Review Paper on the Leadership Practice Theory Which Impact the Organizational Performance

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Abstract

The contribution of the insurance industry in Zimbabwe to the gross domestic product is too low 3%. This is too low and hence the need to establish factors that can influence improved performance of the industry. The recent global financial crisis precipitated by sub-prime home loans in the USA raises further questions on the role of official regulation and self-regulation in the financial sector. Globally, there is a re-assessment of risks in the financial sector and the appropriate tools to mitigate them, and in the Zimbabwean insurance industry the question have been raised if leadership practice is an appropriate tool to improve performance. While the global financial crisis was a product of market failure, the Zimbabwe economic crisis was the product of specific events and decisions that in turn resulted in market failure. One key distinguishing feature is that while most countries currently battling with the global crisis had sound macroeconomic management policies in place, Zimbabwe is suffering from the after effects of macroeconomic mismanagement. Therefore, prescriptions that are being pursued globally might not necessarily constitute the correct medicine required for sustainable recovery in Zimbabwe. Nonetheless, existing global risk-aversion has serious implications for the country because its recovery will be reliant on foreign direct investment inflows, portfolio investment inflows and investments in equities, as well as diaspora remittances, all of which the global crisis has adversely affected.

The purpose of this paper is to review leadership practice theory which affect the organisational performance with the aim of developing a new appropriate leadership practice theoretical framework suitable to the Zimbabwean environment. Denison (1990) indicates that leadership practices in the form of organisational culture have a significant impact on the performance of the organisation. This paper would like to give literature review of the organization culture and corporate performance as researched in other countries, USA, Japan, South Africa, Nigeria, Ghana, Ethiopia, Kenya, European and Asian Countries.

Key Words: Insurance Industry, Leadership Practice (Organisational Culture), Organisational Performance

Introduction

Insurance is important to individuals and a country at large. Kihara (2012) states that insurance plays a significant role in a country's economic growth and offers financial protection to an individual or firm against monetary losses suffered from unforeseen circumstances. This is because the world is characterized by risks and uncertainties and insurance has evolved as a way of providing security against these risks and uncertainties. Insurance industry in Zimbabwe could be traced back to early colonial period when the British linked trading companies established agency offices in Zimbabwe, on behalf of insurance companies in Britain. After the Zimbabwean political independence of 1980, indigenously owned insurance companies sprang up, which as a result of inadequacy of capital, were unable to pay claims when due (Independent, 2012).

This inadequacy of capital coupled with lack of technical and managerial skill, poor insurance regulatory framework, brought confidence crisis and strong apathy to insurance purchase (Chikunduru, 2010). With increase in knowledge and information technology, insurance consumers started to criticize the insurance providers for unfair and unreasonable delays in claims settlement, poor customer service, cut-throat competition, lack of professionalism among others (Hakutangwi,2012).

In this paper, the following issues shall be addressed in order to examine the relationship between the leadership practice theory and performance. (1) The development of Insurance Industry in Zimbabwe (2) The Leadership practice theory which impact performamce (3) Literature linking organisational culture to performance and how corporate performance is measured? (4) reviewing literature on how corporate culture impact organisational performance in various countries. (5) Presenting a hypothesised model of the relationship between corporate culture, leadership and organisational performance. (6) Some useful findings and conclusions from previous empirical research.

The Development of Insurance Industry in Zimbabwe

The development of the Insurance industry of Zimbabwe is covered under, Unilateral Declaration of Independence (UDI) era, 1965-1979; post-independence era, 1980-1990; Economic Structural Adjustment Programme (ESAP) era, 1990-1996 and the crisis period, 1997-2008; and post-crisis reconstruction/recovery, 2009 and beyond. This paper shall give a desktop review of the leadership practice adopted by the industry to survive and remain relevant in providing risk solutions in the market.

Unilateral Declaration of Independence (UDI) era (1965-1979):

This is the period before independence, when Douglas Ian Smith led government unilaterally declared independence from Britain. As a result of such illegal move, United Nations imposed sanctions on the country. During this period, the country embarked on import substitution strategy even though this was at a very high cost. The import substitution strategy became the industrial base of the economy. Starnberger Institute (1989) brings in a historical perspective that Rhodesia was able to withstand sanctions for a very long time and the Insurance Industry experienced high growth because of import substitution strategy that the regime implemented, in tandem with astronomical growth of the economy. The high growth was achieved with the assistance of South Africa (Starnberger Institute ,1989). The government employed wider interventionist policies that included inward looking and import substitution strategy which was aimed to encourage local manufacturing and attainment of autarky in a wide range of consumer goods. These were reinforced through the clear controls on prices, wages, interest rates and exchange rates. The period from 1965-1973 was characterised by very high growth. However, the growth was affected in 1974 due to intensification of the liberation war and the global recession brought about as a result of oil shock (UNDP, 2008). This slow down of an economic activity affected the economy that year. The UDI economy was generally managed well and the insurance industry benefited from stable and low inflation and interest rates, stable prices, high savings rates, and stable national currency. The Rhodesian dollar was much stronger than the United States Dollar. There was close partnership between government and the private sector (UNDP, 2008), and hence the insurance industry benefited from this partnership since these industries were financing and insuring most of their risks locally within the industry. This era was followed by relatively stable, but short lived, post-independence era (1980-1990).

Post – independence era (1980-1990)

At independence on 18 April 1980, the Zimbabwe government assumed a dual economy which had both a poor rural sector and a relatively developed modern sector (Institute of Development Studies, 2003). The majority black community got excess to most insurance products, because of their participation in all sectors of the economy and the return of blackest professionals from exile. There was business boom in life assurance, group life assurance and pension schemes and motor vehicle insurance. The insurance industry experienced growth in both industry players and profitability. The economy at independence was a well functioning one. The new government maintained the various controls used by the Smith's regime. These were done in the context of the command economy. It expanded expenditure on health, education and other social services (UNDP, 2008:). Auret (1990) observes also that the new government recorded very high achievements in education and health sectors. The country experienced very high growth rates of 10.7% and 9.7% in 1980 and 1981 respectively engineered by external factors on growth, fiscal driven redistributive programmes and the return of access to external markets (UNDP, 2008).

