# CHAPTER I

## INTRODUCTION

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CHAPTER I
INTRODUCTION

1.1 STUDY PROBLEM BACKGROUND

The climate of change, increased competition, and global crisis overturned the global economy upside down and changed the concept of people about the leaders of organizations. In such situations and under these conditions and challenges, it becomes a must on organizations that aim to succeed, to be more flexible, efficient, focus on their employees, clients’ satisfaction, and quality of services and products. This enhances the ability of organizations and keeps them moving toward continual improvement, innovation, strategic vision. All these features make organizations in need for an effective leadership.

The success of any organization depends basically on the effective leadership (Spinelli, 2006) on which organizations depend in building sustainable competitive (Stover, 2005). Leaders articulate a strategic vision of the future, inspire people and build highly functioning teams, while managing change and complex global environments (Ewing, Bruce, & Ricketts, 2009; Walck, 1997) to achieve the goals of the organization (Lussier & Achua, 2004).

Leaders set their strategy and business plans to meet the market's requirements and prepare their organizations for the future. So, organizations need to have a business model that can align with the change to take their organizations towards success.
This business model helps an organization to respond in the right time the future trends, technological, social and economical elements, and can also provide a value added in this age of rabid competitiveness. Change business model can also improve the performance of an organization which may drive organizations towards success and sustainability.

However, in spite of having an effective leadership, many organizations fail to achieve their goals and may never be able to obtain and maintain the competitive advantage on the long-term period. The gap between the leader’s preferences and the organization’s character plays an important role in this failure.

Every leader has his own unique personality preferences that impacts "who we are, how we interact with others, how we learn, how we develop psychologically, and how we lead" (Hogan & Kaiser, 2005). The leader's personality influence can be felt across the whole organization and beyond, with a motivated workforce and a positive impact in society and the environment.

As leaders, organizations are as human entities. They have the determination, and the possibility to survive, have soul, and dynamic energy that excels the material reality. Organizations are more than the sum of their assets. They are made up of individuals, inventories, infrastructures. They differ in their size, structure, and line of business as well as in their character (Chorn, 2004; Bridges, 2000).

If the personality type of leader is not matching the character of his organization; between how an organization says it acts and how it actually acts,
between stakeholders' perception and the organization reality, creates potential reputation risks and other issues that lead to that failure.

However, many factors shape the character of organization, such as its founder, line of business, life cycle (history), the current leadership contributes to shape the organizational character (Briggs, 2000) and leaves the last mark, and it may be a very deep one.

Many researchers emphasize of the matching. We can say that a leader is right for a particular organization at a particular time only if there is a characterological fit between them. Most leaders in our history undeniably have in common will not even on the list- that is, each was the right person to lead a particular organization, society, or movement at the particular time.

Most people would agree that Lee Iacocca, Joan of Arc, Mahatma Gandhi, Martin Luther King, Jr., and Margaret Thatcher were all strong leaders. With some ingenuity, we could extract a list of common traits that they shared- although the more you know about any of them as an individual, the more doubts you are sure to have about the list. The irony is that the one thing that they undeniably have in common will not even on the list- that is each was the right person to lead a particular organization, society, or movement at the particular time (Bridges, 2000).

The fit between personality type and an organizational (culture values (character) relates to the production of employee and their turnover (Rousseau & Parks, 1992) and organizational out-comes. This fitness and interaction between personality type of leader and character of organization may have a great impact in deciding the future vision and the organization's fate.
William Briggs (2000) was the first who introduced the character of organization based on (MBTI® as one of the most used tools in leadership and management workplace, by developing the organizational Character Index (OCI). In building a link between MBTI® personality types and OCI, organizations have natural preferences that shape their energy source, information gathering, decisions making and change adoption (Chorn, 2004; Bridges, 2000). Those natural preferences group organizations into sixteen characters.

The MBTI® and the OCI when used in conjunction with each other will give us the opportunity to look at those two very unique perspectives because MBTI® and OCI are a self-report. These two instruments will give the leaders and organizations the opportunity to examine their preferences.

