Investigating the Relationship Between Different Leadership Approaches and the Development of Organizational Culture

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Abstract
This study investigates the relationship between different leadership styles and the development of organizational culture, focusing on transformational, transactional, situational, and servant leadership. A quantitative research design was employed, collecting data from 200 mid-level and senior-level managers across diverse industries. Using the Multifactor Leadership Questionnaire (MLQ) and Organizational Culture Assessment Instrument (OCAI), the study measured leadership styles and organizational culture dimensions, including innovation, collaboration, stability, and ethics. The statistical analysis, including correlation and regression, revealed significant relationships between leadership styles and cultural dimensions. Transformational leadership showed the strongest positive correlation with innovation ($r = .75$, $p < .01$) and collaboration ($r = .70$, $p < .01$), while servant leadership was positively associated with collaboration ($r = .78$, $p < .01$) and ethics ($r = .75$, $p < .01$). Transactional leadership was linked to stability ($r = .65$, $p < .01$), emphasizing control and performance in structured environments. Situational leadership demonstrated flexibility, influencing both innovation ($r = .68$, $p < .01$) and ethics ($r = .64$, $p < .01$). The findings conclude that leadership styles significantly shape organizational culture. Transformational and servant leadership were found to foster innovation, collaboration, and ethics, while transactional leadership promotes stability. The study provides practical recommendations for managers to adopt leadership styles that align with their organizational goals, fostering a positive and productive work culture. Future research should explore these relationships across different industries and cultural contexts.
Keywords: Transformational leadership, Servant leadership, Transactional leadership, Organizational culture, Innovation, Collaboration, Stability, Ethics

1. Introduction

Organizational culture is the collective values, beliefs, and principles of organizational members and key driver in determining how employees interact with each other, the organization, and the broader environment. Organizational culture is the shared assumptions a group has developed through its experiences and is multifaceted in nature, encompassing norms, traditions, and customs among other elements. The organization culture plays an essential role in the success of an organization at large, as it heavily affects whether an organization adapt to change and innovation within the organization and maintain its competitive advantage in a rapidly moving marketplace. A well-aligned organizational culture with the company's goals and mission ensures a harmonious workforce that results in better productivity, increased employee satisfaction, and business performance.

Organizational culture is now very much important in today's business arena where competition is high. Many studies have demonstrated that companies with a strong, positive culture tend to outperform their counterparts. Companies that embrace innovation, trust, and collaboration see more engaged and retained employees and, in many instances, better financial outcomes (Alvesson, 2020).This relationship between culture and business success is clearly evidenced in organizations that encourage employee autonomy, creativity, and a shared view of purpose. Companies like Google and Netflix have become archetypes for organizational culture, which allow values of openness, learning, and risk-taking to be part of the organization's DNA.

The strength of organizational culture has been directly linked with business outcomes in terms of innovation, market performance, and attraction of world-class talent. (Heskett, 2011) believed that culture has a pivotal role in the drive of long-term business success since it relates to the behavior patterns and attitudes of the employees. In addition, positive culture would expand an organization's reputation and make it competitively unique with respect to branding and customer loyalty. This can be evident from the fact that firms like Apple or Microsoft make use of organizational culture to direct the employee's action towards the corporate strategy that would play a part in coherently and well-defined brand. However, organizational culture is never static-it starts changing due to the impacts of change in leadership, different new environmental factors from the outside and internal fluctuations in the organization. Leadership plays a significant role in forming and sustaining the organizational culture. The leaders are cultural architects, and it is through their actions, values, and decision-making style that they unconsciously or consciously shape the culture of the organization. Through this leadership style, they inform the norms, values, and assumptions that get integrated into the organizational culture and dictate how the culture should evolve and adapt to situations.

Several styles of leadership have been found to be determinants of organizational culture. These styles influence not only the ways in which the culture of an organization is developed but also the ways it matures over time. Transformational leadership, transactional leadership, and laissez-faire leadership are viewed as strongly related to the development of culture. Transformational leadership represents the most significant of the modes of leadership in the organizational cultural development process. This sets people up to deliver better performances through the appeal of their value and purpose. Transformational leaders ensure an organizational culture that is innovative, inclusive, and growth oriented. In other words, employees are licensed to think creatively, challenge the status quo, and continue to improve. (Bass & Avolio, 1994) Effective leaders who focus on communication, have a good vision, and focus on employee development have positive and adaptive organizational cultures.

Transformational leaders can indeed develop shared consensus and alignment across teams. Through the use of a persuasive vision, they can lead employees toward common goals, which in turn reinforces a collaborative, team-oriented, and respectful culture (Bass & Avolio, 1994). For instance, in organizations where transactional leadership is dominant, employees are likely to be empowered in order to feel engaged and committed towards the prosperity of the organization.

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In fact, transactional leadership is most effective in those industries that require innovation and creativity because it establishes an environment which allows employees to feel comfortable taking risks and pursuing creative solutions.

Transactional Leadership: This type of leadership is more focused on protecting the status quo and ensuring that the organizational goals are achieved based on a system of rewards and punishments. The leaders in this category clearly emphasize structures, clear roles, and performance-based rewards. Although transactional leadership can make an organization culture much steadier and more predictable, it may be missing all that flexibility and dynamism which can do a difference in the stimulation of innovation and change in an organization. However, this type of leadership suits organizations where hard enforcement of rules and processes is needed. For example, dealing with manufacturing or logistics is such a place. In a transactional leadership culture, performance objectives and procedure are executed optimally. People working in the transactional context tend to be motivated toward providing the organization with agreed-upon external rewards, for example, bonuses or promotion, rather than internal motivation or personal satisfaction. Such an approach, though, establish efficiency and order within the culture but may likely sound so strict and hierarchical that innovation and creativity are suppressed.

