Systems Modeling Of The Impact Of Values (Humility) Based Leadership On Organizational Climate Leading To Improved Organizational Performance

Author

I.   Introduction

There are 3 aspects of my Study:
- Leadership Values: The beliefs and philosophy held closely by the top management
- Impact of Leadership on Organizational Climate: Various studies in the past have shown the effect of Leadership style and behavior on climate of the organization (creation of healthy and thriving workplaces)
- Organizational Performance: Enhanced Organizational performance, in terms of Financial and Operational Performance, is the direct result of a healthy and thriving workplaces (organizational climate).

Each of these aspects was studied in detail to be able to arrive at a research-backed relationship between the variables and to be able to develop a systems model based on these relationships.

Hoy and Miskel (2011) define organizational climate as the related characteristics of the environment of an organization that differentiate it from another and that affect the behavior of its members. In its widest meaning, it can be possible to explain organizational climate as displaying varying behaviors of groups or individuals when faced with a situation or problem in relation to the environmental conditions and situations of the organization (Tagiuri, 1968; cited in S̜entu ̈ rk, C & Sa□gnak, 2012). Based on these conceptualizations, it is possible to say that organizational climate is the personality of the organization (Aydın, 1986; C̜ elik, 2012; Halpin & Croft, 1962; Hoy & Miskel, 2011). Different from these definitions, S̜ i s ̜man (2011a) emphasizes that organizational climate can be expressed as the subjective perceptions of the employees of an organization in relation to its objective environment, practices and conditions. In other words, organizational climate is the first interaction of an individual with the organization; the way they feel once they have entered the organization, the way they perceive the organization (Ballard, 2008) and the internal atmosphere of the organization (Norton, 1984) are apparent as organizational climate indicators.

Values Based Leadership

As per article *5 Attributes (And Benefits) Of Values-Based Leadership* published in Forbes, 5 relevant leadership values were identified:
- Authenticity
- Balance
- ***Humility***
- Learning and
- Trust

Out of the above identified values, Humility was chosen and its impact on Organizational Climate was studied further.
(Tangney, 2000) in her signature work on humility, defined it as including:

• An accurate assessment of one's abilities and achievements;
• The ability to acknowledge one's mistakes, imperfections, gaps in knowledge, and limitations;
• An openness to new ideas, contradictory information, and advice;
• A keeping of one's abilities and accomplishments–one's place in the world–in perspective;
• A relatively low self-focus, a "forgetting of the self", while recognizing that one is but one part of the larger universe;
• An appreciation of the many different ways that people and things can contribute to our world.

Probably the greatest confusion concerning humility involves its association with low self-esteem. Instead of de-valuing one's abilities, or minimizing one's contributions, the truly humble person accepts the fact he/she has strengths and weaknesses. In fact, humility has much more in common with high self-esteem, while arrogance is more similar to low self-esteem (Ryan, 1983). Humble persons do not think less of themselves, but rather think of themselves less. Humble persons understand that mistakes are a part of the human experience, and are open to accepting the help needed to make corrections. This is another connection between humility and most world religions, as both would encourage the importance of mutual interdependence, whether among communities or individuals.

Prideful people are self-focused; they are less likely to contribute to the group or organization's welfare, or to be willing to put themselves out for the good of others. Humble persons are more other-focused, and thus would be more cognizant of others' needs and would be naturally drawn to respond positively in meeting those needs (Kunz, 2002). They would not impose their assistance, but make it readily available. In a work setting, humility is demonstrated by a willingness to learn, to respond positively to negative feedback, and to listen to others, not only acknowledging their concerns, but also recognizing and respecting their good ideas (Reave, 2005). ***Ideally, this selflessness and others-focus would increase the communal benefits of the respective institution and also increase its appeal to outsiders.***

As per the HEXACO, the new instrument developed to measure Humility, it has the following facets:

