.Brew et al, 2001).

"Management is doing things right; Leadership is doing the right things." (Peter Ducker). Decision making styles of individuals vary according to their nature and cultural backgrounds (Brown et al., 2011) (Frances P.Brew et al, 2001). Decision making is a process resulting in an outcome leading to the selection of a course of action among several alternatives. In order to make a decision, more than one alternative must be available (Rollinson, 2002). Research also suggests that decision effectiveness is dependent on the characteristics of the decision maker (Funda et al., 2010).

2 FACTORS AFFECTING DECISION MAKING

Research by (Leon et al, 2010) suggests that despite of the differences that exist among different cultures, the actual issues of human values remain the same. For decision making, the basic difference that exists among different cultures is the factors that have an impact on the decision.

It was found that ideological factors also have a great impact on a decision e.g. whether you are looking for long term goal or short term goal etc. When individuals make a satisfactory choice among alternatives, only then they can have a strong decision seeking behavior (Elizabeth et al, 2003). According to (Engin et al, 2011), attachment style is regarded

as one of the most significant factors that have a profound impact on an individual's behavior and real life decision making. As per the attachment theory, people develop intrinsic feelings which are ultimately related to their relationships with others in their social circle. Research by (KANAYO et al, 2011) indicated that an individual's emotional vulnerability may impact his/her decision significantly. Two major emotional vulnerabilities have been highlighted i.e. Trait Anxiety and Depression.

The research objectives are:

- 1) To identify impact of age on decision making
- 2) To determine impact of experience on an individual's personality thereby affecting his/her decision making style.
- 3) To observe whether males and females process and work out on decision almost similarly.

When making decisions, people make comparisons between different alternatives. Three types of comparison processes have been highlighted in (Elizabeth et al, 2003) namely Commonalities, Alignable Differences, and Non Alignable Differences. Commonalities refer to the same attributes in a pair of two or more objects. Alignable differences are the differences in the aspects of a pair of objects and non alignable differences are the differences that exist in an object which has no correspondence with the other object in the pair. It has been found that choice process becomes much easier and satisfying when individuals encounter options with alignable differences as compared to non alignable differences (Elizabeth et al, 2003). Research indicated that it is much easier to compare options with alignable differences due to the perception that there is an increase in the amount of information which will have a positive impact on decision task related affect.

3 LITERATURE REVIEW

There are number of studies on decision making style of managers which have focused on identifying factors that have profound impact on decision making style of managers. Some of them are given below:

According to Janis and Mann, decision making behaviors are affected greatly by the self-confidence and self-satisfaction of decision maker.[1] A previous research by Korman suggest that decision makers with high self-concept feelings consider their abilities, needs, skills and interests while making decisions whereas individuals with lost self-concept feelings do not.[2] A significant relationship exists between decision making self-esteem and decision making styles (Paul, 1991).[3] Conflict theory of decision making assumes that the basic forces that drive a decision are almost the same among individuals (Leon, 1998).[4]

3.2 Experience and Decision Making

It has been reported that many times experts with experienced take more time in decision making than the novice decision makers. [1] A common Opinion about stress is that it has got negative impact on decision making. This is true for novice decision makers performing an unfamiliar task but when experienced decision makers perform similar tasks, the resulting pattern of stress effect becomes less uniform. [2]

With proper experience and training, human error can be reduced dramatically. The literature survey clearly shows a relationship between experience and quality of decision made in stressful situation like firefighting. [3] Past experiences can impact future decision making. [4] Indicated past decision influence the decisions people make in the future. It stands to reason that when something positive results from a decision, people are more likely to decide in a similar way, given a similar situation. On the other hand, people tend to avoid repeating past mistakes. [5] This is significant to the extent that future decisions made based on past experiences are not necessarily the best decisions. In financial decision making, highly successful people do not make investment decisions

based on past sunk outcomes, rather by examining choices with no regard for past experiences; this approach conflicts with what one may expect. [6]

3.3 Culture and Decision Making

It was observed that cultural differences have a profound impact on an individual's personality thereby affecting his/her decision making style (Brown et al., 2011), [5] (Frances P.Brew et al, 2001) found out that this cultural difference is related to the individualist - collectivist dimension. Individualist culture is the one in which individuals make decisions independently while collectivist culture promotes decision making in some sort of groups. [6] Wright suggested that western cultures adapt a probabilistic set and assess the outcomes of the decision more effectively than eastern cultures which adapt a non-probabilistic set (Leon et al, 2010). [7] According to Hofstede, North Americans like to consider different alternatives while Japanese concentrate on the best alternative. (Leon et al, 2010).[8] Stewart suggested that "decision making for the Japanese is a social process first, not a cognitive and conceptual one as it is with North Americans".[9] The most common thing that can vary among culture is the dependency on a few copying patterns more than other pattern for solving complex decision problems (Leon et al,2010).[10] According to Hofstede, each culture has different goals, beliefs and behavior.[11]

3.4 Gender and Decision Making

Previous researches indicate that decision making varies with respect to gender.(Lizarraga et al., 2007) suggested that males and females process and work out on decision almost similarly.[12] According to few researches, no reported differences for decision making styles were found for males and females.