The growth in social sectors was not matched with the growth in productive sectors, diminishing demand of Zimbabwean exports, a decline in investment and capital formation, severe shortages of foreign currency their combination brought in recession and the country had no option but to settle for International Monetary Fund (IMF) initiated Economic Structural Adjustment Programme (ESAP) (UNDP, 2008). Zimbabwe experienced fiscal and current account deficit (Parson, 2007). This era is preceded by the Economic Structural Adjustment Programme (ESAP).

Economic Structural Adjustment Programme (ESAP) era (1990-1996):

The UNDP (2008) points out that this is a period of economic liberalisation and was meant to move away from import substitution to an open market driven economy. Implementing monetary policy reform which included market based interest rates and liberalisation of the financial sector, opening of one stop investment centre, commercialisation of the government owned companies, and liberalisation of the labour market. The Economic Structural Adjustment Programme failed miserably and led to a decline in job security in the public sector and winding up of some industries (Parson, 2007). This had a negative impact on the insurance industry, and consequently the industry started to experience business decline. The government failed to meet the domestic logic of the reforms for example it failed to implement fiscal stabilisation as was needed out of fear of becoming politically unpopular to reduce expenditure and drought experienced in 1992//93 season complicated the situation as a result the deficit ballooned to 8% as compared to the target of 5% and GDP growth was marginal at 0.8% against the target of 5% (UNDP, 2008). Then the government abandoned ESAP and came up with its own programme known as Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) and it was short-lived due its failure to have any impact and also the donors did not participate in it (Institute of Development Studies, 2003). ZIMPREST failed in the same way as ESAP due to government fiscal indiscipline as a result of not conforming to macroeconomic principles leading to high inflation, depleted foreign currency reserves, disequilibrium in the balance of payment (BOP) and declining economic growth (UNDP, 2008). This era leads us to the crisis era.

Crisis period era (1997-2008):

The UNDP (2008) gives an account that the economic crisis began on what is known as ‘Black Friday’ when the domestic currency crashed on 14 November 1997 which was caused by unplanned grant payment to ex-combatants. Each combatant received Z$50 000 which was not budgeted for but was enough to cause the crash of the domestic currency. In 1998, Zimbabwe rendered a hand by sending troops to DR Congo. The involvement in DR Congo’s conflict further increased the fiscal deficit. The frequent interventions by the government after the failure of both ESAP and ZIMPREST saw the deepening of the crisis (UNDP, 2008). The above factors really brought instability in the economy. The UNDP (2008) points out that since the onset of the crisis in 1997, GDP declined significantly from 0% in 1998 to -7.4% in 2000 further declining to -10.4 in 2003. Then real GDP growth average of -5.9 was achieved between the periods 2005 to 2007. The period from 2000 was when the land reform programme was intensified and sanctions were imposed in response to the political environment and land reform programme.

The economic challenges experienced in the country resulted in the downfall of the insurance industry as hyperinflation eroded into the insured’s contribution. This resulted in the insurance industry facing a plethora of problems with serious battles with their clients who could not accept the issue of under insurance which then came into play at claim time. This development left the image of the industry battered. The general public did not understand the whole insurance process because of its complexity and as a result they concluded that they were being robbed of their hard earned cash.

The period 2003 to 2007 saw a massive decline in gross premium written by the whole industry from USD$611.9Million to USD$5.5Million. The table below shows the decline of the gross premium written by the whole industry, in consecutive years.

Year	Gross Premium Written(GPW) USD$
2003	611.9
2004	263.7
2005	143.6
2006	86.5
2007	5.5

During the crisis error, the Zimbabwe insurance operating environment was extremely adverse with an incessantly declining gross premium written as shown in the Table 1 above.

The period up to 2008 saw increasingly quasi fiscal activities by the central bank which is blamed to have further fuelled the decline of the economy. The same period the country experienced very high inflation. Fixed exchange rate regime was in place leading to a parallel market, declined capacity utilisation and decreased production and shortages of almost all products and basic services and loss in value of the Zimbabwe dollar. It is also a period of the departure to other countries of both skilled and unskilled labour. The UNDP (2008) further points out that Zimbabwe experienced very high rate of HIV/Aids epidemic thereby reducing life expectancy to 37 years for men and 34 years for women in 2007. It was further estimated that about 1.6 million adult Zimbabweans under 50 years were suffering from HIV/Aids. This is a group of economic active people signifying greater impact on the economy. However, figures of 2007 show HIV preverance rate declined to 15.9% (UNDP, 2008).

Post – conflict reconstruction/recovery era (2009and beyond)

This is the period when the Government of National Unity formed by three parties, Zimbabwe African National Union, ZANU PF, Movement of Democratic Change, MDC (T) and Movement of Democratic Change, MDC (M) began its operations. In this period the government abandoned the Zimbabwe dollar in favour of multi currency regime specifically the United States dollar and South African rand to lesser extent Botswana pula and the British pound. It is in this period that the hyper inflation was tamed when the Zimbabwe dollar was abandoned as a legal tender in Zimbabwe. It is in this period the Reserve Bank of Zimbabwe1stopped its quasi fiscal activities owing to inability to print the Zimbabwe dollar bearers cheques used to pay suppliers after they were no longer a legal tender. It is in this period that the Short Term Emergency Recovery Programme (STERP I) I and II were launched with the aim of getting things working again which had in fact halted. Although the economy is not out of danger, basic commodities began to be available in the shops although consumers do not have liquidity to purchase them. The inception of the unity government culminated in the introduction of the multi-currency regime in 2009 which breathe in a new lease of life to the Zimbabwean industries which were almost none existent the insurance industry included. In 2008 the insurance industry had begun applying for licences to transact in foreign currency. The move meant to provide real value compensation to policy holders, who have failed to replace lost or damaged properties due to the erosion of policy values by inflation, officially estimated at over 2,000,000% year-on-year (Ndlela, 2008). Some companies and individuals had resorted to monthly top-ups of their policies on high value properties like motor vehicles and office equipment and machinery, but the pace of price increases had made it impossible to catch up with rising inflation, even with those top-ups (Ndlela, 2008). In as much as the multi-currency system brought its advantages it also brought in some of its associated problems like the liquidity crunch which is currently being felt across all sectors of the economy. Currently the economy is faced with serious shortages of cash which impacts negatively on the insurance which is mainly dependent on cash availability for transactions. The introduction of the multi-currency system led to more disaster in both the short-term and long-term insurance sector where the clients were informed that their policies which were issued in Zimbabwean dollars were no longer enforceable and as such they were required to make new contributions in currencies which were now in use. It further strained relations between the insurers and the insured who could not come to terms with being told from nowhere that they didn’t have cover anymore yet they had paid for cover.