Factor Name	Common Defining Adjective (Translated) Across Lexical Studies	HEXACO-PI Facet
Honesty-Humility	Sincere, honest, faithful/loyal, modest/unassuming, fair-minded versus sly, greedy, pretentious, hypocritical, boastful, pompous	Sincerity, Fairness, Greed-Avoidance, Modesty
Emotionality	Emotional, oversensitive, sentimental, fearful, anxious, vulnerable versus brave, tough, independent, self-assured, stable	Fearfulness, Anxiety, Dependence, Sentimentality
Extraversion	Outgoing, lively, extraverted, sociable, talkative, cheerful, active versus shy, passive, withdrawn, introverted, quiet, reserved	Expressiveness, Social Boldness, Sociability, Liveliness
Agreeableness	Patient, tolerant, peaceful, mild, agreeable, lenient, gentle versus ill-tempered, quarrelsome, stubborn, choleric	Forgiveness, Gentleness, Flexibility, Patience
Conscientiousness	Organized, disciplined, diligent, careful, thorough, precise versus sloppy, negligent, reckless, lazy, irresponsible, absent-minded	Organization, Diligence, Perfectionism, Prudence
Openness to Experience[a]	Intellectual, creative, unconventional, innovative, ironic versus shallow, unimaginative, conventional	Aesthetic Appreciation, Inquisitiveness, Creativity, Unconventionality

NOTE: All HEXACO-PI facets are labeled in terms of the positive pole of the factor. Adjectives that frequently divide loadings between Agreeableness and Honesty-Humility (and to a lesser extent, Emotionality) include *sympathetic* versus *cold-hearted* and are operationalized in the HEXACO-PI interstitial facet scale of Altruism versus Antagonism.
a. Usually named Intellect/Imagination/Unconventionality in lexical studies of personality structure.

TABLE 2.—Descriptive and internal consistency statistics for the HEXACO–60 scales in self-report.
Community sample

			Women	Men	
Honesty-Humility	.23	.74	3.98 (0.50)	3.76 (0.55)	0.41
Emotionality	.21	.73	3.37 (0.54)	2.87 (0.49)	0.96
Extraversion	.28	.73	3.32 (0.65)	3.26 (0.59)	0.10
Agreeableness	.23	.75	3.38 (0.54)	3.23 (0.56)	0.28
Conscientiousness	.24	.76	3.73 (0.51)	3.73 (0.52)	0.00
Openness to Experience	.28	.80	3.59 (0.65)	3.62 (0.64)	−0.04

(Ashton & Lee, 2009) The HEXACO–60: A Short Measure of the Major Dimensions of Personality, Journal of Personality Assessment, 91:4, 340-345

Organizational Climate

Oganizational climate is defined as the related characteristics of the environment of an organization that differentiate it from another and that affect the behavior of its members (Hoy & Miskel, 1987). In its widest meaning, it can be possible to explain organizational climate as displaying varying behaviors of groups or individuals when faced with a situation or problem in relation to the environmental conditions and situations of the organization (Tagiuri et al., 1968). Based on these conceptualizations, it is possible to say that organizational climate is the personality of the organization. (Halpin & Croft, 1963); (Hoy & Miskel, 1987) Different from these definitions, Organizational climate can be expressed as the subjective perceptions of the employees of an

organization in relation to its objective environment, practices and conditions (Schneider et al., 2011). In other words, organizational climate is the first interaction of an individual with the organization; the way they feel once they have entered the organization, the way they perceive the organization (Ballard, 2008) and the internal atmosphere of the organization (Norton, 1984) are apparent as organizational climate indicators.

Organizational climate is the "intellectual and moral atmosphere that reigns in a group, the whole collective perceptions and emotional states existing within the organization ... it expresses the states of mind emerged from the confrontation between the employees' expectations and the work and life conditions offered by the organization, ... is a state of collective psychology, a group phenomenon, a state of collective spreading that is objectified in what we might call the organization's internal human climate".(Novac & Bratanov, 2014)

Organisational climate refers to the employees' shared perceptions and the meaning they attach to the ***policies, practices and procedures*** they experience in their workplace, as well as to the behaviours they observe being rewarded, supported and expected regarding the human resources of the organisation (Ahmad et al., 2018); (Schneider et al., 2013)). Organisational climate encompasses organisational structure and processes, interpersonal relationships, employee behaviour, performance expectation and opportunities for growth. (Bamel et al., 2013)