3.5 Age and Decision Making

Previous researches indicate that age has a significant relationship with decision making style of an individual. Younger people are more vulnerable to stress effects and pressure. Similar age differences have also been found where younger and older adolescents are compared on rational styles of decision making (Baiocco, Laghi and D'Alessio, 2009). [13]

4 METHODOLOGY

4.1 MEASUREMENT

Melbourne Decision Making Questionnaire (MDMQ-I & MDMQ-II) is used as a research instrument. There were two sections in questionnaire.

The first section was about difference in how comfortable people feel about making decisions. The second section was about difference in the way people go about making decisions. A total of 22 attributes were identified based on literature review and research.

4.2 Data collection

The sample for the study was drawn from Islamabad, and

TABLE 1
DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
Age Of Responder	100	23.00	99.00	44.1600	21.70683
Gender Of Responder	99	1.00	2.00	1.2121	.41089
Experience	88	2.00	35.00	12.1250	8.38178
Valid N (list wise)	88				

Rawalpindi encompassing corporate organizations. Respondents varied with respect to age, years of experience and education level. This study has a sample size of 100 subjects (79%=Male, 21%=Female) which were drawn from organizations falling under corporate sector. Respondents ranged between <25> & <70> years of age (M=, SD=). A manager with an age between 25-30 is regarded as a Low level manager. A manager with an age of 30-35 is regarded as a Middle level manager. A manager with an age between 35-40 or above is regarded as a Top level manager. Respondents also varied with respect to experience. (1% =3 years, 14.5%= 20 years, 9%= 20+years).

4.3 Data Analysis

The data was recorded in SPSS tool to analyze the data.

5 RESULTS

Mean and Standard Deviation of Age, Gender and Experience are given in the Table 1

5.1 CORRELATION OF CONFIDENT ABOUT DECISION MAKING AND AGE

In this case the Null Hypothesis (Ho) would be that there is no statistical relationship between Age and Being confident about Decision making, whereas the Alternative Hypothesis (Ha) would be that there is statistical relationship between age and being confident about decision making. Now in the table the Pearson Correlation shows that .194 value which is our correlation co-efficient that Direction of relation is positive but the strength of the relation is weak as the arbitrary value for a strong relation would be less than .03. Then

the significance Two Tailed value gives us about acceptance or rejection of the Hypothesis, as the value is more than the .05 so our Null Hypothesis Ho stands and the Alternative Hypothesis Ha is rejected.

TABLE 2
CORRELATIONS

		Age Of Responder	Confident About Decision
Age Of Responder	Pearson Correlation	1	.194
	Sig. (2-tailed)		.054
	N	100	100
Confident About Decision	Pearson Correlation	.194	1
	Sig. (2-tailed)	.054	
	N	100	100

5.2 CORRELATION OF CONFIDENT ABOUT DECISION MAKING AND GENDER

In this case the Null Hypothesis (Ho) would be that there is no statistical relationship between Gender and Being confident About Decision making, whereas the Alternative Hypothesis (Ha) would be that there is statistical relationship between Gender and being confident about decision making. Now in the table the Pearson Correlation shows that .174 value which is our correlation co-efficient that Direction of relation is positive but the strength of the relation is weak as the arbitrary value for a strong relation would be less than .03. Then the Significance Two Tailed value gives us about acceptance or rejection of the Hypothesis, as the value is more than the .05 so our Null Hypothesis Ho stands and the Alternative Hypothesis Ha is rejected.

TABLE 3
CORRELATIONS

		Confident About Decision	Gender Of Responder
Confident About Decision	Pearson Correlation	1	.174
	Sig. (2-tailed)		.085
	N	100	99
Gender Of Responder	Pearson Correlation	.174	1
	Sig. (2-tailed)	.085	
	N	99	99

5.3 CORRELATION OF CONFIDENT ABOUT DECISION

MAKING AND EXPERIENCE

In this case the Null Hypothesis (Ho) would be that there is no statistical relationship between Experience and Being confident About Decision making, whereas the Alternative Hypothesis (Ha) would be that there is statistical relationship between Experience and being confident about decision making. Now in the table the Pearson Correlation shows that .174 value which is our correlation co-efficient that Direction of relation is negative and the strength of the relation is weak as the arbitrary value for a strong relation would be less than .03. Then the Significance Two Tailed value gives us about acceptance or rejection of the Hypothesis, as the value is more than the .05 so our Null Hypothesis Ho stands and rejects Alternative Hypothesis Ha.

TABLE 4
CORRELATIONS

		Confident About Decision	Experience
Confident About Decision	Pearson Correlation	1	-.066
	Sig. (2-tailed)		.543
	N	100	88
Experience	Pearson Correlation	-.066	1
	Sig. (2-tailed)	.543	
	N	88	88

6 REGRESSION OF AGE, GENDER AND EXPERIENCE

Value of the Correlation Coefficient are shown in table.

TABLE 5
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.194 ^a	.037	.028	.58422

TABLE 6
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.066 ^a	.004	-.007	.52600

TABLE 7
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.174 ^a	.030	.020	.56562

Table - 7 Predictors: (Constant), Gender Of Responder

7 CONCLUSION

If statistically we define decision making as 100%, 3.7% of

the decision making depends upon your age. Likewise .4% depends upon the experience and 3.0% depends upon the Gender of the Decision maker.

8 LIMITATIONS OF STUDY

This research has been focused on two cities Rawalpindi and Islamabad, however in future number of cities can be increased. Also the Questionnaire was collected by 100 individuals that can be increased to 500 or 1000. Gender is discussed as a whole, differentiation can be exploited in future works. The research was not funded.

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