

Impact of Leadership on Organisational Culture: A Literature Review

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ARTICLE INFO	ABSTRACT
Received: 15 Oct 2024	This literature review examines the interplay between leadership styles and organizational culture in driving performance and employee outcomes across diverse sectors and regions. Research consistently highlights the positive impact of transformational and democratic leadership on organizational performance, with transformational leadership notably enhancing job satisfaction, commitment, and employee performance, particularly in challenging environments like the Covid-19 pandemic. Organizational culture mediates the relationship between leadership styles and performance, with cultures promoting skills development and customer focus proving most effective. Studies further emphasize the importance of charismatic leadership in shaping organizational culture, especially within adhocracy and clan frameworks. In contrast, transactional, paternalistic, and bureaucratic leadership styles have limited or negative effects on performance. The review underscores the critical role of leadership in fostering organizational success, with job satisfaction identified as a key predictor of employee commitment. Keywords: Leadership, Organisational Culture, transformational leadership, transactional leadership.
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Introduction

The interplay between leadership and organizational culture is a central theme in contemporary organizational studies, with significant implications for theory and practice. Leadership shapes the values, beliefs, and behaviors that define an organization's culture, directly impacting employee engagement, commitment, and overall performance. As organizations face complex challenges, understanding how leadership styles influence cultural norms is crucial. This literature review synthesizes existing research to explore how different leadership approaches shape cultural attributes, aiming to enhance understanding of organizational effectiveness and the cultivation of healthy workplace cultures.

Overview of Leadership and Organisational Culture

The interplay between leadership and organizational culture is pivotal in shaping the values and behaviours that characterize an organization. Transformational leadership, in particular, has been identified as a critical factor that fosters an environment conducive to innovation and collaboration (Maria Grace Herlina et al., 2024). By encouraging tacit knowledge sharing among employees, transformational leaders create a culture where creative problem-solving thrives, aligning individual and organizational goals. This relationship emphasizes the importance of leadership in promoting not only knowledge exchange but also an innovative organizational ethos, which is essential in the context of modern sustainability practices (A. Birgovan et al., 2024). Moreover, the strategic alignment of leadership styles with organizational culture enhances employee engagement, satisfaction, and motivation, thereby fostering an adaptive culture. As such, understanding this dynamic is essential for leaders aiming to cultivate an organizational environment that supports both operational efficacy and cultural resilience within an increasingly complex global landscape.

Key Theories Linking Leadership Styles to Organisational Culture

Examining leadership styles through various theoretical lenses reveals profound implications for organizational culture, particularly in transforming and sustaining cultural dynamics. The transformational leadership theory posits that leaders who inspire and galvanize their teams foster an environment conducive to knowledge sharing and innovation, which is crucial for cultural evolution (William Makumbe, 2024). In contrast, the full-range leadership theory underscores the diverse impacts of different leadership styles; while transformational leaders cultivate open

communication, transactional leaders may inadvertently undermine cultural openness due to their focus on compliance and performance metrics (Made Indra Wijaya, 2024). Such dynamics underscore that “the leader-attribute-pattern approach argues that integrated constellations or combinations of individual differences may explain substantial variance in both leader emergence and leader effectiveness” "The leader-attribute-pattern approach argues that integrated constellations or combinations of individual differences may explain substantial variance in both leader emergence and leader effectiveness beyond that explained by single attributes, or by additive combinations of multiple attributes." (Wikipedia Contributors). Therefore, the interaction of leadership styles with organizational culture holds significant implications for strategic cultural development, underscoring the need for leaders to adopt styles that promote cohesiveness and adaptability within their organizations.

Leadership Style	Impact on Culture	Study Reference
Transformational Leadership	Promotes innovation and change, enhances employee motivation	Bass & Avolio (1994)
Transactional Leadership	Focuses on structure and compliance, may limit creativity	Burns (1978)
Servant Leadership	Fosters collaboration, encourages employee development and morale	Greenleaf (1977)
Autocratic Leadership	Creates a rigid environment, can diminish employee engagement	Lewin et al. (1939)
Democratic Leadership	Encourages participation and higher employee satisfaction	Gastil (1994)

Leadership Styles and Their Impact on Organisational Culture

Research Methodology

This paper functions as a comprehensive literature review, aiming to consolidate existing studies and present an integrated overview of key trends, findings, and research gaps. The existing literature underscores the significance of conducting systematic reviews to synthesize current knowledge and highlight areas needing further exploration (Kalia et al., 2022; Webster & Watson, 2002). Adopting a qualitative and textual methodology, the research focuses on identifying, selecting, analyzing, and interpreting relevant scholarly works. This approach, grounded in robust secondary research, lays a strong foundation for future empirical studies. As noted by Malagon-Maldonado (2014) and Hariz et al. (2021), qualitative methods are particularly effective for exploring complex social and human phenomena, making them well-suited for this study.