Impact of Leadership on Organizational Climate
Table 2 Duval Tweedie trim and fill test results
Excluded study Point estimate
CI (Confidence interval)
Q
Lower limit Upper limit
Observed variables 0.54 0.48 0.59 6,322.3
Fixed variables 0 0.54 0.48 0.59 6,322.3
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The effect of leadership on organizational climate shows the results of meta-analysis between leadership and organizational climate. The findings supported H1, which argued that there would be a positive relationship between leadership and organizational climate. The effect size of leadership on organizational climate was calculated to be **0.54**. This value shows that leadership has a large effect (Cohen, 1988) on organizational climate. (Cakmak et al., 2015)

In light of the findings of the study, it can be stated that climate, which plays a significant role in organizations' productivity, efficiency and achievement of objectives, is also strongly affected by leadership behaviors. Therefore, leaders have an important role to play in ensuring the productivity and sustainability of an organization and in the establishment of a positive organizational climate. This meta-analysis study is of importance because it shows the need for an in-depth investigation of the relationship between leadership and climate. In the scope of this study, which aimed to examine the effect of leadership on organizational climate, it is recommended that qualitative and comparative meta-analysis be conducted for further investigation.

Research studies on organizational climate suggest that leadership behavior is the most important factor determining organizational climate (Şentürk & Sağnak, 2012). Leader behaviors have an important place in shaping the organizational climate and creation of a positive environment.(Hoy & Miskel, 1987)

A closer analysis seeking to expose a cause--effect link between leadership and climate, may reveal that the style of leadership can be both cause and effect of the organizational climate. Playing the role of cause, well-chosen and properly applied leadership style creates a favourable climate for organization activity. Otherwise, when the leadership style is inappropriate, the first element affected will be the climate, by the general discontent among people. On the other hand, the leadership style is to be an effect of the climate in the organization, a natural consequence of it. So far as a leader is able to adapt his leadership style to the existing climate and the organization

interests to those of the employees, the basis for success is largely provided. Therefore, climate and leadership styles are in a close interdependence relationship.(Bass & Riggio, 2006)

1. The more the organizational climate is directed to support, the more the employees' motivation will record a higher level.

  By correlating the support and motivation variables, the coefficient Pearson has recorded a value of 0.74 (r = 0.74), which shows a good to very good correlation. Although the motivation factor intensity manifested is of a medium level, a total score of 4.34 and a support factor of average values, means that their correlation leads to a score almost very good.

2. The more the selling factor will emerge stronger than the telling factor, the more such signs of participation factor will appear.

  By correlating the selling and the participation factors, the coefficient Pearson has recorded a value of 0.59 (r = 0.59), which shows an acceptable correlation between the two variables. As supported by the scores, the selling factor occurs more often (4.85) than the other three factors, and implicitly than the telling factor (4.08). Thus it is confirmed what we have also emphasized in the conclusion of the questionnaire interpretation: the fact that the leader applies mainly the selling style, with clear participating influences, even if, in some cases, we may find reminiscences of the telling factor.(Novac & Bratanov, 2014)

H1 was supported, as organizational culture was positively associated with leadership behavior ($\beta = .55$, $p < .001$).(Tsai, 2011)

Organizational Climate and Organizational Performance

  If organizations are considered living organisms, it is important to create and maintain an organizational climate that is positive in terms of the relationships in the organization and the efficiency of the organization. The examination of studies on this topic shows that climate is related to such concepts as organizational performance (Litwin & Stringer Jr, 1968), morale (Alsop, 1984), job satisfaction (Brown & Peterson, 1993) (Beckley, 2012); (Williams et al., 2025), commitment (Gamble et al., 2013), (Kim, 2000).

  Results revealed that organizational climate is highly correlated with organizational commitment and perceived organizational performance. Simple linear regression outcomes indicated that organizational climate is significant in predicting organizational commitment and perceived organizational performance.

  A reference study adopted a quantitative approach, by collecting data from the healthcare workers employed in public hospitals in North Cyprus, utilizing a self-administered questionnaire. Collected data was analyzed with the help of Statistical Package for Social Sciences, and ANOVA and Linear Regression analyses were used to test the hypothesis.