"Self-awareness in leadership is proven to be important" (Judge & Bono 2000; Roush 1992; Roush & Atwater 1992). The more leaders know and understand about their own personalities, the easier it is for them to assess their effect on organizations.

At the same time, the more leaders understand about their organizations (DNA) as unique entities, how they age, and what they can do increase their effectiveness overtime, the better off they will be. This understanding gives leaders a very easy understanding framework to differentiate the type of his organization from others. It also:

(a) spots light on organization's strengths and areas for developing.

(b) improves organization's ability to effectively manage change and resolve conflicts.

(c) determines the life cycle of organization.
(d) learns and improves the "fit" between the leadership personality type & organizational character.

Understanding organizational character will result in many benefits. It has many applications in strategic planning, resolving conflicts and problems, enhancing internal and external communication, developing succession plans, leading change, and deal effectively with risks. Moreover, it gives actual assistance, vision, and definite strategies to scan business issues, through liking strategies with execution.

It is very important to know yourself than where you are going, because where you are going will surely change as a fact of this world. "Leaders die, products become obsolete, markets change, new technologies emerge, management fads come and go; but core ideology in a great company endures as a source of guidance and inspiration" (Jim Collins & Jerry Porras, Built To Last, 2004).

This study tries to help leadership development researchers and leadership make signification of the importance of matching and alignment between leadership and organization in term of type and character, and minimize the gap between empirical research and practice utilizing the most widely used tool in leadership development today, MBTI® to assess leaders' types and OCI to assess organizations' characters on a random simple sample of leaders and organizations of Yemeni Business Club (YBC).

MBTI® focuses at the individual level and distinguishes individual personality preferences on four dichotomies to explain particular differences in people behavior. Organizational Character Index® (OCI) developed by William Bridges looks at the systemic or whole level. OCI is a tool that is used
to determine and explain the personality type of organizations. Rather than thinking of the organization as a collection of people with individual types, organizational character explores the essence of the organization itself, as if it had a personality of its own. Organizational character is based on the innate preferences an organization or department has developed. These preferences tend to remain unchanged overtime, and they are at the core of why organization reacts as it does.

Organizational Character Index is a tool to sort organizational characteristics into one of 16 different groupings. OCI was developed to explore a related but essentially different issue. Instead of focusing on how individuals of a certain type function or how individuals of different types interact in an organizational setting, OCI focuses on the organizational setting itself. Using the familiar dichotomies of (E) and (I), (S) and (N), (T) and (F), and (J) and (P), OCI sorts organizational characteristics into one of 16 type groupings—grouping that use the same familiar four-letter designations (ESTJ, INFP, and so on) that the MBTI® tool uses.

MBTI® instrument and OCI can be used together to speak much more reliably about the fit between individuals and organizations. Hence, this research aims to know the personality types of organizations' leaders and character of their organizations by examining the current situation and recognizing the correlation between them.

Organizational character Index is not a duplication of MBTI®, but it is based on the same four dichotomies that Myers and Briggs adapted from Carl Jung's work.
1.2 PROBLEM STATEMENT

There is a continual necessity for organizations to develop their business model according to the direction, technology and future matters which are important for organizations is not only to be able to understand and adjust with the changing business needs, but also to prove effectiveness to propose the most applicable type of leadership that is appropriate to the right character of organizations.

The fit between leader's preferences and organizational preferences help in answer the market requirements and economical, social, and technological challenges and the current and future tendencies of organizations' business in the most appropriate way. Moreover, it helps in directing organizations on the way to long-term winning and long-lived organizations. It is spirited to make the business frame harmonized with the probable market requests and clients' needs to achieve the organizational mission.

The personality type of leader can have an outstanding or minimal fitting with the character of organizations and that the degree of this matching can influence the leader's effectiveness and strategy.