The units of analysis primarily include scholarly articles and books that examine various facets of leadership and organizational culture. These sources are selected using judgment sampling, a non-probability technique, ensuring that only those works contributing meaningful insights or offering novel perspectives are included. References adhere to APA style, with online sources appropriately cited with their URLs. Importantly, the researcher goes beyond mere citation by critically engaging with each study—summarizing findings, offering interpretations, and integrating personal insights. This reflective and analytical approach enhances the depth and clarity of the review, facilitating a nuanced understanding of the subject under investigation.

Variables used in previous research papers

Research papers, as a fundamental component of academic discourse, often rely on the strategic use of variables to explore research questions, test hypotheses, and draw meaningful conclusions. Variables are the building blocks of research, representing the key elements or factors that are measured, manipulated, or observed in a study. (Perri & Bellamy, 2012) There are several types of variables commonly employed in research papers. (Faryadi, 2019) Outcome variables, also known as dependent variables, are the primary focus of the study and represent the effects or changes that are measured or observed. (Meyen et al., 2002)

Research Paper	Variables
Impact of Leadership and Organisational Culture on Vital Performance of an Institution. Author	The variables in this study includes: Leadership: This variable examines the impact of different leadership styles on institutional performance. Organisational Culture: This variable assesses how the values, norms,

Willard P. Ulaula	and practices within an organization influence institutional performance. Institutional Performance: This variable measures the overall effectiveness and success of the institution, which is influenced by leadership and organisational culture.
Leadership Style And Organizational Culture In Learning Organization: A Comparative Study. Author Sapna Rijal	1. Independent Variables: a. Transformational Leadership Dimensions: Articulate Vision Role Model Foster Goal Acceptance Performance Expectations Individual Support Intellectual Stimulation Transactional Leader Behavior b. Organizational Culture Dimensions: OCTAPACE (Openness, Confrontation, Trust, Authenticity, Proaction, Autonomy, Collaboration, Experimentation) 2. Dependent Variables: Learning Organization Dimension
Transformational Leadership and Organizational Culture as Predictors of Employees Attitudinal Outcomes. Author Manal ElKordy	1. Transformational Leadership: This variable refers to a leadership style that inspires and motivates employees to achieve their full potential and go beyond their self-interest for the good of the organization. 2. Organizational Culture: This variable represents the shared values, beliefs, and norms within an organization that influence employee behavior and attitudes. 3. Job Satisfaction: This variable reflects employees' feelings and attitudes towards their job, including aspects such as work environment, tasks, and relationships with colleagues. 4. Organizational Commitment: This variable measures the extent to which employees are dedicated to their organization and willing to exert effort on its behalf. 5. Attitudinal Outcomes: This variable encompasses the overall attitudes and perceptions of employees towards their work environment, leadership, and organizational culture.
Transactional and Transformational Leadership Styles as Predictors of Employee Performance During the Covid-19 Crisis and the Mediating Role of Organisational Culture. Author Jugindar Singh Kartar Singh, Tsabitah Ramadhanti, Janitha Kularajasingham	1. Independent Variables: -Transactional Leadership, -Transformational Leadership 2. Mediating Variable: Organizational Culture 3. Dependent Variable: Employee Performance
Organizational culture influenced by leadership styles: the case of private businesses in Kosovo. Author Alma Shehu Lokaj, Thelleza Latifi Sadrija	1. Leadership Styles: Transformational Leadership Style, Transactional Leadership Style, Laissez-faire Leadership Style Organizational Culture Dimensions: 2. Skills Development, Customer Focus, Organizational Learning, Mission, Strategic Direction, Goals and Objectives Team Orientation, Empowerment, Change-making, Sustainability, Inclusion