  According to correlation coefficients of organizational climate and organizational commitment, these two concepts have a positive relationship, which is found to have a moderate strength level of **0.452**

  When correlation coefficient of organizational climate and perceived organizational performance is reviewed, the relationship is found to be positive with a significantly high strength level of **0.671**. (Berberoglu, 2018)

  In another study, the relationship between organizational climate and organizational performance was tested for a large multinational company. Besides, what influence management support and organizational unit size have on organizational climate perception was also tested. In total, 30.892 employees among 49 operating companies participated in the study. Regression analyses showed a significant relation between organizational climate and profitability, sustainability & growth, EBIT margin, productivity and employee engagement.

  Organizational climate has most impact on employee engagement ($\beta^* = 0.781$) and profitability ($\beta^* = $ **0.481**). (Putter, 2010)

Key Findings:
Causal Loop Diagram for Variables identified (using Vensim PLE)
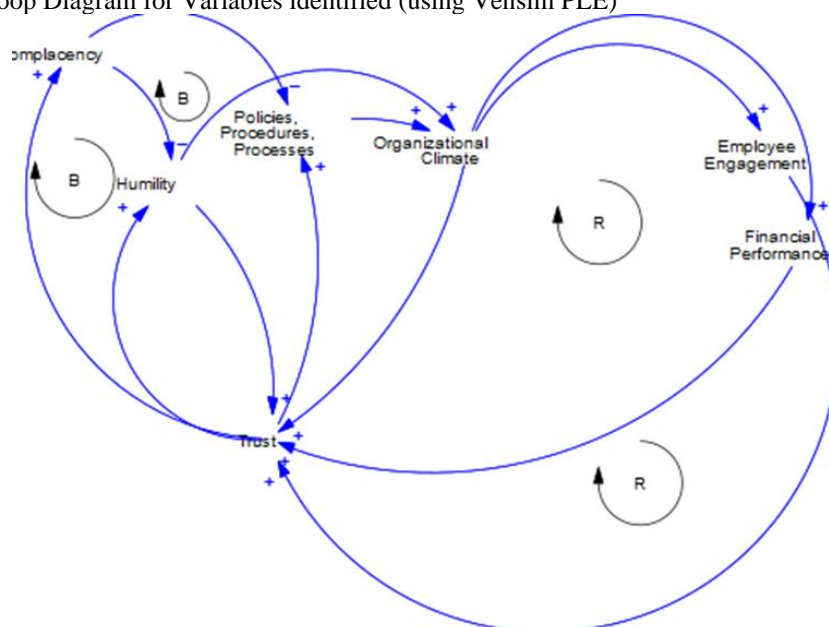
Stock	Flow	Auxiliary
Humility	Complacency of non-aligned employees	Non-aligned employees
Organizational Climate	Productivity	
Employee Engagement	Perceived organizational Performance	
Trust in Employees		

