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The Impact of Leadership on Organizational Culture

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Abstract

This study aims to examine the impact of different leadership styles on the organizational culture in both international and Hungarian companies in Hungary. We used descriptive statistical methods to describe the sample observations, analyze the research hypothesis, and test it. We collected data by administering a questionnaire to MATE students working in international and Hungarian companies in Hungary. Out of 150 responses received, the findings indicate that leadership style significantly impacts the organizational culture, with transformational, ethical styles and effective communication having a positive effect. In contrast, autocratic leadership has a negative effect on organizational culture.

Keywords: Leadership styles, organizational culture, and effective communication.

Chapter One: Introduction

1 Chapter One: Introduction

1.1 Introduction

Leadership is a critical factor in shaping organizational culture. The organizational culture reflects the shared values, beliefs, attitudes, and behaviors of the employees and is shaped by the leadership style and practices of the organization. Effective leadership is crucial for developing a healthy and productive company culture that supports employee engagement, motivation, and creativity. On the other side, ineffective leadership may result in a bad culture that impedes interaction, teamwork, and employee morale. In recent years, many studies have explored the impact of leadership on organizational culture, and the results demonstrate the importance of effective leadership in shaping a positive organizational culture.

One of the critical areas of research on the impact of leadership on organizational culture is the role of ethical leadership. Ethical leadership involves setting the right ethical tone for the organization and creating a culture fostering high ethical standards and practices. Several studies have shown that ethical leadership is positively associated with employee performance, job satisfaction, and organizational commitment. For instance (Kim & Cameron, 2018) found that ethical leadership was positively related to employee performance through the mediating role of ethical culture.

Another critical area of research is the relationship between leadership and organizational culture. When examining leadership and organizational culture, it becomes clear that they have a significant reciprocal relationship. Much like a mirror, an organization's leadership style and practices can impact its culture. A recent study by (Hirst *et al.*, 2020) delves into the complex mechanisms at work. Leadership plays a crucial role in shaping employees' shared values, beliefs, and behaviors, effectively acting as the culture's crucible. Moreover, organizational culture significantly affects leadership by defining which leadership styles are acceptable and effective.

Moreover, the impact of leadership on organizational culture is not limited to the immediate effects of leadership practices but extends to the long-term outcomes of leadership on the organization. For example, (Denison, 2018) found a positive association between corporate culture and organizational effectiveness, and this relationship is consistent across different countries and regions.

The actuality and relevance of the topic lie in the fact that organizations operate in increasingly complex, dynamic, and competitive environments where the ability to adapt,

innovate, and respond to changing demands and challenges is crucial for survival and success. A positive organizational culture that values and supports employees, fosters collaboration, innovation, and ethical behavior, and aligns with the strategic goals and values of the organization is a key asset for achieving these objectives. Leadership is the primary means by which organizations can shape and maintain such a culture, and understanding the impact of leadership on organizational culture is, therefore, essential for organizational effectiveness and sustainability.

The reasons for the choice of the topic are therefore clear: leadership and organizational culture are two interrelated and critical aspects of organizational behavior and performance, and the analysis of their interaction can shed light on how businesses can establish and maintain a good culture that improves employee engagement, motivation, and productivity. This research aims to examine the theoretical foundations and empirical evidence regarding the impact of leadership on organizational culture, identify the key dimensions and mechanisms of this relationship, and provide practical implications and recommendations for leaders and organizations.

To achieve these objectives, this thesis will address the following research questions:

The main question "How does leadership style influence the development and maintenance of organizational culture? Moreover, how can leaders effectively communicate to promote a positive culture?"

Sub-hypotheses emerge from the central hypothesis:

Hypothesis 1: Transformational leadership style positively influences the development and maintenance of a positive organizational culture.

Hypothesis 2: The autocratic leadership style negatively influences the development and maintenance of a positive organizational culture.

Hypothesis 3: Ethical leadership style positively influences the development and maintenance of a positive organizational culture.

Hypothesis 4: Effective communication by leader positively influences the development and maintenance of a positive organizational culture.

