

**TITLE:** The Relationship of Leadership Practices and Cultural Values to Organizational Effectiveness in Small Organizations

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**OBJECTIVE:** To examine how organizational effectiveness is affected by cultural values congruence and support of transformational leadership.

**METHODOLOGY:** Subjects were drawn from intact work teams in small companies (i.e., Northeast Ohio, between 50-400 employees and sales greater than one million dollars). High performing organizations were selected from the "Weatherhead 100" a compilation of the 100 fastest-growing companies (averaging over 300% growth in sales and manpower over a five-year period). Mixed performing companies were selected from the Ohio Industrial Directory and the Ohio Business Directory. Companies in the two lists were matched by SCI code, size, location, age and sales volume where possible. Twelve companies agreed to participate (24% response). CEOs participated in all but one company (3% of the respondents), senior managers from each company (17%), middle managers (22%), and non-managers (58% of the total respondents). Altogether 86 participants responded from the high performing companies (50-50 managers and non-managers). There were 249 participants from the mixed performing companies (98 managers and 150 non-managers). CEOs were male, and females represented 13% of the senior managers but only worked in three of the 12 companies, and represented 23 percent of the middle managers. Managers completed the LPI and all respondents completed the Organizational Culture Profile (O'Reilly et al., 1991).

**KEY FINDINGS:** There were no statistically significant differences between high performing and mixed performing companies based upon their management's responses on the LPI. Higher performing companies had higher means on one of the eight factors in the OCP versus the mixed performing companies (emphasis on rewards) and lower means on three of the factors (attention to detail, team orientation and outcome orientation). No statistically significant relationship was found between leadership practices, cultural values and organizational effectiveness.