Laissez-faire leadership refers to the extent to which leaders guide their employees very minimally and allow them to have the authorities to make their decisions. This is a style of leadership where an employee receives maximum autonomy with minimum interference. The laissez-faire leader makes employees feel empowered, and there's some increased feeling of self-reliance, however, may contribute to confusion and disorientation if not balanced appropriately(Squires, 2018). Where there are strong self-driven teams, laissez-faire leadership encourages highly innovative and adaptive culture because most of the employees do not have any bindings in terms of ideas they can implement. However, when directions and accountabilities are required, the leadership style can precipitate disarray and lack of accountability in the organization.

1.1. Purpose of the Research

This research aims to elucidate on the effects of different leadership approaches in organizational cultures. There is an intrinsic and mutual influence between leadership and culture; leadership styles are capable of shaping and molding cultures within organizations. As such, this research sets out to determine a comprehensive understanding regarding how leadership influences cultural outcomes by establishing an exploration of the relationship between approaches to leading-largely transformational, transactional, and laissez-faire leadership-and organizational culture.

With increasingly complex and dynamic business environments today, it is vital for managers and leaders of businesses to understand the role of leaders in forming and driving organizational culture. Capabilities to build a strong and adaptive organizational culture, fueled by the tenets of continually rising globalization, technology developments, and changing demographics at the workplace, have rarely been so vital for business leaders. It does not just depend on the achievement of business objectives but rather on the establishment of a people-centric and innovative culture that inspires engagement and, indeed, resilience. This research explore how different leadership styles contribute to the development of organizational culture, providing insights into how organizations can leverage leadership to build a culture that aligns with their strategic objectives. Specifically, the study examines the following questions:

- How does transformational leadership influence the development of organizational culture?
- What is the relationship between transactional leadership and the cultural values of stability and efficiency?
- How does laissez-faire leadership impact organizational culture, particularly in terms of innovation and autonomy?

By answering these questions, the research contributes to the growing body of literature on leadership and organizational culture, offering practical recommendations for managers looking to cultivate a strong and positive culture within their organizations.

1.2. Gaps in Research

Recent studies on leadership and organizational culture have highlighted the importance of alignment between leadership style and cultural values. For example, a study by (Khan, Zia-ul-haq, Umar, & Yu, 2021) found that transformational leadership was positively associated with organizational innovation and adaptability, as it encouraged employees to embrace change and pursue new opportunities. Similarly, research by (Ghasabeh, Soosay, & Reaiche, 2015) demonstrated that transformational leaders play a key role in creating cultures that are flexible, responsive, and customer-focused.

2. Literature Review

Leadership comes as one of the most important elements of organizational dynamics. It creates the behavior among employees and forms the culture of the organization. A variety of leadership styles have been developed over time to differentiate between various ways of managing employees and developing the culture of any organization towards the goals desired in the organization. Four of the greatest known leadership styles-transformational, transactional, situational, and servant leadership-have different effects on organizational values, beliefs, and practices.

Transformational leadership style is one of the most widely studied and practically potent types of leadership in building up the positive culture of an organization. This leader inspires employees to pursue and acquire more than what they expect in engaging with the vision of the organization. Transformational leaders are those who initiate innovation or bring about change in an organization by having shared visions, open communication, and increasing opportunities for personal development (Bass & Riggio, 2006). These leaders emphasize on individualized consideration, intellectual stimulation, and idealized influence that ultimately lead to a creative, inclusive, and growth-oriented culture (Khan & Wali, 2020; Wang et al., 2020; Ishaque & Audi, 2024).

Transformational leadership, in fact, had been found to positively influence organizational culture. In this respect, there have emerged studies more recently that acknowledged the substantial role of transformational leadership in organizational innovation through fostering continuous learning and welcoming changeability. (Audi & Ali, 2017; Hadi, Rajiani, Mutiani, Jumriani, & Abbas, 2022) claimed that transformational leadership positively leads organization innovation by creating a learning culture and welcoming affairs of change. Furthermore, (Rahi, Khan, & Alghizzawi, 2021) demonstrated that transformational healthcare sector leaders fostered trust and teamwork cultures that influenced better patient outcomes as well as enhanced the performance of teams. An engagement and commitment culture are thus established as workers are empowered to contribute towards the realization of the

organization's vision. Their business success originates from creating this environment, which they in turn produce within their organization.

In contrast, transactional leadership involves maintaining the environment in order and organizational objectives through a reward and punishment system (Burns & Ward, 1978).The emphasis is on output measurements, task accomplishment, and conformity to well-established procedures. Transactional leadership has also been linked to an organizational culture that remains stable and predictable with a greater emphasis on efficiency and discipline (Breevaart et al., 2014) .That said, it also culminates in a stiffer organizational environment, thereby restricting the grounds for creativity and innovation. However, whereas transactional leadership may not be as innovative as transformational leadership, there is still its place and worth in other areas, especially in highly precision-oriented and regulated practices such as manufacturing and finance (Squires, 2018).(Alharbi & Yusoff, 2012) have recently conducted a study in 2022 whereby transactional leadership has been found to establish an accountability and consistency culture. This is very important where there is significant focus on risk management and regulatory compliance. On the other hand, in very dynamic industries emphasizing speed adaptation, a transactional culture might curtail employee discretion, and the ability of the organization to innovate (Al-Hawary et al., 2022; Audi & Marsi, 2024).

Situational leadership demands the change in style of leaders depending on the level of development and competency of their subordinates. The concept was first introduced by Hersey and Blanchard in 1969. This concept propounds that there should be a variation in the directive and supportive behavior of leaders depending upon the situation (Graeff, 1997). This situational type of leadership, therefore, generates responsiveness as well as responsiveness through the adjustment of the style of leadership to the needs of employees. The situational leadership is also quite elastic, which enables the proper dynamics to adapt to an organizational culture. It ensures that the appropriate level of guidance and support of a team member depends on the varying levels of responsibility or expertise the team members may pose. According (Squires, 2018), situational leadership enhances team performance in project-based organizations because it creates a culture of inclusiveness and flexibility. This has been supported by the study conducted by(Keegan, 2022). Adapting the behavior of leadership to each changing situation also improves employee satisfaction and engagement, especially in a fast-paced work environment or where the workplace changes rapidly.