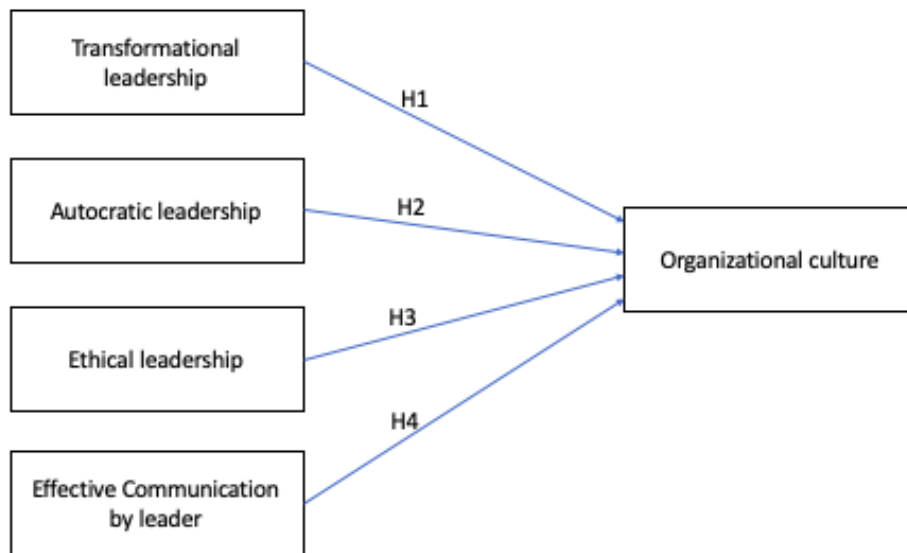


Figure 1: Study Model

Chapter Two: Literature Review

2 Chapter Two: Literature Review

2.1 Leadership

Leadership has been a popular topic in academic literature for a long time due to its complex and multifaceted nature. Scholars have come up with different definitions and dimensions to capture the essence of this intriguing phenomenon. This study explores the significance of adept leadership in fostering a positive organizational culture. It analyzes how leaders influence, inspire, and empower their followers through effective communication, ethical decision-making, and servant leadership.

According to (Northouse, 2021, p. 6), leadership is "a process whereby an individual influences a group of individuals to achieve a common goal." Similarly, (Yukl, 2013, p. 7) defines leadership as "the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives". Both definitions emphasize the importance of the leader's role in guiding and helping others to achieve goals.

Other scholars have emphasized various aspects of leadership. For example, (Bass & Riggio, 2006) distinguishes between transactional and transformational leadership. Transactional leadership focuses on rewarding or punishing employees based on their performance, while transformational leadership aims to inspire and motivate employees to surpass their expectations and achieve extraordinary outcomes. Similarly, (Avolio *et al.*, 2009, p. 423) propose the concept of "authentic leadership, which involves being true to oneself, transparent, ethical, and empowering others."

According to (Avolio *et al.*, 2019, p. 3), leadership is the process of influencing others to achieve shared objectives, either formally or informally, through the exercise of influence. They also highlight the importance of ethical considerations in leadership.

(Day & Antonakis, 2012, p. 13) "emphasize the importance of emotional intelligence in effective leadership and define leadership as the process of influencing others to understand and agree on what needs to be done to accomplish shared objectives."

(Goleman, 2017) emphasizes the importance of self-awareness, empathy, and social skills in motivating a group of people to act toward achieving a common goal. In addition, (Kouzes & Posner, 2017, p. 10) define leadership as "the art of mobilizing others to want to struggle for shared aspirations".

(Goffee & Jones, 2001, p. 118) describe leadership as "the art of making possible the impossible," highlighting the importance of creativity and innovation in leadership. Despite these different approaches, most scholars agree that leadership involves some form of influence, direction, and motivation toward achieving shared goals.

After reviewing the literature on leadership styles, Bass concluded that the most common are transformational and transactional leadership (Bass, 1985). Transactional leadership encourages self-sacrifice for the more significant benefit of the group, while transformational leadership emphasizes self-sacrifice for the greater good of the community (Waldman *et al.*, 2004).

Leadership, particularly in the context of sustainability, involves influencing and mobilizing followers towards shared goals, emphasizing long-term positive impacts on the environment, society, and organizational success, while integrating sustainability principles into business practices for holistic economic, social, and ecological benefits (Çuhadar & Rudnak, 2022).

2.1.1 Transformational leadership

Transformational leadership emphasizes inspiring and motivating followers to go beyond their self-interests and work towards a shared future vision. According to (Avolio & Yammarino, 2013), transformational leaders influence their followers through four key behaviors: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence involves being a role model for followers, while inspirational motivation involves inspiring and motivating followers to achieve a common goal. Intellectual stimulation involves challenging followers to think creatively and critically, and individualized consideration involves providing each follower with personalized support and development opportunities.