Much has been written on leadership and organizational culture, but one of the limiting factors of that works is that there has been no clear way to define the organization and its components parts in a simple and objective manner, in other words, organization character. Many books and studies mentioned the impact of leaders on organizations in terms of characteristics, traits, and skills, but not in term of preferences. Thus, there is less written or researched on the influence of the leader's type on the character of organization towards organization's success or failure.
The cost of senior and executive leaders' failure and incompetence is estimated to be $1,500,000 per senior manager (DeVries & Kaiser, 2003), $2.7 million (Smart, 1999). This failure leads problem, stress, losing human and social capital, missed vision direction, and turned over employees in addition to the other hidden costs.

Therefore, this study investigates the relationship between the two variables (Leader's Personality Type and Organizational Character) and draw attention on the importance of each on the other.

1.3 MOTIVATION AND PURPOSE OF THE STUDY

This study explores the correlation between the personality type of leader and character of his organization utilizing the most widely used tool in leadership development today, (MBTI®) to explore the leaders' types, and Organizational Character Index (OCI), developed by William Bridges based on the MBTI®, to explore Organizational Character.

To do that, there is a need to distinguish between two different relationships that a leader can have to the characterological tendencies of h/her organization. He or she can represent those tendencies or can compensate for them. The right leader expresses the natural character of h/her organization and speaks its preferred language. This relation will be examined through reviewing literature; conducting the empirical study and analyzing the results using SPSS version 21 on the basis of proposed hypotheses and objectives.

This thesis goes around the main question:

*Is there a correlation between personality type of leader and character of organization?*
To make this study easy and understandable, the main question was divided into six questions, and then come to the essence of the study. Two reasons behind this purpose, firstly, to provide readers with enough knowledge and helping them understand leadership, personality type, and organizational character, and secondly, to cascade the study in a sequential way. The six questions are:

**In the Literature Review:**
1. to explain personality, leadership, and character of organization.
2. to explain MBTI® as an instrument of personality types.
3. to explain OCI as an indicator of organizational character.

**In the Empirical Study:**
4. to identify the four dichotomies of Yemeni leaders and four dichotomies of their organizations.
5. to identify the sixteen personality types of Yemeni leaders and the sixteen characters of their organizations.
6. to identify the four temperaments of personality types of Yemeni leaders and four temperaments of their organizations.
7. in the light of that exploration, to ascertain if a significant correlation between Yemeni leaders' personality types and character of their organizations exists.

**1.4 IMPORTANCE OF THE STUDY**

The study is nationally and globally significant. It is expressing the correlation between leadership and organizations on the basis of personality types of leadership and character of their organizations. As there is limited research on such relationship, this study presents further an area of research
that is considered in its early start of leadership and organizational development.

As the world is changing rapidly, most organizations have to adapt to survive and succeed. Signals that indicate change are low productivity, new competition, complaining customers, absenteeism, and so on. But a dramatic transformation is possible when executives and employees change their working culture and behavior and thus their results to be in alignment with an organization's values and culture.

This study contributes to the understanding of personality types, leadership effectiveness, organizational growth, and helping in designing of evaluation and training leadership programs in the right way. It provides a framework within which to select organizations to lead and leadership challenges that present a better fit with their preferred personality type.

Using MBTI® and OCI is a desirable first step towards self-awareness and improving performance and productivity and also interpersonal relationships. Organization will be able to know its strengths and blind spots to develop its performance and the competition ability in national and international markets. Understanding who your organization is and what it stands for allows everyone to set aside their personal views, and make decisions taking into consideration the organizations' values and preferences.

It helps in understanding of how awareness of both personality type and organization character can provide a foundation for leader to change h/her behavior to optimize strategic focus to achieve the organization’s vision.

This study may give a better understanding of the function of leadership, personality type, organizational development, and change; driving
the organization based on its identity and preference and helping the organization to keep on its vision and mission, achieving visibility and uniformity in its internal processes and being ideal to clients, investors, shareholders, and human resources.

The study helps in clarifying the demands of leaders and organizations, and how to answer them in a harmonized relationship. This study motivates the organizations to understand the leader's personality type, leading organizations to a better management of their functions that direct organizations towards victory. It will help leaders to understand how their personality types might positively or negatively impact the organizations character.