Following the introduction of the multi-currency regime and the confusion that was to follow, the Insurance and Pensions Commission (IPEC) which is the insurance regulatory board, came down hard on the companies who failed to comply with the minimum capital requirements. This culminated in the closure of a number of short term insurance companies, life assurances, and reinsurers who failed to raise the amount at due date. The move was an effort to bring sanity to the insurance industry and resultantly regain consumer confidence. Various stakeholders have made calls for the industry to practice high ethical standards so as to regain the much needed consumer confidence. Given the liquidity constraints and stiff competition on the market, there is urgent need to come up with diversified products as well as realistic premiums and desist from premium undercutting. This would boost the industry from the current approximation of 3% market penetration and achieve the 6% level it once reached during its peak period in 2007 (Hakutangwi, 2012). The economic meltdown experienced in recent years saw a significant shift in the insurance industry. The general populace developed a strong mentality that insurers are crooks and they felt short changed as a result of the situations where insured would realise that they was underinsurance at claim time owing to the hyperinflationary condition which eroded the value they were insured for.

The general public has lost confidence in the insurance industry and no longer see the importance of buying insurance cover instead they have becometheir policies on high value properties like motor vehicles and office equipment and machinery, but the pace of price increases in recent months had made it impossible to catch up with rising inflation, even with those top-ups (Ndlela, 2008). In as much as the multi-currency system brought its advantages it also brought in some of its associated problems like the liquidity crunch which is currently being felt across all sectors of the economy.

The Leadership Practice Theory which impact Organisational Performance

Developing an understanding of what constitutes effective leadership practice, however, has been a complex undertaking. The debate has ranged from the belief that leadership is a “useless concept” (Pandey, 1976) to Day and Lord’s (1986) assertion that, after controlling for confounding errors, differences in executive leadership practices explained as much as 45 percent of an organization’s performance. Most leadership practices which are tend to have an impact on the performance of the organisation is shown through the organisational culture of the company. These leadership practices define how each organisation operates and execute their day to day activities.

Organizational culture

Over the past 20 years, researchers have increasingly investigated organizational culture and possible links to organizational performance (e.g., Wilkins and Ouchi, 1983; Denison 1984; Gordon, 1985). Denison (1990) indicates that mergers, declining productivity and global competition have all focused attention on the cultures of organizations and the impact they have on organizational performance.

According to Pascale (1990), organizational culture, more than any other factor, will dictate a organization’s ability to survive. After several decades of work, Denison (2000) has established organization culture as an important component in explaining organizational success. Studies by Denison (1990), Denison and Mishra (1995) and Kotter and Heskett (1992) all provide support for the link between organizational culture and performance. Fisher and Alford (2000) conclude that research conducted by Denison (1984, 1996) and Fisher (1997) clearly shows that regardless of the size, sector, industry, or age of a business, culture affects organizational performance.

In one such study, Gordon and DiTomaso (1992) investigated the relationships between culture strength and values and organizational performance. Culture strength was measured by the consistency of responses to survey items across people, and cultural values were measured by items on the survey that related to either adaptability or stability. The results indicated that both a strong culture and a value placed on adaptability were related to better performance on both criterion measures. The results support Denison’s (1990) findings of that strength of culture is predictive of short-term performance.

On the other hand, Lim (1995) examined the causal relationship between organizational culture and organization performance. Despite previous claims of causal relationships, Lim found that the culture-performance link remained unclear. He cited a need to improve on the application of the concepts involved. Lim also discussed methodological issues, such as the influence of moderator variables, for consideration in future research.

Organisational Cultural Models linking culture to performance

One of the most frequently cited studies of culture and performance is Denison's research (1990). His study of 34 large American firms found that companies with a participative culture reap a ROI (return on investment) that averages nearly twice as high as those in firms with less efficient cultures. It showed that organizations with a participative culture experience better performance than organizations that have a more formal culture with less room for employee participation in decision- and strategy making. Denison suggests that studying organizational culture provides a way to capture the impact that culture has on organizational performance. He argues that his framework provides a way of diagnosing organizations and measuring the effects that human resource management, organizational culture and leadership practice´s can have on business performance. In other words, Denison's study provides hard evidence that the cultural and behavioral aspects of organizations are closely linked to both short-term and long-term survival. In further research, Denison and his colleagues (Denison, 1990; Denison and Mishra, 1995; Denison et al., 2004) developed and empirically supported a theory of organizational culture and effectiveness that identifies four cultural traits that are positively related to organizational performance.

Others (Cooke and Rousseau, 1988, Cooke and Szumal, 2000) have demonstrated that efficient and innovative organizations have norms that promote achievement, self-actualization, and participation in decision making, cooperation, social support, and constructive interpersonal relations. In another exploratory model of the relation between organizational culture and performance Marcoulides and Heck (1993) showed that culture as reflected in task organization had a positive direct effect on performance. Kotter and Heskett's (1992) study documented results for 207 large U.S. companies in 22 different industries over an eleven-year period. They reported that companies that managed their cultures well saw revenue increase four times more than the companies that did not manage their cultures well; stock price increased 12 times more and net income increased of 756 times more.