According to (Northouse, 2016, p. 182), Transformational leadership is a type of leadership that motivates and encourages followers to achieve their full potential. This leadership style involves creating a vision, inspiring others to work towards that vision, and providing support and guidance. It is a highly effective leadership approach that can lead to positive organizational change and growth. Prioritize the interests of the organization over their self-interest. This type of leadership has a significant impact on the followers. According to Northouse, four critical transformational leadership motivate followers to prioritize the organization's interests over their self-interest and can significantly impact their followers. Northouse identifies four key components of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized

consideration. These behaviors are similar to the ones identified by (Avolio & Yammarino, 2013).

Recent studies have confirmed that transformational leaders are pivotal in shaping organizational culture. For example, Transformational leadership involves inspiring collective goals and fostering innovation by valuing employees and creating emotional connections. It is characterized by charisma, inspiration, and promoting intellectual stimulation. Empirical studies suggest that transformational leadership positively impacts organizational performance through various channels, including organizational culture, entrepreneurship, and knowledge management. However, the precise mechanisms of how this happens remain partially theoretical (Jabbar, 2022).

Moreover, transformational leadership is a style known for its ability to inspire and encourage collaboration, which is linked to heightened creativity and performance among subordinates. The study has also explored the effects of work stressors on creativity and performance, revealing that hindrance stressors have a negative relationship. In contrast, challenge stressors positively correlate with creativity and performance levels (Nasir *et al.*, 2022). Transformational leadership has been identified as a crucial element in fostering innovation within organizations. When leaders inspire creativity and encourage unconventional thinking, they play a significant role in creating a work environment that values ongoing development and progress. Adaptability ultimately leads to innovation and competitive advantage. In summary, transformational leadership has been linked to the development and maintenance of a positive organizational culture by promoting trust, collaboration, ethical behavior, a sense of mission, innovation, continuous learning, and employee well-being and growth.

One of the critical dimensions of this relationship is the emphasis that transformational leaders place on inspiring and motivating followers to work towards a shared vision of the future. This is done through various behaviors, including setting a clear and compelling vision for the organization, communicating that vision effectively to followers, and inspiring and motivating them to work towards achieving that vision.

2.1.2 Autocratic leadership

Autocratic leadership is a leadership style in which the leader makes decisions without seeking input from subordinates and enforces those decisions through directives and controls. This leadership style is characterized by a top-down approach in which the leader exercises complete control over the organization and its employees.

Recent literature supports the idea that autocratic leadership can negatively impact organizational culture. For example, a study (Caillier, 2020) found that autocratic leadership dramatically affects how people perceive a leader's performance, especially in the context of a school district superintendent. According to the research, leaders who adopt an autocratic approach tend to receive lower ratings from citizens, indicating that they could perform better. This suggests that a top-down, directive leadership style may be less effective in gaining positive evaluations from the public. In contrast, the study highlighted that democratic leadership, which involves more collaboration and input from others, leads to higher performance ratings. This underscores the importance of considering different leadership styles, as they can significantly influence public perception and support for leaders in positions of authority.

Additionally, a study (Yavuz, 2017) found that autocratic leadership was associated with higher employee stress levels and burnout. The study suggests that a lack of employee involvement and decision-making authority can create a stressful work environment, leading to burnout and turnover.

The recent literature suggests that an autocratic leadership style can adversely affect employee outcomes and the development and maintenance of a positive organizational culture. Organizations may benefit from adopting more participative and collaborative leadership styles involving employees in decision-making processes and fostering trust, respect, and openness.

Moreover, a study (Chukwusa, 2018) shows that the autocratic leadership style can potentially enhance productivity; it can impede the generation of innovative problem-solving ideas. Therefore, leaders should exercise caution and avoid relying solely on this approach in their institutional management. However, it is essential to note that the autocratic style can yield success in specific workplace scenarios and does not necessarily lead to institutional dysfunction. While this style may initially boost productivity through performance incentives and sanctions, it can eventually result in a lack of initiative and internal conflicts. Some scholars argue that the implementation of autocratic leadership played a pivotal role in the construction of extensive railroad systems, the operation of large steel mills, and the overall industrial advancement that propelled the United States to prominence.