Stock Flow Diagram and Model prepared on Stella to observe interrelationships of the Variables
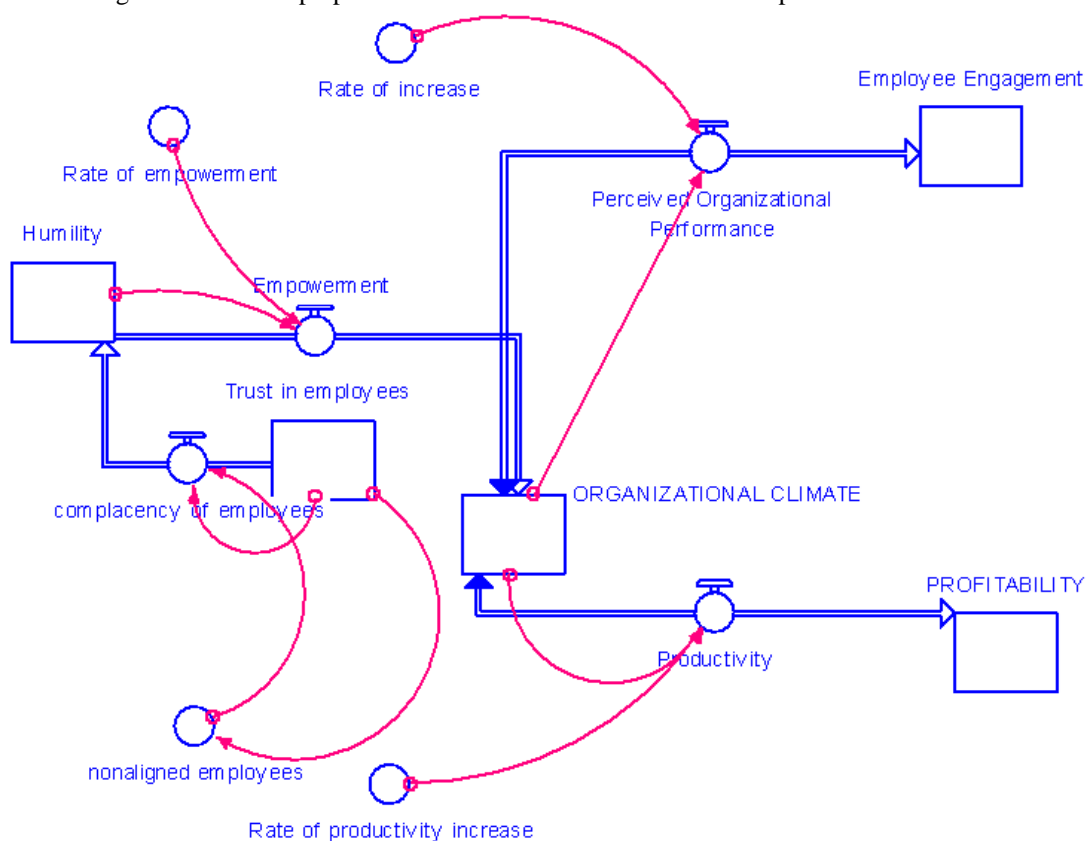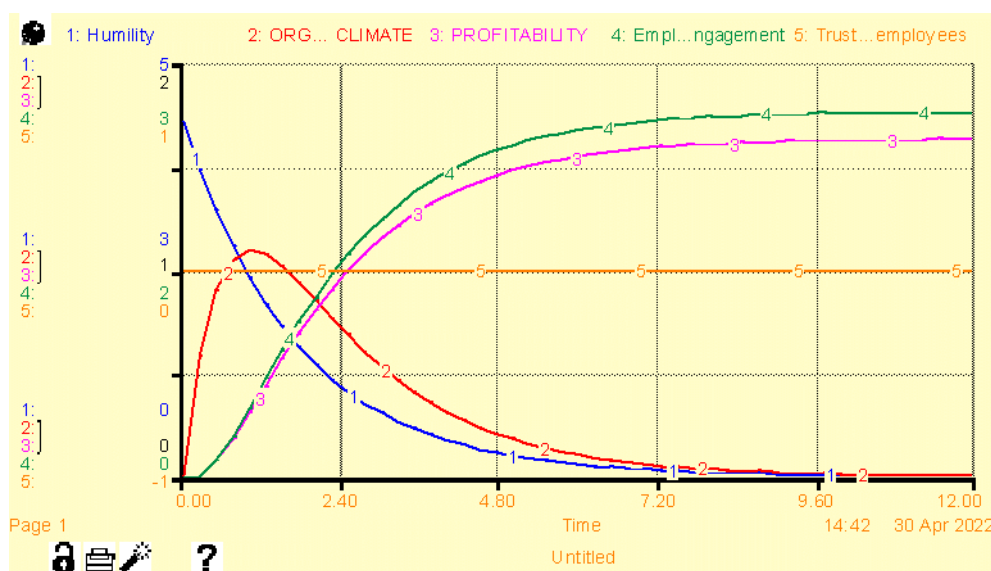
II.   Conclusions:

1. Organizational climate and Organizational commitment have a positive relationship.
2. Organizational climate and perceived Organizational performance relationship is found to be strongly positive.
3. Significant relation is observed between Organizational climate and Organizational performance on terms of its profitability, sustainability & growth, EBIT margin, productivity and employee engagement
4. Organizational climate has most impact on employee engagement and profitability
5. The graph explains why Leaders are unable to practise Humility which could actually be a result of a few non-aligned employees (taken as 50% here depending on the rate of attrition of the company) who perform well in an authoritarian setup.
6. These non-aligned employees will negatively reflect on employee engagement and negatively affect the performance of the organization.

Hence, to promote Humility as a Leadership Value, awareness needs to be generated in organizations and the stigma around it needs to be tackled by promoting Humility as a sign of Leader strength.
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■ leadership on organizational climate was calculated to be 0.54. This value shows
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