Literature poses several challenges to organizational culture and its effects on business performance. Schein (2004) points out that the members of a culture can never fully describe all of the beliefs that underpin their culture; that culture is always complex and multidimensional; and that an organization’s culture is never fully unified meaning that there are always subcultures within the organization. Then there is reciprocal causality: Can managers improve business performance and wait to see culture begin to change? Or do managers change the culture in order to improve the business performance? (Ngansathil, 2001) Culture management requires a holistic approach that works from both directions simultaneously. Either way, it is the manager´s job to create the culture and mindset that bring about the behavior that helps the organization achieve its vision and strategy. A strong organizational culture that empowers members to take action in favour of the company is one of the most important resources of an organization (Denison, 1984).

This brings us to the leadership challenge:What cultural attributes does the organization most need to successfully achieve its vision and strategy? What support should the organization give its managers to create and manage the desired culture? Gainer and Padanyi (2005) agree with Tadepalli and Avila (1999) who say that norms and values drive behavior (which in turn drives performance). This conceptualization draws on the rational model of strategy formulation, which presumes that strategy development is a controlled process presided over by a chief executive and then implemented by middle management and staff. There is evidence in the marketing literature that market-oriented activities, such as monitoring the external environment, lead to the development of a strong market-oriented culture (Kohli and Jaworski, 1990, 1996; Appiah-Adu, 1998). A strong organizational culture positively links with better performance. Employees that experience the organizational culture of their company supporting and comfortable are more likely to behave in a market oriented manner (Denison, 1990; Kotter and Heskett, 1992). Many managers complain that their employees are de-motivated, unproductive, and disloyal. One could say that these organizations get what they deserve. A "toxic" or dysfunctional work environment will lead to toxic behaviour from employees. According to Pfeffer's (1994) research, companies that manage people right will outperform companies that don't by 30% to 40%.

3.1 Leadership Practices

Denison’s Organisational culture survey offers a quantitative multi-dimensional assessment of the main organisational cultural traits. The assessment has also been correlated with organisational performance measures. Denison (1990) argues that this approach allows for assessment of the ways in which organisations (or sub-groups within organisations) deal with seemingly contradictory or paradoxical goals and demands. Denison regards the understanding of such conflicts as essential to developing sustainable adaptive organisational behaviour, and a number of studies have reported that the pattern of cultural traits of high-performance organisations can be clearly distinguished from those with lower performance (Denison 1984, Denison and Mishra 1995, Fisher and Alford 2000). Under such a model, organisational culture might be viewed as the system that permits organisations to make coordinated adaptive responses to the numerous competing and even paradoxical demands.

TRAIT	DIMENSION	EXAMPLES OF ITEMS
INVOLVEMENT	Empowerment	Decisions are usually made at the level where the best information is available
	Team orientation	Cooperation across different parts of the organisation is actively encouraged
	Capability development	There is continuous investment in the skills of employees
CONSISTENCY	Core values	The leaders and managers "practice what they preach"
	Agreement	When disagreement occur, we work hard to achieve win-win solutions
	Coordination and Integration	It is easy to coordinate projects across different parts of the organisation
ADAPTABILITY	Creating change	The way things are done is very flexible and easy to change
	Customer focus	Customer comments and recommendations often lead to changes
	Organisational learning	We view failure as an opportunity for learning and improvement
MISSION	Strategic direction & intent	There is a clear mission that gives meaning and direction to our work
	Goals & objectives	There is widespread agreement about goals
	Vision	We have a shared vision of what the organisation will be like in the future

Source: Adapted from Denison, DR 1990, *Corporate culture and organisational effectiveness*, Wiley, New York.

The model scales the four dimensions on a horizontal axis showing **internal vs. external** focus and a vertical axis that depicts **flexible vs. stable** focus. The dimensions "adaptability" and "mission" belong to the external environment and "involvement" and "consistency to the internal environment of the organization. The dimensions "mission" and "consistency" also belong to the stability side of the axis while "adaptability" and "involvement" belong to the flexibility side of the axis.

The Denison model is not flawless, just as other models published in literature are not perfect. The adaptability and involvement dimensions are supposed to be flexible, while the mission and consistency dimensions must ensure a stable environment for the company. This creates a paradox, as companies with a strong customer focus must have a flexible mission statement and allow for rapid changes and adaptations of strategy (Denison, Haaland and Goelzer, 2004). Slater, Olsen and Huld (2006) argue that due to the constant search for opportunities prospectors must maintain flexibility so the organization can adapt to new information. Similarly, Ozsomer, Calantone and Di Bonneto (1997) suggest that a proactive strategic company posture usually leads to a flexible organizational structure that promotes innovativeness.

In summary, the Denison culture model is a tool which helps organizations, divisions, and teams, and the individuals within each attain a baseline assessment of current cultural strengths and weaknesses. A high score on any of the 12 dimensions is regarded to be positive, a strength, for the organizational culture, while the opposite is true for a low score. The center of the model (see Appendex 1) shows the underlying beliefs and assumptions that are the foundation for the human behavior and the actions taken by the organization. A run with the Denison model will provide managers with an understanding of bottom-line related performance such as profitability, sales/revenue growth, market share, quality, innovation, and employee satisfaction, with direct links to cultural elements which may be supporting or hindering these performance areas.

1. Literature linking organisational culture and performance

Until recently, culture has been examined with performance and effectiveness. According to Reichers and Schneider (1990), while culture researchers have devoted numerous articles to the nature and definitions of culture, relatively fewer articles have been contributed towards culture and performance research. One reason for this was the difficulty in operationalising the culture construct (Jean and Yu , 2004).