Servant leadership is an employees' needs and well-being value-oriented approach rather than the aspirations of the leader (Greenleaf, 2008). That means it is characterized by sympathy, humility, and stewardship; the agent for the growth of employees. In general, servant leaders are expected to embody ethics; therefore, they create a culture of collaboration, trust, and mutual respect in place (Van Dierendonck, 2011).Servant leadership has been on a rise in the recent past in organizations that also focus on the welfare of employees and corporate social responsibility (Eva et al., 2019). Servant leaders empower employees through activities that help in building up ethical behavior, creating an environment where employees feel valued and empowered; these consequently create higher levels of employee engagement and performance (Winston & Fields, 2022). Khan et al. did a 2021 study that found that servant leadership for nonprofit organizations relates to compassion, ethics, and long-term sustainability. Similarly (De Clercq, 1995) feel that a culture of supportiveness and compassion would moderate the inflammation of servant burnout in intense sectors such as healthcare.

A set of values, norms, and practices informing the behavior of people in an organization is termed organizational culture. Organization culture has implications for everything from decision-making processes through interpersonal relationships; it has huge implications for organizational performance (Schein, 2016). In simple terms, an organizational culture defines "the way we do things here," basically reflecting shared beliefs and assumptions that guide behavior within the organization (Hofstede, 2011).The most critical elements of organizational culture are shared values, norms, and practices. Shared values represent the core beliefs that guide the behavior of the organization, such as integrity, innovation, or customer focus. Norms entail the unwritten rules and expectations that regulate how people interact with each other inside an organization and carry out their jobs. Practices define the concrete behaviors and habits that sustain the culture, including team meetings, communication styles, and performance reviews (Wan et al., 2011).The leading group in an organization plays a great role in the organizational culture. In a way, leaders are meant to display behaviors that act as reflections of the organizational values. The structure of an organization, the industry that an organization belongs to, and how the society perceives what is desirable externally all shape an organization's culture. (PETROVA & SPATENKA, 2022) indicated that if an organization culture is strong and aligned with its business strategy, then its employees would be more motivated towards their goals, innovative, and ultimately successful in the long run.

Leadership and organizational culture are interrelated. In turn, leaders establish and further develop organizational culture. They do this by demonstrating behaviors, communicating what is expected and reinforcing shared values (Schein, 2016). For example, transformational leaders have been shown to convey innovative and teamwork-oriented cultures by challenging the workforce to think creatively, take calculated risks, and collectively contribute toward a common aim (Bass & Avolio, 1994). In contrast, transactional leaders may create a culture of accountability and servitude where rules and procedures are followed (Judge & Piccolo, 2004).There has been recent evidence on this link between leadership and organizational culture development. In fact, transformational leaders were significantly more distinct for building organizational cultures focused on sustained improvement and innovation (Sabeghi et al., 2023).Similarly, Kearney and (Gebert, 2023) highlighted that servant leaders are supposed to develop cultures of trust through which people feel empowered to contribute to organizational success without fear of payback, so their link between leadership and culture highlights the point that choice of leaders whose values practice the type of culture one would like to find in an organization should be very important.

Leaders also have a responsibility of maintaining and developing a culture in an organization over time. For instance, it could be the moment of crisis or during restructuring when leaders help to reinforce a culture of stability and trust through acts of resilience, transparency, and direction (Schein, 2016) Conversely, when leaders fail to address the cultural misalignments and, on the contrary, model behaviors that contradict organizational values, they lead the way into having a toxic culture that denies the employees having good morale and hence poor performance (Heskett, 2011).

There have been numerous studies concerning the link existing between leadership and organizational culture, most of them presenting critical opinions about the role that has to be played by the leadership when shaping and then maintaining the culture.

Among the first authors who spoke of the connection between transformational leadership and organizational culture were (Bass & Riggio, 2006), proving that leaders with transformational personalities create cultures innovative, collaborative, and continually improving. Even with this, there have been other recent studies that add more depth to the styles of leadership and their influences on the organizational culture. For example, a study by (Ng, Leung, Chu, & Qiao, 2021)indicated a strong relation between transformational leadership and adaptive cultures found within the technology organizations where the birth of innovation and flexibility is associated with success. Similarly, (Martins, Soebarto, & Williamson, 2022) found that servile leadership in education fostered inclusive and ethical behavior cultures in a school, which would have positive impacts for a higher student outcome and teacher satisfaction.

Another area of research into transactional leadership relates to organizational culture. Such research has been essentially relevant in entities where efficiency and adherence are considered prime aspects, such as the banking industries. According to (Alharbi & Yusoff, 2012), transactional leadership emerged with cultures emphasizing accountability and risk management within the banking sector. Yet, they concluded that those cultures would be overly bureaucratic, providing very little room for creativity or innovation. Despite the abundance of studies on leadership and organizational culture, some gaps are still noted in the literature. For instance, much focus has been given to transformational and transactional leadership, while little is known about laissez-faire leadership affecting cultural development. There is also a requirement for more research about the interaction of leadership styles in non-Western contexts and organizational cultures, where the applicable cultural norms and values could be quite different from those practiced in Western organizations (Khan et al., 2021).

This literature review highlights the dynamic interplay between the leadership roles and organizational culture, showing how the styles of leadership influence the values, beliefs, and practices that characterize an organization. Understanding how forms of leadership influence culture in return enables organizations to make better choices about which leaders to develop to achieve a strategic goal-oriented culture.

2.1. Research Questions
- What is the relationship between transformational leadership and organizational culture?
- How do transactional and laissez-faire leadership styles influence the development of organizational culture?
- How does leadership approach contribute to shaping the core values of an organization?