2.1.3 Servant Leadership

Servant leadership is a leadership philosophy in which leaders prioritize the needs and development of their followers, empowering them to reach their full potential and achieve collective goals (Greenleaf, 1977). In recent years, research has continued to explore the positive effects of servant leadership on organizational outcomes, such as employee satisfaction, organizational commitment, and organizational performance (Liden *et al.*, 2015).

According to a study by (Liden *et al.*, 2015), servant leadership significantly positively impacts employee job satisfaction and organizational commitment. This is due to the leader's focus on empowering and developing their followers, which fosters a positive and supportive work environment. Additionally, servant leaders tend to prioritize ethical decision-making and are more likely to act in the best interest of their employees and stakeholders (Ehrhart, 2016).

Servant leadership is a unique approach rooted in our natural inclination to connect with others and work toward the betterment of society. What sets it apart from other leadership styles is its emphasis on serving others. Servant leaders empower and nurture their employees by displaying empathy and humility. They prioritize team effectiveness and overall organizational success over specific objectives, as noted by (Kiker *et al.*, 2019).

Integrity and honesty are fundamental traits of a great leader, as they build trust among individuals within and outside the organization. According to (Almutairi *et al.*, 2020), this trust instills confidence in the leader and helps establish a positive organizational culture, encouraging active participation. Numerous studies have shown a direct relationship between servant leadership, organizational trust, and culture. Servant leadership promotes a collaborative and trusting environment, ultimately contributing to the organization's prosperity. The findings highlight servant leadership's positive impact on organizational culture and trust among employees. The servant leadership approach prioritizes the needs of employees and involves them in decision-making, fostering unity and harmony within the team. This ultimately enhances organizational culture and trust. The study recommends a longitudinal approach for a more in-depth understanding of the phenomenon and suggests potential for future research in different sectors.

According to (Eva *et al.*, 2019), a comprehensive tool to assess servant leadership across multiple dimensions was successfully created. When this new measure was tested, it was found that servant leadership significantly influenced organizational commitment, community citizenship behavior, and subordinates' job performance. Interestingly, even

when accounting for other leadership styles, such as transformational leadership and leader-member exchange (LMX), servant leadership remained a powerful predictor at the individual level. This suggests that servant leadership possesses unique qualities not found in other well-known leadership theories. These findings show how leaders influence their immediate followers and the broader organizational and community culture. This aligns with Graham's assertion that servant leadership stands apart in its influence.

2.1.4 Ethical Leadership

Ethical leadership is a leadership style in which leaders prioritize ethical decision-making and behavior, modeling ethical values and promoting a positive ethical culture within their organization (Brown & Mitchell, 2010). Recent research has focused on the importance of ethical leadership in promoting employee well-being, organizational citizenship behavior, and organizational performance.

According to a meta-analysis by (Resick *et al.*, 2006), ethical leadership positively impacts employee outcomes, including job satisfaction, organizational citizenship behavior, and employee well-being. Additionally, ethical leadership has been linked to improved organizational performance, as leaders who prioritize ethical behavior tend to create a positive ethical culture within their organization, which promotes trust, collaboration, and innovation.

Ethical leadership involves demonstrating upright behavior in personal and professional interactions. It encompasses being honest, fair, and reliable, prioritizing ethical standards in all aspects of life. Ethical leaders uphold moral integrity and make decisions based on ethical values. The concept of ethical leadership has been defined by (Brown *et al.*, 2005) as a responsible managerial approach that prioritizes morally upright behavior. According to (Lee *et al.*, 2017), a person with moral integrity is characterized by qualities such as honesty, fairness, and reliability. Similarly, (Tian *et al.*, 2015) emphasize the importance of ethical leadership in decision-making processes.

The role of a responsible manager is crucial in shaping the attitudes and actions of employees within an organization. They emphasize ethical behavior, communicate ethical messages through their words and actions, and establish a system of rewards and consequences to reinforce ethical conduct (Sagnak, 2017). Ethical leaders also consider their employees' personal needs and rights, treating them fairly and impartially.