However, many studies confirm the influence and power of culture on the performance of organization (Jean, Lee and Yu, 2004; Xenikou and Simosi, 2006). There are different opinions how organizational culture affects performance. Alvesson (2002) surveys existing views about how culture affects performance in the book" concept of culture" hereby, there are four views on the relationship between organizational cultures and performance:

- Perhaps the most common one is the so-called strong-culture thesis. It has often been assumed commitment of an organization's employees and organizational culture and performance. Managers to the same set of values, beliefs and norms will have positive results – that the 'strength' of 'organizational culture' is directly correlated with the level of profits in a company (Denison, Janovics, Young and Cho, 2006).
- This common culture motivates people to recognize their identity by the organization and have a sense of belonging and responsibility to the organization. Denison and Mishra used a more accurate method and found out a relationship between a strong culture and short-run financial performance. All studies in this context reveal that if the culture is strong, organizational performance can be affected by it (The meaning of a strong culture is general consensus about the concept of an organizational culture, internalization, and socialization).
- Another issue is that organizational culture should be harmonized to its environment. There are some other studies about surveying the relationship between culture and performance that concentrate on some contingency factors. In a competitive environment, the relationship between culture traits and effectiveness is moderated by them. Accordingly, if the culture helps an organization to adapt to external changes, it can lead to high performance in the long run. Most of managers who had low levels of performance believe that their organizational culture was not harmonized to the environment (Fang and Wang, 2006).
- In another view, there are organizations that are relatively stable and fit with a relatively stable environment, and risk-taking and innovation are not necessarily successful. Too much change can lead to instability, low cost-efficiency, risky projects, and a loss of sense of direction.

In addition to the views that were expressed, there are other approaches in relation to the impact of organizational culture on performance.

When the organizational culture is protective of organizational strategy, it will have a higher level of performance in the organization. For being successful, it is necessary to organizational culture to be coordinated with business. Obviously, if the culture is consistent with the employee's values, the organization will succeed (Lund, 2003).

However, Denshen (2004) argues that not only strategy and culture should be aligned, but both must be compatible with the environment. Denshen(2004), based on the research findings, claims that if active organizations in drastically changing environments value flexibility and change, they will act better (he calls this culture Adaptability Culture) (Hatch and Cunllife, 2010).

Others believe that pervasiveness of an organization' culture requires that management recognize the underlying dimensions of their organizational culture and its impact on employee-related variables such as satisfaction, commitment, cohesion, strategy implementation, and performance, among others (Lund, 2003).

Petty et al. (1995) found that a cultural emphasis on cooperation and teamwork were conductive to organization effectiveness. Similarly, Smart and St. John (1995) showed that support, innovation, and goal orientation were related to higher performance in American colleges and universities in comparison to bureaucratic orientation.
The other cultural trait which concerns a higher performance is "humanistic orientation" that is characterised by cooperation among organizational members, teamwork, employee' self-actualization, and empowerment (Xenikou and Simosi, 2006).

It is difficult to investigate and test these diverse ideas. The relatively few systematic empirical studies on the culture-performance link, lead us to conclude that none of these four ideas have received much empirical support (Alvesson, 2013; Jean Lee and Yu, 2004; Zahedi, 2002).

Failure to establish an empirical link does not mean that no such link exists. Empirical studies in the area are very difficult to carry out. Culture is difficult to capture, and so is the case with performance. It is common sense that something that we can call 'organizational culture' will have an impact on many types of actions in organizations and consequently also on organization's financial results. Any such influence may, however, be lost among all the components and interaction patterns that have something to do with these results.

Much of the early culture-performance research has focused on trait approach, a search for some traits or values, which are supposed to return in superior performance for a company. The strength with which the cultural values are held among employees is then taken to be a predictor of future organizational performance, usually financial. An early example of this sort of study is found in "In Search of Excellence" by Peters and waterman (1982). The authors described the culture of 62 financially successful firms, making claims of a link between a particular type of "strong cultures and superior performance" (Jean Lee and Yu, 2004). Denison presented a model based on the impact that culture has on the effectiveness and is determined by empirical evidences. Components related to the culture in this study are: involvement, adaptability, consistency, and mission. Among these components, mission and involvement are the most associated with effectiveness in comparison with the other components (Denison et al., 2006).

He, also, sought further evidence, using more sophisticated sampling procedures for both organisations and subjects within the organisations. He studied a convenient sample of 34 firms representing 25 different industries. He founded that, two indices, "organization of work" and "decision making", were found to be significantly correlated with financial performance. In addition, he found that the strength of the culture was predictive of short-term performance; when performance was defined with broad indicators like return on assets, return on investment, and return on sales (Jean Lee and Yu, 2004).

Rotenbery and Moberg (2007) found that job involvement has a significant impact on many corporate outcomes, including organizational performance. Job involvement is very effective on employees' motivation and their efforts. However, research on the impact of job involvement on employee performance has met limited success. In an analytical study done by Brown, it was revealed that small coefficient correlation exists between performance and job on the effects of involvement (Rotenberry and Moberg, 2007).

Contrary to the strong culture thesis, in a research that aimed to examine organizational culture and financial performance of retail in Britain, the results showed something contrary to this fact. The results revealed that a physical factor, store format, is the most important element in explaining sale intensity. Employee's morale is the most significant human cultural variable, followed by employee's perception of manageable workloads. Interestingly, whilst job satisfaction is a significant predictor, it is in a negative direction. The more employees are satisfied, the more sale intensity decreases (Booth and Hamer, 2009).

In another study, which was done with the purpose of surveying the relationship between organisational culture and performance of banks in Bahrain, the positive relationship was confirmed. Although the extant literature widely recognizes the impact of organizational culture on performance, such findings are either speculative or mostly based on US companies; thus, they may not be generalisable to other national settings. However, the results confirm a positive relation between culture and performance and marginal industry effect between banks and hotels. Nevertheless, the result is not reliable enough and it is necessary to consider some variables such as type of industry, uncertainty of environment, and organisation size (Chung and Haddad, 2001).

In a research carried out by Prajogo (2010), the author examined the relationship between the four cultural dimensions of the competing values framework (group, developmental, hierarchical, and rational cultures) and four types of performance: product quality, process quality, product innovation, and process innovation. Theoretically, this represents the contrasts among the four quadrants of this model in terms of their respective outcomes. Data were collected from 194 middle and senior managers of Australian firms who had knowledge of past and present organisational practices relating to quality and innovation-related aspects in the organisation. Developmental culture was found to be the strongest predictor among the four cultural dimensions. Rational culture showed a relationship with product quality, along with group and hierarchical cultures. It also plays a role in predicting process quality (Projogo and McDermott, 2011).

Based on these findings, this study sought to examine the role of organisational culture on performance in banking sector as a service organisation. Obviously, the study of organisational culture in service organisations is an important issue to survey. However, there is not enough research in this area and this subject has been neglected (Fang and Wang, 2006).