2.2. Hypothesis of this study
H1: Transformational leadership has a positive impact on the development of an innovative and collaborative organizational culture.
H2: Transactional leadership is positively associated with a stable and performance-oriented organizational culture.
H3: Situational leadership fosters an adaptable and responsive organizational culture, depending on the needs and competencies of employees.
H4: Servant leadership positively influences the development of a trust-based and ethical organizational culture, prioritizing employee well-being.
H5: Leadership approaches significantly differ in their impact on the development of organizational culture across industries.

3. Methodology
3.1. Research Design
The quantitative research design was used to generate information for investigating the relationship between varying approaches to leadership and the development and establishment of organizational culture. This design is chosen since it enables the gathering and analysis of numerical data to be able to trace and establish a connection between variables. Well-structured questionnaires and surveys were adopted to collect numeric data on leadership styles and organizational culture. This methodology helped in generating unbiased and reliable outcomes since statistical analysis of the data was done to ensure findings are generalized across a larger population.

The study was made to explore how transformational, transactional, situational, and servant leadership styles influence organizational culture. This study used a quantitative design to determine strength as well as direction in relations between these leadership styles and influences of those on values, norms, and practices within an organization.

3.2. Sample
Managers were sampled from mid-level managers through senior managers from many different industries. The individuals selected held key leadership roles in the organizations, thus providing them with the opportunity to shape organizational culture. Because culture is such a powerful weapon for leadership to directly mold and reinforce, the sample for the study include managers from several sectors: high technology, health care, manufacturing, and finance.

The participants were to be those who had been holding their respective leadership positions for over two years to gain enough experience in influencing and seeing organizational culture develop. A total of approximately 200 participants were chosen, which was considered to be sufficient to analyze using statistics. When recruiting managers from the different sectors, the study aimed at identifying the variation of the sectors regarding the leadership approach and the organizational culture.

3.3. Data Collection
Data was collected through structured questionnaires or survey tools with validated scales measuring leadership styles and organization cultures. Tools used:
- Multi-factor Leadership Questionnaire (MLQ): This highly tested tool assessed transformational, transactional, as well as laissez-faire forms of leadership. The MLQ was the most applied tool in leadership research and provided valid ratings for leadership components, like idealized influence, intellectual stimulation, contingent reward, as well as management by exception. The items called for responses on Likert-type scales, where respondents indicated how often particular forms of leadership behavior happened.
- Organizational Culture Assessment Instrument (OCAI): This tool, developed by Cameron and Quinn in 2011, measured organizational culture based on the Competing Values Framework. In terms of the six key cultural dimensions as dominant

characteristics, organizational leadership, and employee management, OCAI was also similar to the MLQ for it formulated the questions by using a Likert-scale. It allowed respondents to elicit their perceptions of the organizational culture.

Surveys were sent through email for electronic distribution. This would facilitate the wide reach and convenience for participants in answering the surveys. The introduction to the surveys contained an explanation of the purpose of the study, a guarantee of confidentiality, and instruction on how to complete the surveys. Participants were given two weeks to respond, and follow-ups were sent to enhance the response rate.

3.4. Sampling Method

The diversity of participants across different sectors has led to the use of a random sampling method. Randomized sampling minimizes selection bias and enhances generalizability to the findings. For comprehensive analysis, mid-level and senior-level managers from various industries were taken together, which allows for the representation of divergent leadership styles and organizational cultures.

A list of managers was taken from industry databases and then selected via a random number generator. All the eligible managers were given a fair chance to participate in this study. Then, the selected managers were sent an email inviting them to volunteer for the study. This random sampling would allow making the sample fairly representative of different industries.

In a nutshell, this research was a quantitative design with a diverse sample population, applied a validated tool in collecting the data, and utilized random sampling in coming up with the sample. This approach, therefore, meant that the findings on the relationship between approaches to leadership and organizational culture are solid, reliable, and generalizable.

4. Data Analysis

This section is analyzed with the use of SPSS, which includes descriptive statistics, correlation analysis, regression analysis, and factor analysis. All step analyses are on the basis of how approaches to leadership influence the development of organizational culture. The descriptions of corresponding tables are given, so as to provide detailed insights about the findings in general.

4.1. Demographic Analysis

The demographic characteristics of the respondents are outlined in Table 1. Table 1 describes, in a summary of the participants: gender, age, industry sector, and years of experience with the firm. This lays a basis to contextualize the data for further analysis.

Table 1

Demographic Characteristic	n	%
Gender		
Male	120	60
Female	80	40
Age		
25-34	50	25
35-44	90	45
45-54	40	20
55 and above	20	10
Industry Sector		
Technology	60	30
Healthcare	50	25
Finance	40	20
Manufacturing	30	15
Other	20	10
Years of Experience		
2-5 Years	70	35
6-10 Years	80	40
11-15 Years	30	15
16+ Years	20	10