This study provides Human Resources Management (HRM) with valid tools that help organizations to select their leaders and developed the less preferred types of leaders if they want really to stay in the market and achieve their dreams “visions”.

So, this study has an added considered significance for Researchers, Academicians, Organizations, Leaders, Human Resource Management, industry, and the Society.

1.5 HYPOTHESES OF THE STUDY

In spite of the fact that many factors affect the performance of organization and form its character, it is quite doubtless that leadership plays an important role in organizational success or failure. The degree of the gap between leader’s preferences (personality type) and the organization’s preferences (character) indicates the degree of success or failure of an organization.
The study investigates the correlation between the leader's personality type and the organizational character. The eight variables of personality preferences: (E) vs. (I), (S) vs. (N), (T) vs. (F), (J) vs. (P) - as well as the 16 personality types of leaders and the 16 organizational characters, and the four function pairs (SJ, NT, NF, and SP) referred to as leadership temperaments as well as the four function pairs (SJ, NT, NF, and SP) referred to as character organization temperaments, will be tested.

To achieve that, the main hypothesis of this study would be:

"There is a significant correlation between leader's personality type as indicated by (MBTI®) and Organizational Character as indicated by Organizational Character Indicator (OCI).

The following sub-hypotheses are included in this study to support the main one:

**H1:** There is a significant correlation between the four Dichotomous Personality type of leader and the four Dichotomous of organizational character.

**H2:** There is a significant correlation between the sixteen personality types of leaders and the sixteen organizational characters.

**H3:** There is a significant correlation between the four temperaments of personality types of leaders and the four temperaments of organizational characters.

The main hypothesis and sub hypotheses would be tested and justified.
1.6 RESEARCH METHODOLOGY AND DESIGN

Research methodology is the way researcher uses to gather his study information and data for the purpose. Oliver, (2004) defines methodology as the part of research that shows the ways and approaches of collecting the data. Researcher uses journals and publications, surveys, interviews, etc.

The study methodology structure consists of the theoretical framework part and the empirical part and concludes with findings and recommendations.

Literature Study

To become familiar with the context of the research problem, a literature study on what constitutes leadership, personality, MBTI®, character of organization, and OCI will be performed.

*In the literature review attention will be given to:*

- A description of leadership
- A description of personality preferences.
- Analyzed theoretical framework of (MBTI®).
- Analyzed theoretical framework of Organizational Character Index (OCI).
- Conceptualization of the relationship between leadership, MBTI®, and OCI.

Empirical method

The empirical method of research results in the form of tables, statistics, and percentages in order to show the ways and approaches of collecting data. This data would be analyzed to understand the problem of the study and answer its questions.
The following aspects regarding the empirical study are highlighted:

**Research Structure and Design:**

In this study, the quantitative and descriptive approach would be used. The correlation between leader's personality type and organizational character would be investigated using MBTI® and OCI. The data would be analyzed and discussed followed by recommendations. Finally, writing the Thesis.

**Population and Sampling Selection:**

In this study, the target population was the private sector organizations in Republic of Yemen. The Random Simple Sample (RSS) was drawn from the database of Yemeni Business Club (YBC).

The target sample was (127) profiles of middle, senior, and top management who spent at least two years in their current jobs, and a total of (127) profiles of selected organizations registered in Yemeni Business Club (YBC) before 2014 and had representation from services, trading, and industry in Republic of Yemen taking into account the deferent variables (positions, years of experience in the current position, gender, and line of business) (N= 127).

**Instrumentation:**

Two instruments will be used to collect the data that help in answering the questions of the study. The validity and reliability of the two instruments (MBTI® and OCI) would be presented.
**1- (MBTI®) form M:**

MBTI® Form M assesses the leaders' personality traits. It is considered the most accurate scoring tool, and the most current tool of MBTI® to produce scoring weights. It was intended to have more accuracy of preference degree at the midpoint of each two opposite preferences and to exclude the need for separate scoring keys for both man and woman.

It contains 93 items, presented in a forced-choice format that designed to extract the preferences on four dichotomous scales and results in a four-letter type.