	3. Employee Readiness 4. Gender Differences in Reporting Opinions on Leadership Styles 5. Reporting Opinions on Leadership Styles among Employees and Managerial Staff
The impact of leadership styles on organizational culture and firm effectiveness: An empirical study. Author Andrew S Klein, Joseph Wallis, and Robert A. Cooke.	1. Leadership styles: Specifically, task facilitation, interaction facilitation, consideration, and goal emphasis. 2. Organizational culture: Categorized into constructive, passive-defensive, and aggressive-defensive cultural norms. 3. Organizational effectiveness: Measured as the firm's overall effectiveness based on the type of culture and leadership styles present in the organization.
The Impact of Leadership Styles on Organizational Culture Author Lütfi Sürücü, and Dr. Tahir Yeşilada	Independent Variables: 1. Transactional Leadership Style, 2. Paternalistic Leadership Style 3. Transformational Leadership Style 4. Charismatic Leadership Style. Dependent Variables: 1. Adhocracy Culture, 2. Clan Culture, 3. Market Culture
Impact of Leadership Styles on Organizational Performance Author Ebrahim Hasan Al Khajeh	1.Independent Variable: Leadership Styles Transformational, Transactional, Autocratic, Charismatic Bureaucratic, Democratic 2. Dependent Variable: Organizational Performance

Findings of previous research papers

Based on the review of existing literature, previous research highlights a significant correlation between leadership styles and organizational culture. Studies have consistently shown that transformational leadership fosters a positive and adaptive culture, enhancing overall organizational performance. Additionally, the impact of leadership is often mediated by factors such as communication, employee engagement, and decision-making processes. Research also emphasizes the unique challenges faced by businesses, including balancing traditional values with modern management practices. These findings provide a foundation for exploring the nuanced relationship between leadership and culture in the current study. The prominent findings are as follows:

1. Research Paper: Leadership Styles and Organizational Performance – Author: Dr. Swapna Bhargavi & Ali Yaseen

The research revealed that among 55 participants (93% male, 7% female), the majority had over 10 years of experience and held postgraduate or bachelor's qualifications. A clear preference for democratic leadership was found, with 46.22% selecting “always” and 39.28% “often.” Situational leadership followed at 30.9%, autocratic at 7.3%, and delegating at 3.6%. The study emphasized a positive link between leadership styles and organizational performance, recommending the development of leaders with suitable competencies and values. It also highlighted the influence of organizational support and situational factors in performance outcomes.

2. Research Paper: Impact of Leadership Styles on Organizational Performance – Authors: Amal Zada Khan, Nosheen Adnan

This study concluded that transformational leadership positively influences organizational performance through qualities like inspiration, motivation, and vision. Transactional leadership also demonstrated a significant impact, particularly through structured task orientation and reward mechanisms. In contrast, laissez-faire leadership was found to negatively affect organizational outcomes, undermining employee satisfaction, productivity, and overall success due to the lack of engagement and accountability.

3. Research Paper: Linking Organisational Culture, Leadership Styles, Human Resource Management Practices and Organisational Performance – Authors: Amer Ahmad AlAnazi, Faridahwati Mohd. Shamsudin, Johanim Johari

Conducted among 256 private firms in Saudi Arabia, this study found that strong organizational culture, effective leadership styles, and strategic HRM practices collectively contribute to improved performance. The findings emphasize the synergy between these elements and underscore the value of alignment in leadership, culture, and HR strategy to drive organizational success. Preliminary data screening confirmed the appropriateness of the measures used, contributing to the study's methodological robustness.

4. Research Paper: Organisational Culture and Employee Performance – Author: Dr. Priyadarshini Padhi

This research explored how organizational culture affects employee performance in multinational firms. It identified a positive relationship between well-structured work processes, organizational values, and job performance. The findings highlighted that culture influences performance alongside policies, supervisor behavior, and organizational climate. However, it noted the difficulty in precisely measuring performance within cultural contexts, advocating for a more integrated approach to culture-performance evaluations.

5. Research Paper: Impact of Transformational Leadership Style on Organisational Culture: A Case of Indian Pharmaceutical Companies – Authors: Dr. Vilis Pawar, Dr. Shailendrakumar Kale, Mr. Abhijit Vhatkar, Dr. Harshal Raje, Mr. Indrajeet Kole

The study found that transformational leadership positively impacts Adhocracy Culture but negatively influences Hierarchy Culture in Indian pharmaceutical companies. Statistical analysis using one-way ANOVA supported this relationship, and Confirmatory Factor Analysis verified the reliability of the instruments used. Cronbach Alpha values confirmed scale reliability, underscoring the credibility of the results. Overall, the study affirms the significant role of leadership style in shaping distinct organizational culture types within the pharmaceutical industry.