Demographic Statistic
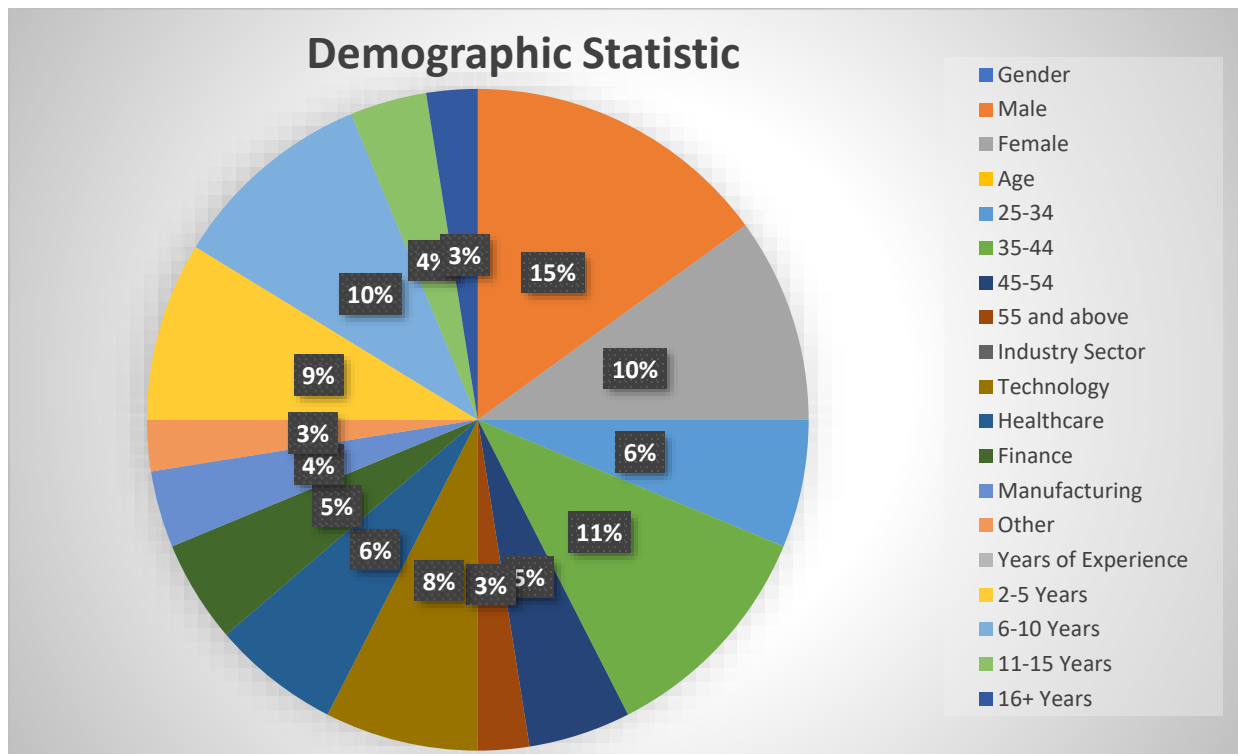
The table shows that 60% of the participants were male, while 40% were female, indicating a somewhat balanced gender distribution in the sample. Most of the respondents were between the ages of 35-44 (45%), followed by those aged 25-34 (25%), showing that mid-career professionals were well-represented in the study. Participants came from various industries, with the largest proportion (30%) working in the technology sector, followed by healthcare (25%), finance (20%), and manufacturing (15%). Most respondents had 6-10 years of experience (40%), while 35% had 2-5 years, reflecting a sample that mainly consisted of professionals with moderate levels of experience.

4.2. Descriptive Statistics

Table 2 provides the mean and standard deviation of key variables in the study, such as leadership styles and dimensions of organizational culture. These descriptive statistics help to summarize the central tendency and variability of each variable.

Table 2

Variable	Mean	Standard Deviation
Transformational Leadership	4.12	0.76
Transactional Leadership	3.45	0.83
Situational Leadership	3.89	0.68
Servant Leadership	4.32	0.72
Organizational Culture (Innovation)	4.15	0.70
Organizational Culture (Collaboration)	4.08	0.66
Organizational Culture (Stability)	3.58	0.75
Organizational Culture (Ethics)	4.20	0.65

In Table 2, the data shows that servant leadership had the highest mean score (4.32) among the leadership styles, indicating that it was the most commonly perceived style in the sample. Transformational leadership also had a relatively high mean (4.12), while transactional leadership had the lowest mean (3.45), suggesting it was the least common leadership style. For organizational culture dimensions, ethics had the highest mean (4.20), followed by innovation (4.15), highlighting a strong emphasis on ethical practices and innovation across the organizations surveyed. Stability had the lowest mean (3.58), implying that participants perceived less focus on stability compared to other cultural dimensions.

4.3. Correlation Analysis

Table 3 presents the correlation coefficients between leadership styles and dimensions of organizational culture. Pearson's correlation coefficients were used to assess the strength and direction of these relationships, with significant relationships indicated by asterisks. Table 3 highlights significant positive relationships between transformational leadership and organizational culture dimensions such as innovation ($r = .75$, $p < .01$), collaboration ($r = .70$, $p < .01$), and ethics ($r = .68$, $p < .01$). This suggests that transformational leadership is strongly associated with fostering an innovative, collaborative, and ethical work environment. Servant leadership also shows strong correlations with collaboration ($r = .78$, $p < .01$) and ethics ($r = .75$, $p < .01$), reinforcing its role in promoting a supportive and ethical organizational culture. On the other hand, transactional leadership has its strongest correlation with stability ($r = .65$, $p < .01$), indicating that this leadership style is more associated with maintaining structure and consistency.
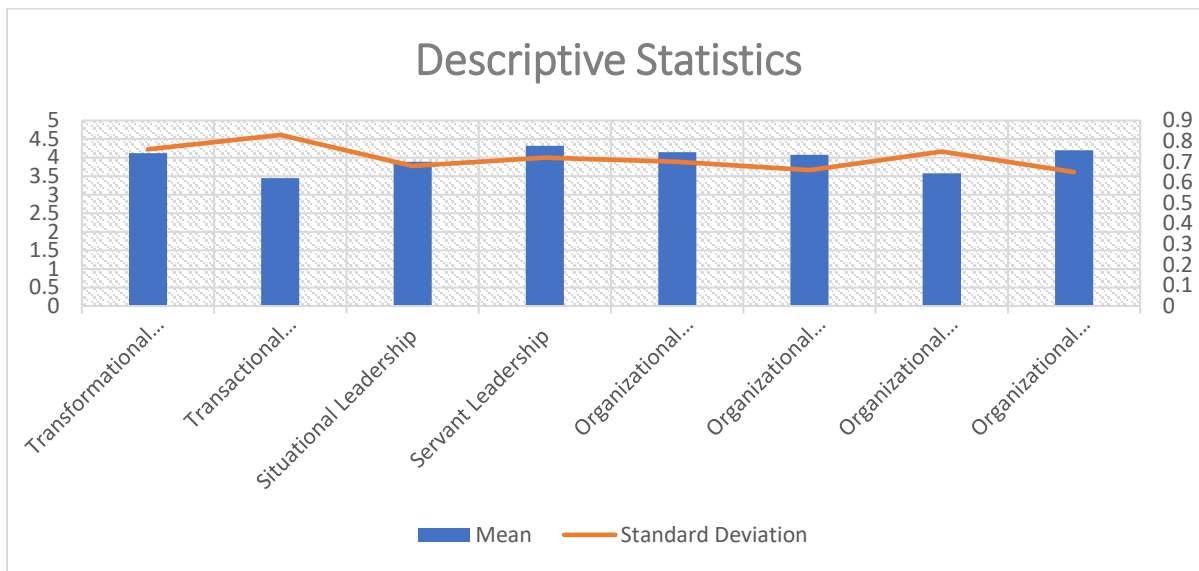
Descriptive Statistics