All questions offer choices between the poles of the same dichotomy (Extroversion vs. Introversion, Sensing vs. Intuition, Thinking vs. Feeling, and Judging vs. Perceiving) (Myers, McCaulley, Quenk, & Hammer, 2003).

The different integration of the four preferences results in sixteen distinct personality types. These 16 personality types are categorized into four temperaments: SJ, NT, NF, and SP to be easier to be used and understood.

The reliability and validity of MBTI were discussed in details.

**2- Organizational Character Index (OCI):**

The Organizational Character Index (OCI) is a self-administered instrument based on MBTI®. The 72-items instrument gives the profile of organization from the eight variables of preferences (or four dichotomies): (E vs. I, S vs. N, T vs. F, and J vs. P).

The different integration of the four preferences results in sixteen distinct characters, such as ESTJ, INTP, ISFJ, and ENTP.

The original instrument developed by William Bridges. It consists of 36-items but it was modified by the researcher by dividing each statement into
two statements which result into 72 items to make it very clear and easy for respondents to choose between the preference using Likert scale a 5-point (Strongly Agree, Agree, Neutral, Not agree, and Strongly Not Agree).

OCI has been transacted into Arabic language to make it easier for respondents. It was reviewed and evaluated by a group of experts and specialized professors in management and psychological background to give their feedback as well regarding the layout, wording, clarity, coherence, internal consistency, factor analysis, and ease of understanding of the measurement items as a whole in the revision of the questionnaires. The validity and reliability of OCI was tested.

1.7 STUDY ASSUMPTIONS

This study was based on the assumptions that:

1. The sample population was assumed to have similar characteristics with the rest of the population in Republic of Yemen; therefore they were assumed to be a true representation of the private sector.

2. Assumption was made on the information given by the respondents to be true.

1.8 STUDY LIMITATIONS

The sample used in this study restricted its findings. The size of this sample study is an area of concern, as it is usually difficult to obtain commitment from participants who are usually extremely busy with their managerial tasks.

The sample of the study is Yemeni leaders and businessmen members in Yemeni Business Club whose schedules are very busy. Their continuous
travelling or daily meetings made it very difficult to have their responses within the right time.

The researcher spent at least one year to collect distributed questionnaires by all means; website, e-mail, faxes, and hand delivery during meetings or training workshops. Another main critical issue is the unstable and uneasy situation in Yemen since 2011.

These difficulties affect the number of the sample number participated in this study.

A larger sample size would allow researchers to see if there is significance in larger samples and could examine more areas of personality types such as MBTI® type, Temperament, or Dominance type.

Another limitation of this study is that the literature of the correlation between leaders' personality preferences and organizations' character of is very limited.

1.9 STUDY ORGANIZATION (CHAPTER PLAN)

In addition to the two journal papers which researcher has been published, this study is organized into five chapters:

Chapter one:
It consists of the development of context by sketching the study problem and setting the scene for the rest of the study. The purpose, the problem, and the importance of the study are explained. The questions and hypotheses, and the assumptions and limitations of the study are presented.
Chapter Two:
It introduces the theoretical frame work of the study. A wide range of literature review about leadership, personality types and characters of organization was presented. This frame work helps in providing the necessary context and concept of the study. A review of the previous elements is criticized and analyzed to include only information which directly in consistency to the study and to have an understanding of the study problem and answer its questions.

Chapter Three:
It explains the extensive research plan and technique used in the study. The research work reliability and validity were presented. Research designing and structure, research population and sampling selection, data resources and instruments, and analysis procedures were presented.

Chapter Four:
It presents the data analysis and the findings of the empirical study. The chapter starts with an introduction and then proceeds to data analysis and results. The relationship between the two variables would be empirically studied using SPSS analyses. Results would be presented in forms of frequencies, percentages, tables, and graphs, and statistically analyses against the hypotheses of the study.

Chapter Five:
It includes the study findings discussion. The purpose, significance, methodology, limitations are offered. The implications and suggestions for future research of this study are addressed.