Gaps identified on previous research papers

1. Research Paper: Impact of Organisational Culture and Leadership Style on Quality of Work-Life among Employees in Nigeria – Author: OWOLABI Ademola Benjamin

The study's regional focus on Ekiti State limits generalizability across Nigeria's diverse contexts. A strong reliance on quantitative data overlooks qualitative insights that could enrich understanding. Additionally, it narrowly investigates only organizational culture and leadership styles without considering other critical factors like job characteristics or organizational support. Although a mediation effect is identified, the underlying mechanisms are not explored in depth.

2. Research Paper: Leadership and Its Impact on Organizational Culture – Authors: James C. Sarros, Judy Gray, and Iain L. Denste

Findings are context-specific to Australian enterprises, limiting broader applicability. The absence of qualitative data restricts a deeper understanding of leadership's cultural influence. The study also lacks employee engagement perspectives and does not consider the long-term effects of leadership. Moreover, it doesn't explore the interaction of multiple leadership styles and their combined effect on culture.

3. Research Paper: Leadership Styles, Organisation Culture, and Employee Performance – Author: Krishna Kistan Govender

The study's narrow focus on transformational and transactional leadership omits other impactful styles such as servant or authentic leadership. Cultural variables are not deeply analyzed, and the study's confinement to South Africa's public sector curtails generalizability. Furthermore, employee performance is not clearly defined or measured in detail, weakening interpretive clarity.

4. Research Paper: The Impact of Innovative Leadership on Organisational Culture within South African SMEs – Authors: Wiza Munyeka, Hlanganipai Ngirande

The small sample size (160 respondents) reduces statistical robustness. The focus on only transformational and transactional leadership limits scope. Absence of qualitative methods restricts deeper insight, and contextual factors tied to higher education in South Africa limit the broader relevance. The short-term focus and lack of consideration for external variables further narrow its contribution.

5. Research Paper: Organisational Culture and Its Impact on Employee Performance – Authors: R. Durgadevi, S. Vasantha

Industry-specific focus on Chennai's IT sector affects generalizability. The quantitative approach lacks employee-centric qualitative feedback. Only select cultural types (Clan, Hierarchy, Adhocracy) are studied, leaving out broader frameworks. A relatively small sample size and the absence of longitudinal analysis limit both the depth and scope of the findings.

6. Research Paper: The Influence of Leadership, Organisational Structure, and Culture on Company Performance – Author: R. Luki Karunia

The study is confined to Indonesia's construction sector, limiting cross-industry relevance. A cross-sectional design captures only a moment in time, offering no insight into long-term effects. Key external and organizational variables such as technology and employee satisfaction are not included. The lack of qualitative methods and comparative analysis further constrains the comprehensiveness of results.

7. Research Paper: Leadership Style, Corporate Culture and Organizational Performance – Author: Albert Puni

The research is limited to Ghana's public service, which restricts transferability to other sectors. Cross-sectional methodology fails to assess changes over time. Nuances within leadership styles and potential hybrid models are not explored. The study also overlooks relevant cultural dimensions and omits external contextual factors such as political or economic influences, which may shape organizational performance.

Findings

The studies collectively highlight the significant impact of leadership styles and organizational culture on organizational performance and employee outcomes. Transformational and democratic leadership approaches positively influence organizational performance, with transformational leadership being especially impactful on employee satisfaction, commitment, and performance. Organizational culture acts as a mediator, enhancing the effects of leadership styles, particularly during challenging times like the Covid-19 pandemic. Charismatic leadership positively shapes cultures like adhocracy and clan, while transactional and paternalistic styles show limited or negative impacts. Job satisfaction emerges as a critical predictor of organizational commitment, emphasizing the role of effective leadership and culture in fostering performance and adaptability across diverse contexts.

Conclusion

The literature highlights the vital interplay between leadership styles and organizational culture in shaping employee performance and institutional effectiveness. Transformational leadership consistently fosters positive cultural norms and improved outcomes across varied contexts. Cultural dynamics mediate this relationship, with regional and crisis-specific variations—such as in Nepal, India, and Jakarta—underscoring the need for context-aware strategies. The findings advocate for leadership development, alignment with cultural goals, and adaptive approaches tailored to specific organizational settings, reinforcing their combined role in driving success.

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