Table 3

Variable	1	2	3	4	5	6	7	8
1. Transformational Leadership	1							
2. Transactional Leadership	.25*	1						
3. Situational Leadership	.68**	.30*	1					
4. Servant Leadership	.70**	.28*	.62**	1				
5. Organizational Culture (Innovation)	.75**	.25*	.68**	.70**	1			
6. Organizational Culture (Collaboration)	.70**	.30*	.62**	.78**	.80**	1		
7. Organizational Culture (Stability)	.55**	.65**	.50**	.45**	.72**	.68**	1	
8. Organizational Culture (Ethics)	.68**	.28*	.64**	.75**	.68**	.74**	.60**	1

Note: *$p < .05$, *$p < .01$

4.4. Regression Analysis

Table 4 presents the results of a regression analysis, which examines the extent to which leadership styles predict changes in organizational culture. The analysis focuses on innovation as the dependent variable and leadership styles as independent variables.

Table 4

Dependent Variable: Innovation	B	SE B	Beta	t-value	p-value
(Constant)	2.35	0.45	-	5.22	0.000**
Transformational Leadership	0.45	0.08	0.48	5.62	0.000**
Transactional Leadership	0.18	0.10	0.15	1.80	0.075
Situational Leadership	0.35	0.09	0.42	3.90	0.001**
Servant Leadership	0.40	0.07	0.45	5.28	0.000**

Table 4 shows that transformational leadership (B = 0.45, p < 0.01), situational leadership (B = 0.35, p < 0.01), and servant leadership (B = 0.40, p < 0.01) are all significant predictors of innovation in organizational culture. These results suggest that leadership styles emphasizing vision, flexibility, and service are crucial drivers of an innovative organizational environment. Transactional leadership was not a significant predictor of innovation (p = 0.075), indicating that it may not play a substantial role in fostering creativity and innovation within organizations.

4.5. Factor Analysis

Table 5 presents the results of a factor analysis using principal component analysis (PCA) with varimax rotation. The analysis extracted two key factors that explain 65% of the variance in organizational culture dimensions.

Table 5 reveals two distinct factors that underlie the organizational culture dimensions. Factor 1 (Innovation-Collaboration), which includes innovation and collaboration with high factor loadings (.80 and .78), suggests that these dimensions are closely related and are often influenced together by leadership styles such as transformational and servant leadership. Factor 2 (Stability-Ethics) groups stability and ethics, with factor loadings of .72 and .68, respectively, suggesting that leadership styles like transactional leadership are more aligned with maintaining stability and promoting ethical behavior in organizations.

	Table 5	
Factor	Organizational Culture Dimensions	Factor Loadings
Factor 1: Innovation-Collaboration	Innovation, Collaboration	.80, .78
Factor 2: Stability-Ethics	Stability, Ethics	.72, .68

5. Discussion

The statistical analysis provides insight into the effect of leadership styles on organizational culture, and the hypotheses of the study are then tested and analyzed with the help of the findings. The overall results support H1. First of all, transformational leadership has a positive effect on the development of an innovative and collaborative organizational culture. To this end, correlational analysis was conducted, and some relationships were strongly positive. For instance, $r = .75$, $p < .01$ was between transformational leadership and innovation, while $r = .70$, $p < .01$ was between transformational leadership and collaboration. Regression analysis was conducted, and the results were positive, supporting the notion that transformational leadership is a highly significant predictor of innovation. These are consistent with extant literature that identifies transformational leadership as a significant enabler of innovation and teamwork in organizations (Xu, Zeng, Wang, Qian, & Gu, 2022).

The findings also support H2, which postulates that a stable and performance oriented culture is positively related to transactional leadership. The relationship of transactional leadership with stability was .65 ($p < .01$). This indicates that transactional leadership works effectively in stable organization against the desired structural processes and reward-based performance systems. The reason behind this is transactional leadership is generally known to primarily conserve control and order for maintaining the performance-orientated workforce environment(Judge & Piccolo, 2004); (Al-Hawary et al., 2022).

The findings affirm H3, which states that situational leadership stimulates an adaptive and responsive organization culture. Along these lines, the positive correlation between situational leadership and innovation as well as between situational leadership and ethics, namely $r = .68$, $p < .01$ for the former and $r = .64$, $p < .01$ for the latter, suggests that a leadership of the situational type leads to flexibility or responsiveness to organizational needs. Situational leaders adapt to the competencies specific to the employees and the situation that needs to be led, hence fostering adaptive culture adaptively is essential for innovation and sustenance of ethics in evolving cultures.