Table 1 shows some other studies about the impact of organisation culture on performance. Thereby this study is done with a strong basement of theories about the possible effect of organisational culture on performance.

Table 1: Studies about impact of organization culture on performance

Researcher	**Year**	**Results**
Peters and Waterman	1982	High productive organizations are in relationship with strong culture.
Shifei Chung	2001	The results confirm a positive relation between Culture and performance and marginal industry effect between banks and hotels.
Lee and Kelvin	2004	Culture was found to impact a variety of organizational processes and performance. While more research remains to be done in this area, this study has demonstrated the power of culture in influencing organizational performance.
Owusu	2005	Culture is surveyed as one of effective factors on performance in public sector.
Athena Xenikou	2006	A path analysis showed that the achievement and adaptive cultural orientations had a direct effect on performance.
Paul F. Rotenberry	2007	Employees' self-reported job involvement significantly predicted certain supervisor performance ratings above and beyond work centrality.
Gillespie	2008	Relationship between organizational culture and customer satisfaction is surveyed in construction industry and car sellers. In first section job involvement and mission have the highest score and for car sellers, adaptability has the highest.
Simon A. Booth	2009	Contrary to the strong culture thesis, the results show that whilst job satisfaction is a significant predictor, it is in a negative direction. The more employees are satisfied, the more SI decreases.
Susita Asree	2010	leadership competency and organization culture are important factors which
Daniel I. Prajogo	2011	Developmental culture was found to be the strongest predictor among the four cultural dimensions, as it shows relationships with three of the performance measures

2. Studies of the relationship between organisational culture and performance in other countries

In a French study by Calori and Samin (1991), three major findings were obtained, namely

(i) an organisation's relative growth performance is positively impacted on by the following cultural attributes and associated management practices:

- personal fulfilment, listening to others, team spirit, responsibility,
- trust, openness to the environment, adaptation, anticipation, entrepreneurship,
- quality and consistency;

(ii) the intensity and the homogeneity of organisational culture are positively related to the organisation's relative growth performance and

(iii) an organisation's relative returns on investment and sales are positively correlated with some cultural attributes, namely openness to the environment, participation in local activities, societal contribution, solidarity and flexibility.

The study showed a positive relationship between the different dimensions of culture and performance, especially that organisational culture had more impact on the company's growth than on profitability. In addition, Ogbonna and Harris (2000) further tested the relationship between organisational culture and performance by using a sample organisation selected from the UK They included the following four culture dimensions in their study: (i) Innovative culture, (ii) Competitive culture, (iii) Bureaucratic culture, and (iv) Community culture.

Interestingly, their final results indicated that the two culture dimensions (bureaucratic and community) did not have any impact on the performance of those U.K. companies. Consistent with other researchers, they confirmed the positive impact of the other two culture dimensions (innovative and competitive) on performance.

Ogbonna and Hams (2000) regarded the first two dimensions of culture as externally oriented organisational culture and the other two as internally oriented organisational culture, so they suggested that "an internally oriented organisational culture may prove comparatively disadvantageous when compared to the advantages possible with externally oriented cultures" (Ogbonna and Hams, 2000). Finally, the study concluded that organisational cultures could only be regarded as a source of sustainable competitive advantage when they were adaptable to the external environment.

Based on Denison's earlier findings in the US studies, Denison and Fey (2003) further tested their results through a quantitative study conducted on 179 foreign-owned firms operating in Russia. The results of the study showed a consistent, significant. positive relationship between the four traits of organisational culture and effectiveness. In contrast to the US study, this paper showed that adaptability and involvement presented the strongest correlation with the effectiveness index of overall performance, profitability, and product development and that involvement and mission were well correlated with market share, sales growth, employee satisfaction and quality. The mission was most highly correlated with effectiveness dimensions. The results also supported the idea that different aspects of culture are linked to different elements of effectiveness. Overall, adaptability and involvement seemed to be the most important determinants of effectiveness in the Russian context. Due to the Russia's turbulent transition economy, stability traits such as mission and consistency were less strongly associated with effectiveness than were the flexibility traits of involvement and adaptability (Denison and Fey, 2003).

Following this, Denison, Haaland and Goelzer (2003, 2004) further tested the linkage between organisational culture and effectiveness in two separate studies. The first study sample contained 36,820 individuals from 230 organisations in different industries from three regions: North America, Asia, and Europe-Mid-East-Africa (EMEA). The sample for the second study recorded in this paper comprised 2,162 employees of independently owned local grocery stores from seven countries (Australia, Brazil, Canada, Jamaica, Japan, South Africa and the United States). The first study found that all correlations between organisational culture indices and organisational effectiveness were significant in North America and Europe-Mid-East-Africa (EMEA). However, none of the correlations were significant for the Asian companies. In the second study, they found that five countries (Brazil, South Africa, the United States, Australia and Canada) showed a strong and consistent pattern of correlation between the culture and effectiveness measures. There was a divergent pattern of findings in Japan and Jamaica. In Jamaica, the correlations between culture and effectiveness measures were generally very low. In Japan, a few correlations were quite strong.

Denison, Haaland and Goelzer (2003, 2004) then suggested that it was quite possible to measure and compare the organisational cultural traits and their impact on performance across nations. The study concluded that there perhaps was a common set of cultural traits that could be used to understand the effectiveness of organisations. However, these were expressed quite differently in different national settings. Aidla and Vadi (2005) investigated this research topic, focusing on Estonian secondary schools. They related organisational culture to the performance of schools with consideration of the effect of size and location. The study identified two dimensions of organisational culture:

(i) task-oriented culture, which indicated the extent of all members' willingness to support their organisation and
(ii) relationship-oriented culture, which refers to the 'belongingness to their organisation'.

Although the researchers found a positive relationship between the two culture dimensions and the performance of the schools, this relationship was not statistically significant. They further tested this relationship with consideration of the impact of size and location on the performance of schools. The results showed that a significant relationship between task-oriented culture and performance could only be found in city and town schools.

