

# Differences in CEO leadership style, company culture improve firm performance, study finds

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Chad Hartnell, assistant professor in the J. Mack Robinson College of Business at Georgia State University. Credit: Georgia State University

Chief executive officers (CEOs) should have a different leadership style from an organization's culture in order to improve a firm's performance, according to researchers at Georgia State University, Arizona State University, the University of South Australia and Auckland University of Technology.

Based on data collected from 119 CEOs and 337 top management team members in 119 organizations in the U.S. software and hardware industries, the researchers found CEOs who adopt a [leadership style](#) similar to that of the organization's [culture](#) have a negative impact on firm performance. Instead, firms are most effective when CEO leadership style and [organizational culture](#) are different, a discovery that contradicts widely accepted beliefs. The findings are published in *The Journal of Applied Psychology*.

"Consistencies between CEO leadership and culture create redundancies," said Chad Hartnell, assistant professor in the J. Mack Robinson College of Business at Georgia State. "Leaders who are culture conformists are thus ineffective. CEOs who lead in a manner different from the culture benefit companies because they provide resources to the organization that the culture does not."

Organizational culture refers to shared values and norms, usually either task-oriented or relationship-oriented, that inform employee behavior. In a task-oriented culture, employees are asked to focus externally on problems such as anticipating customers' needs and preferences and monitoring competitors' behaviors. In a relationship-oriented culture, employees are encouraged to focus internally on issues such as coordination, participation and communication.

"Similarities between leadership and culture can produce a myopic focus on things that have worked in the past while precluding employees from acquiring other resources or processes that could enhance success," Hartnell said. "CEOs should be mindful about focusing employees on important outcomes and processes that cultural signals may overlook."

Hartnell pointed to former Delta CEO Richard Anderson as an example of leadership style differing from company culture.

"His task leadership complemented Delta's relationship-focused culture," he said. "Under Anderson's leadership, Delta was able to capitalize on opportunities to adapt to rapidly changing market conditions. Delta's relationship-focused culture enabled employees to integrate their efforts and execute on the organization's strategic direction. Taken together, differences between CEO leadership and company culture position organizations for financial success."

Not all differences between leadership and culture are positive, Hartnell said. If a leader's approach is oppositional or confrontational, he or she will likely be met with resistance and resentment. A leader who challenges or discards every assumption about what has worked in the past creates uncertainty, ambiguity and skepticism among the organization's employees.

"Leaders must search diligently for what isn't currently being handled by the culture and fill in the gap," Hartnell said. "They should adopt a leadership style that builds upon the positive aspects of the existing culture, contributing to the culture without undermining it."

Co-authors of the study include Lisa Schurer Lambert of Georgia State, Angelo Kinicki of Arizona State University, Mel Fugate of the University of South Australia and Patricia Doyle Corner of Auckland University of Technology.

**More information:** Chad A. Hartnell et al. Do similarities or differences between CEO leadership and organizational culture have a more positive effect on firm performance? A test of competing predictions., *Journal of Applied Psychology* (2016). [DOI: 10.1037/apl0000083](https://doi.org/10.1037/apl0000083)

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