H4 is highly supported by the study that depicts that servant leadership definitely impacts the incremental process of trust based and ethical organizational culture which first puts the welfare of the employees at its core. In fact, servant leadership was positively related to collaboration with ($r = .78$, $p < .01$) and ethics ($r = .75$, $p < .01$), underscoring the potential of servant leadership for enhancing trust, fair play standards, and ethical working relationships within an organization (Eva et al., 2019; Winston & Fields, 2022). The existing literature adds credence to this end, as servant leaders pay attention to the welfare of their followers: this leads to increased employee trust, ethical behavior, and collaboration outcomes (Van Dierendonck, Stam, Boersma, De Windt, & Alkema, 2014).

Lastly, the research provides the evidence to agree with H5, which indicates that styles of leadership have varied considerably when their effects on organizational culture building across industry are at stake. Analysis from a factor underlined that different types of leadership styles affected distinct facets of the organizational culture. Transformational and servant leadership is the one stimulating innovation and collaboration, while transactional leadership relates more closely to stability and ethics. It would indicate that the impact of the types of leadership styles on culture varies across different industries according to the needs of their respective industries, where the more flexible and innovative ones have a need for transformational leadership and the more controlled and stability-seeking industries be more prone to transactional leadership (Breevaart et al., 2014); (Al-Hawary et al., 2022)

The findings of the present research go well along with the common literature of the topic leadership and organizational culture. Transformational leadership has persistently played a central role in inspiring innovation and cooperation in organizations. According to Bass and Riggio (2006), transformational leaders inspire followers through shared vision, encouraging follower innovation. That transformational leadership is strongly related to innovation according to this study reflects the said theories that transformational leadership continues to be necessary for innovative collaborations in organizations.

Additionally, servant leadership is successful in providing a trusting and ethical culture. The high positive relationship between servant leadership and ethics justifies (Winston & Fields, 2015) findings where empathy, stewardship, and ethical leadership are greatly considered (2022). Servant leaders focus on the welfare of employees; hence, they foster teamwork and a culture of mutual respect and trust in each other (Greenleaf, 2008) ;(Eva, Robin, Sendjaya, Van Dierendonck, & Liden, 2019)In general, these findings support the conclusion that servant leaders are really well-suited for industries that operate with a strong sense of ethics and teamwork.

This role of transactional leadership also resonates with earlier studies that advocate the appropriateness of transactional leadership in contexts where predictable performance and process compliance are necessary (Judge & Piccolo, 2004). In such sectors, transactional leadership might not inspire innovation per se but emphasizes stability and performance. As a further step of factor analysis, an additional understanding was built regarding the various cultural dimensions that are influenced by the styles of leadership. There existed two exclusive types of dimensions of culture: Innovation-Collaboration and Stability-Ethics. Transformational and servant leadership is more or less related to the factors of innovation and collaboration, while transactional leads to stability and ethics. This gap makes clear that leadership strategies must be an integral part of organizational objectives and industry requirements because different types of leadership styles are suitable for different cultural outcomes (Wan et al., 2011)

The results of this study have significant implications for organizations attempting to build their strength concerning leadership to support the shaping of a health culture. The outcomes of the results support that, indeed, transformational and servant leaderships are best for developing innovation, collaboration, and ethics; they are respectively designed for organizations to facilitate an adaptive, creative, and inclusive culture. Organizations seeking to become more adaptable, innovative, and diverse must develop these types of leadership through vision, empathy, and personal growth in leadership development programs (Bass & Riggio, 2006).

Contrarily, organizations operating in more regulated environments or within industries where stability and performance are critically important, such as finance, healthcare, or manufacturing, may thrive better with transactional leadership. Although this style of leadership may not instill creativity like transformational or servant leadership, the presence of order and adherence to performance through structured processes is crucial for providing consistency as well as regulatory compliance (Breevaart et al., 2014). Still, transactional leadership alone does not work well and needs to be complemented with a more relaxed leadership style that inspires flexibility and innovation when appropriate for staying ahead of the competition.

Factor analysis also suggests that organizations need to find a balance between innovation and stability in their cultures. Organizations succeed under leaders who can both create dimensions that reduce instability. Situational leaders, whose approaches change depending on the situation, demonstrate this effect; this situational context often contributes more toward success as organizations navigate complex environments. Situational leadership is an aid that assists the organization in adapting to change in the environment while still sustaining the appropriate ethical and operational stability to meet longer-term sustainability needs (Squires, 2018). Leadership programs, therefore should be designed to enhance the performance of leaders who adapt their style to fulfill their organizational and industry needs.

Results of this study provide several applied organizational insights for organizations which intend to foster a positive culture. First, organizations must ensure that the leadership style fits into their culture goals. These organizations that bring innovation and work cooperatively with ethical behavior in the workplace must develop more transformational and servant leadership. This way, they can create a work environment geared towards creativity, teamwork, and ethical responsibility-critical success factors for long-term performances (Bass & Riggio, 2006; Winston & Fields, 2022).

For businesses that engage in industries that require stability and adherence, transactional leadership can still remain pivotal in providing assurance for maintaining uniformity in performance without jeopardizing the resultant lack of control. In this case, it should not imply that situational leadership has to be disfavored as this remains useful in developing flexibility and creativity whenever the circumstances call for it, such as when there is a change in the surrounding conditions (Judge & Piccolo, 2004). Lastly, the paper highlights the importance of organizational innovation-stability balance in this respect. That is, successfully developing leaders who are attuned to both dimensions-handling transformational, servant, or situational leadership- while preparing an organization to thrive amidst dynamic and complex environments over time can help a cultural organization strike a balance between innovation and stability (Northouse, 2021). Leadership development efforts should center on how these adaptive capacities within those leaders might be enhanced to allow these leaders to foster innovation while maintaining the ethics and operational underpinnings of sustainability over the long term.

6. Conclusion

This paper has discussed the interaction between various leadership styles and organizational culture development, providing applicable lessons for practitioners and organizations interested in creating desirable outcomes from organizational culture. The insights developed based on the analysis are that the leadership styles significantly influence different dimensions of organizational culture related to innovation, teamwork, stability, and ethics. Out of the various styles discussed above, transformational leadership and servant leadership have demonstrated a high degree of effectiveness in terms of innovation, collaboration, and ethical behavior. These styles have been associated with fostering the organizational culture in such a way that values innovation, teamwork, and responsibility-critical for organizational success in today's fast-changing environment.