The above-mentioned empirical studies provided strong support for a positive relationship between organisational culture and effectiveness in other countries as well. On the one hand, these researches illustrated that the cultural theory developed in the United States could be applied in other parts of the world. In addition, the studies undertaken in other countries showed that the theory can be a useful foundation for understanding differences in the culture-effectiveness relationship across nations.

3. The Effective Organisational Cultural Model(EOCM)

The proposed effective organisational cultural model (EOCM) still to be empirically proved, has been developed based on critical enablers that made the insurance and financial industries strong in other parts of the world (Japan, USA, Europe) and adopting Denison(2000) `s Model.

In order to know if the organisational culture is helping better performance of the organisations, a few dimensions are developed to enable understanding it in a better way. These dimensions are developed from Denison`s work but the predictors from Denison have been altered which is believed to be helpful in understanding or creating an effective organisational cultural model. The four dimension (involvement, adaptability, mission and consistency) are believed to have great impact on the core organisational culture.

Schein`s model may help organisations to know how their culture is formed based on artefact, value and assumptions. This model, therefore, particularly be useful to look carefully at the culture. It is more like understanding the culture and identifying the ways it has been evolved over the period of time. On the other hand, Denison`s model may help organisations in benchmarking themselves against other companies and to measure the performance with other companies. In other words, it is for measuring the organisational effectiveness (Guidroz et al, 2010).

The EOCM consists of four dimensions, namely adaptability, mission, involvement and consistency, as indicated in Figure 1 below.

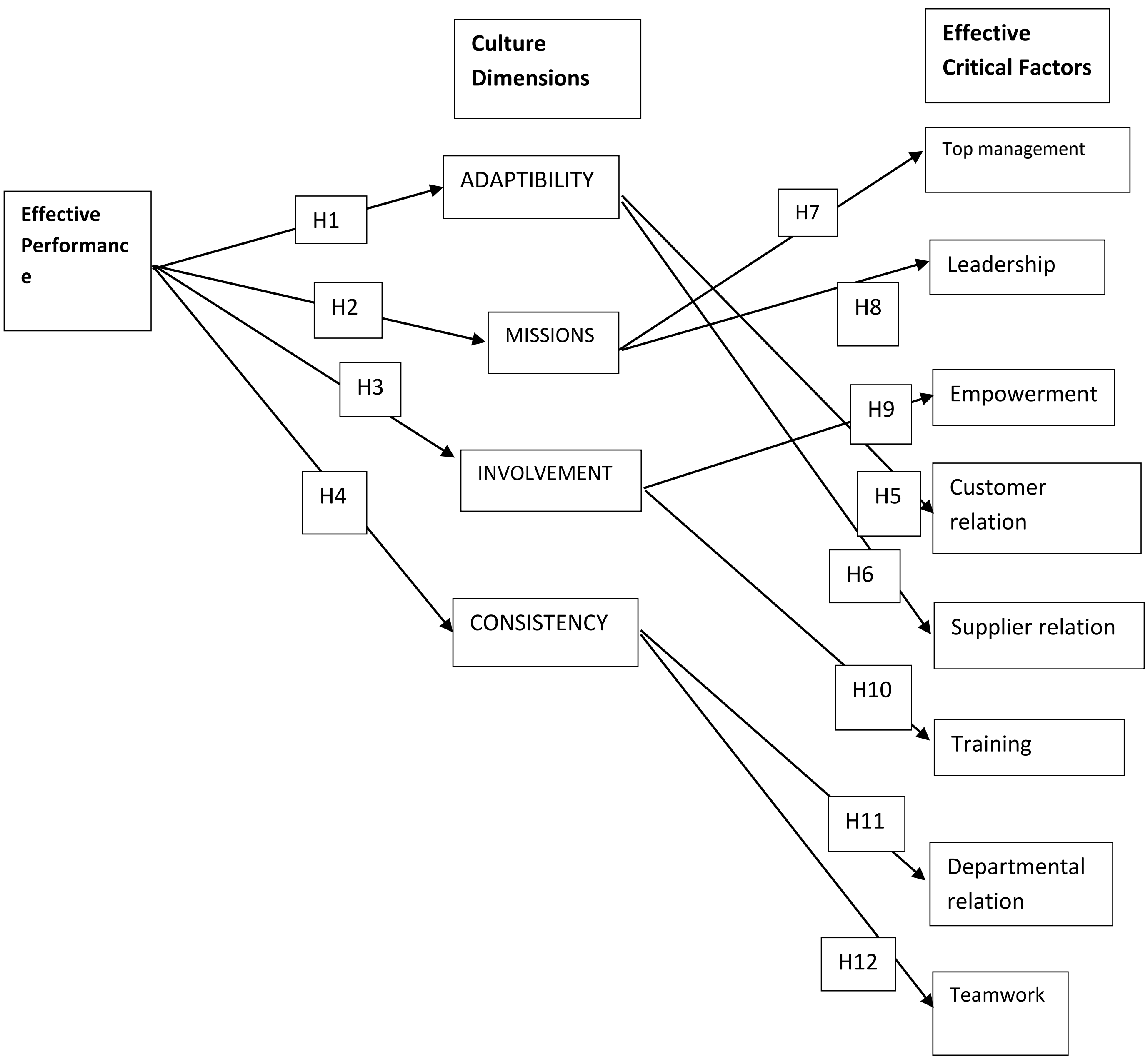

Figure 1: The Effective Organisational Cultural Model (EOCM)

Mission

A mission illustrates purpose and meaning by defining a social role and external goals for an organisation (Denison, 2000). From literature review, it is found that most successful insurance and financial companies are very strong in their mission as they have defined the roles and principles and consistently works internally to achieve the prime objectives of their companies. It is believed that this dimension can be measured on the level of top management and leadership. It is therefore, important to evaluate the organisation to examine whether employees are aware of the company`s direction in terms of the clarity about their strategy, mission and direction of work.

Adaptability

Organisations hold a system of norms and beliefs that support the organisations capacity to receive, interpret and translate signals from its environment into internal behavioural changes that increase its chances for survival, growth and development, (Denison, 2000). It is established from the research literature that the insurance companies which performs better are the ones who are adaptable and responsive to market fluctuations. In order to measure adaptability, it is required to look at two predictors which are stakeholder's relation and compliance. From this dimension, it is aimed to know the ability of an organisation to respond to its customer expectations and market demand, whether the organisation has flexibility and cooperation among departments. Furthermore, there are various points to be raised. For example, if an organisation pays attention to its customer and employees are aware of customer needs. It is also important to meet the regulator`s statutory requirements and to exude ethical behaviour all the time.

Involvement

"Strongly encourage employee involvement and create a sense of ownership and responsibility", (Denison, 2000). In order to measure the involvement, it is required to look at two predictors, empowerment and training. Involvement is one of the keys to effective organisational culture system. This dimension shows the extent of people`s involvement in their work. A number of questions could be asked in order to measure involvement. For example, where the decisions are made in department or come from top management to down. Is information easily and timely available to people? Do employees believe on themselves for making positive impact on company? Do people involve in business planning?

Furthermore, in order to measure an efficient management at the top level, a set of questions could be asked. For example, it could be asked if a company encourages and motivates people to socialise and work with different departments. If team work is envisioned as an important approach within company, in order to achieve collective success, whether workers accept their daily tasks aligned with the key objectives of their company.

Consistency

"Consistency provides a central source of integration, coordination and control", (Denison, 2000). In order to measure consistency in various aspects of organisations` actions, it is important to look at teamwork and inter-departmental relations. This enables critics to measure consistency in organisations` approach. For example, it can be seen whether or not a company translate their principles in practice. Furthermore, an appraisal is required to see whether organisations are consistent in solving problems, ways of dealing with any disagreement occurred within a particular department. How an organisation demonstrate consistency in its principles and practice. How various perspectives are collaborated into a common goal.

Hypotheses

The EOCM needs to be empirically tested to prove hypothesis and to validate the model. 12 hypothesis have been developed in order to test the subsequent research, these hypothesis are:
H1: Organisational performance is positively related to adaptability
H2: Organisational performance is positively related to mission
H3: Organisational performance is positively related to involvement
H4: Organisational performance is positively related to consistency
H5: Adaptability has a positive effect on customer relation
H6: Adaptability has a positive effect on stakeholder(regulator, re-insurance companies, brokers, assetmanagers and banks) relation

H7: Mission has a positive effect on top management
H8: Mission has a positive effect on leadership
H9: Involvement has a positive effect on empowerment
H10: Involvement has a positive effect on training
H11: Consistency has positive effect on departmental relation
H12: Consistency has positive effect on teamwork

4. Findings and Discussion

It is found in literature that the initial step for creating an enabling environment for organisation culture to impact on performance should come from the senior and middle level management and the leadership of the organisation. Mokhtar and Yusof (2010) believe that involvement and buy-in are keyfeatures creating this right enabling working environment. In order to reignite this process, the organisational leadership need to show full commitment and belief in providing the required support, adequate resources, budget and investment in employees training. Assigning appropriate tasks to the right manager and leader is also believed to be key quality in the right enabling working environment and system (Mokhtar and Yusof, 2010).

Mullins (1999) describes that before trying to evaluate the organisational culture, it is important to examine what factors are affecting the culture as there are a number of issues which can have a direct impact on organisational culture. Mullins(1999) further outlines possible factors affecting organisational culture such as history, goal and objective , size, location, leadership, management and staffing , primary function , and finally the organisational environment.

The organisational culture has been largely reviewed by researchers which reflect the importance of the system it has been accentuated as a vital factor in implementing a successful strategy (Al-Swidi and Mahmood, 2011), such as other quality management techniques or lean management.

Radnor et al (2006) explain that a continuous improvement in culture within the organisation where the workers from all departments are willing to accept the initiatives is of the key factors for implementing effective organisation culture. Considering the finding by Radnor et al (2006), people are therefore the most powerful tool to help in changing the culture towards continuous improvement. Furthermore, they need to be engaged in the process from the very early stages to become more effective and motivated toward generating culture of continuous improvement (Radnor et al, 2006).

On leadership, culture and leadership work hand in hand as both of them are important for driving an organisation to succeed. According to Larsson and Vineberg (2010), success of an organisation is heavily reliant on the leadership behaviour. Leaders by their vision, who can lead by setting up example and inspire people by encouragement are proved to be a positive and influential factor in overall organisational performance (Larsson and Vinberg, 2010). This is exactly what is expected from leaders and senior managers under the effective organisation culture system. Nwabuezea(2011) describes ten critical traits of leaders that need to be taken into consideration while dealing with subordinates and colleagues. The key traits are good commander, high level integrity, strong minded, good planner, good controller, good organiser, personality, good listener, hands-on and team player.

Accordingly, if any organisation, regardless of their activities and size, wants to achieve the desirable results, it needs to consider creating a healthy organisational culture by adopting triangle model of organisational set up- senior management, leadership and its people. Dahlgaard and Dahlgaard-Park (2006) assert saying appropriate culture cannot be adopting effective organisational culture system it should have the right culture which starts from senior to middle management and eventually to shopfloor. Alongside, the organisational needs to have a strong leadership.

5. Conclusion

Organisational culture and leadership are recognised as vital and critical aspects of organisation performance and effectiveness. The EOCM is developed based on Denison`s cultural model.

Empirical evidence from literature review shows eight (8) vital factors that Insurance companies must pay attention if culture has to impact on performance. These factors are, top management, leadership, empowerment, training, industry stakeholder relations, customer relations, inter-department and department relations and teamwork.

The literature describes the Denison`s Model as practical and highly technical and hence companies ought to comprehensively understand the EOCM before its implementation. Most important a conducive environment must be created within an organisation by employing right people with clear vision in order to achieve best expected results from the EOC model.

It is verified by research literature that organisations can`t succeed unless they have a healthy culture, skilled personnel, the buy in from the top management and strong leadership.

6. Future Research Work

In the future, the empirical study will be carried out in order to test the developed EOC model in Zimbabwe insurance industry to validate the hypothesis. Furthermore, the role of organisation size on culture, leadership and performance will be explored.

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