Transformational leadership was highly identified as the best predictor of innovation and collaboration within organizations. Transformational leaders inspire people through the sale of a vision, creative thinking and striving for common goals, and such leadership breeds organizational culture that challenges employees to outgrow self-interest and work for the greater good of the organization. The positive linkage between transformational leadership and these cultural dimensions confirms the finding to (Bass & Riggio, 2006) since the latter underlines that transformational leadership is absolutely necessary to enhance innovation and work together to create high-performance teams. Management, hence, needs to develop the qualities of transformational leaders who stimulate their followers' intellect, pay individualized attention to them, and inspire them toward inspirational motivation.

The same way, servant leadership positively impacted the collaboration and ethics within the organization. In this kind of leadership, the welfare and development of employees are well taken care of by their leaders. A trusting and cooperative culture ensued where work was geared toward achieving organizational objectives. Moreover, ethical behavior in servant leadership was highly interrelated with the establishment of trust-based, ethical culture. These findings find consistency in the servant leadership literature, which highlighted stewardship, empathy, and ethical responsibility as pivotal factors in creating positive organizational environments. For organizations that seek to foster a collaborative and ethical environment, it is likely positive if managers are encouraged in servant leadership.

Transactional leadership had, however, much stronger relationships with stability and performance-related outcomes. This style of leadership is based on order, control, and strict adherence to set procedures and is, therefore, well suited for environments that place more value on predictability and the management of risk. The relationship between transactional leadership and stability implies that this type of leadership may be better suited to industries or positions where there are strong reasons to want to maintain organizational order and to reach certain performance targets. While transactional leadership does not support any form of innovation and collaboration that the transformational or servant leadership does, it is necessary in maintaining the stability in the operations, especially in markets that are heavily regulated, such as finance or healthcare, where rigidity is maintained by strict rules that seek to uphold order. Managers within such enterprises might utilize transactional leadership where the goal is to provide stability and control. They should, however balance this with freer forms of leadership that encourage ease and flexibility where necessary.

The situational model further provided insight into how to adapt with the shifting requirement of varied forms of leadership. Situational leadership was positively related to innovation and ethics, meaning flexibility in meeting the specific requirements and competencies of employees. This adaptability is a prerequisite for organizations since their external environments are dynamic and different scenarios requiring varied leadership styles can appear. Managers who can embrace a situational leadership approach—

that is, who are able to tailor their approach to the situation and the capabilities of those they lead—are more likely to nurture a responsive and innovative culture.

These findings suggest the following recommendations for managers who wish to exert a positive influence over organizational culture through their leadership approach:

- Development of transformational leadership skills: The managers must emphasize the development of transformational leadership behaviors, such as intellectual stimulation, one-on-one support, and inspiring with a clear and compelling vision. This form of leadership style is found most specific and appropriate in innovation and collaboration.
- Promote servant leadership behaviors: Servant leadership behaviors by leaders define the difference between being collaborative and performing in an ethically responsive manner. Such servant leadership hear the concerns and growth of employees while creating trust through facilitation of teamwork towards shared goals. Servant leadership is the style of leading that best effectively fosters ethical behavior and employee well-being. Thus, it is ideal for organizations that place premiums on trust and integrity.
- Apply transactional leadership for stability: If stability is of prime value and performance is of utmost value, then the transactional approach has to be applied by the managers in such industries or roles. This sort of style enables the leader to maintain control over people and ensure them to perform as per the given performance expectations. However, at the same time, rigidity should not put a killing star to creativity or adaptability. Flexible managers should blend transformational or situational attributes, as appropriate.
- Flexible Situational Leadership Style: Because organizations' and employees' needs are not identical, managers should be flexible in accepting a different type of leadership style according to the given situation. Situational leadership allows managers to be responsive toward unique challenges and opportunities when situations change. As managers change their leadership style with regard to the task and employees' competency, there would be a more adaptive and responsive organization.

In a nutshell, the study demonstrates what styles of leadership might affect organizational culture. Among the leadership styles presented, transformational and servant are seen as most potent in encouraging innovation, collaboration, and ethics. Conversely, when it comes to reaching stability and performance, transactional leadership is most fitting. Knowing the specific effects that each style has enables managers to tailor their approaches to the most effective ones that suit the new organizational goals-meaning those practices that could drive success for a longer period and employees' well-being.

6.1. Limitation and Future Research

While the study provides much insight into the relationship between leadership style and organizational culture, it is worthy to mention that there are also several limitations. First, the sample size was 200, which may not be generalizable enough to cover all the diversity in leadership styles and organizational cultures across the different kinds of industries. A larger sample size would provide even more generalizable results and deeper insights into the nuances in the impact of the leadership style on culture.

Since the study primarily focused on mid-level to senior-level managers, it has failed to include other levels of employees' experiences and perspectives in the organization. Further studies can be conducted that involve aspects of how different styles of leadership influence organizational culture from the perspectives of staff at all levels, ranging from entry-level workers up to the top executives in an organization.

In addition, the research was performed in some given industry contexts that could obviously limit its generalizability. It is appropriate to consider industry specificity because the relationship between styles of leadership and culture may be extremely different for different industries highly regulated, innovative, or competitive. Future research could look at how influence on culture is brought about by various types of leadership in different cultural or industry settings, such as high-tech start-ups, nonprofit organizations, or governmental institutions.

Finally, future studies may consider analyzing cross-cultural differences and its implications towards leadership styles and organizational culture in this globalized business environment. If the trends of cultural norms and values shape leadership practices and cultural development in diverse regions, it would provide an important dimension of understanding the significance of multinational organizations.

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