Ethical leadership can be explained using two psychological theories - social learning and social exchange theories. According to social learning theory, individuals learn by observing and experiencing the behavior of others (Bandura, 1986). In this context, employees consider their leaders as role models and emulate the ethical behaviors they observe (Brown *et al.*, 2005). Social exchange theory is based on the concept that individuals respond similarly to others' actions. When employees feel they are being treated ethically and positively, they feel obligated to reciprocate in kind. Ethical leaders who instill a sense of fairness and trust create a sense of obligation in their followers to respond positively toward the organization. (Bedi *et al.*, 2016).

According to a study (Kerse, 2019), the study found that ethical leadership has a significant positive impact on organizational trust. This impact is observed both directly and indirectly through person-organization fit. Moreover, the study showed that more vital organizational trust leads to an increase in extra-role service behaviors. These findings highlight the important role of ethical leadership in promoting trust and proactive behaviors within organizations.

Leaders should prioritize servant and ethical leadership to promote a positive organizational culture and achieve favorable outcomes.

2.2 Effective communication by leaders

Effective communication by leaders is crucial in promoting and maintaining a positive organizational culture. In the past decade, a growing body of research has highlighted the importance of effective communication in leadership and its impact on organizational culture. Effective communication can be defined as the ability to convey information clearly and efficiently and to understand and respond appropriately to the communication of others. Effective communication includes verbal and nonverbal communication, active listening, and feedback. Research has shown that effective communication by leaders can positively influence organizational culture in several ways. First, effective communication helps to create a sense of trust and transparency between leaders and employees, which is a critical element in building a positive organizational culture (Gao & Greenberg, 2015). When leaders communicate clearly and transparently, employees feel more informed and involved, leading to greater commitment and engagement in their work.

Second, leaders' effective communication helps foster a culture of collaboration and teamwork. When leaders communicate effectively, they can set clear expectations for teamwork and encourage open communication between team members (Hargie, 2017). This leads to greater cooperation, trust, and a shared sense of purpose, essential elements in a positive organizational culture.

Third, effective communication by leaders can promote innovation and creativity within an organization. When leaders communicate effectively, they can encourage employees to share their ideas and perspectives, leading to a greater diversity of thought and innovation (Mishra & Pandey, 2019). This can result in a more dynamic and adaptable organizational culture better equipped to respond to changing market conditions.

Communication and leadership are complex and dynamic processes that require interaction between individuals. Communication is circular, complex, and irreversible, as the (Johnson & Hackman, 2018) transactional communication model highlights. This model emphasizes the importance of verbal and nonverbal communication cues for adequate message reception and response. Listening skills are essential for effective communication, and they are consistently associated with communication competence and supportive communication (Januski *et al.*, 2019). Effective listening is central to effective leadership, including interpersonal skills, ethical communication, empathetic leadership, and trust-building (Johnson & Hackman, 2018). Therefore, communication studies widely acknowledge it as a crucial aspect of daily interactions.

Overall, effective communication by leaders is a critical element in promoting and maintaining a positive organizational culture. By fostering trust and transparency, encouraging collaboration and teamwork, and promoting innovation and creativity, leaders can create a productive and fulfilling culture for employees.

2.3 Organizational Culture

Organizational culture refers to the shared values, beliefs, attitudes, customs, and practices that characterize an organization and shape its behavior (Cameron & Quinn, 2011). It is often referred to as the personality of an organization and is seen as a critical element of organizational success (Schein, 2010). Organizational culture influences how employees think, feel, and behave and can impact employee engagement, job satisfaction, and productivity.

Organizational culture is also essential for achieving strategic goals and improving organizational performance. A strong organizational culture can help to align employee behavior with organizational objectives, facilitate innovation and change, and attract and retain talented employees (Denison, 1990).

Over the years, scholars and practitioners have provided various definitions of organizational culture, reflecting different perspectives and approaches. Here are some definitions of organizational culture drawn from relevant literature: "Organizational culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel concerning those problems" (Schein, 2010, p. 17).

"Organizational culture is the collection of shared, implicit assumptions that a group holds and determines how it perceives, thinks about, and reacts to its various environments" (Deal & Kennedy, 2013, p. 4).

"Organizational culture is the social glue that binds an organization together, providing the shared meanings that coordinate behavior and give employees a sense of identity and purpose" (Ashforth *et al.*, 2016, p. 261). "Organizational culture is a system of shared meanings and values that shape and guide employee behavior and can influence organizational performance and effectiveness" (O'Reilly & Chatman, 2016, p. 108).

Organizational culture is a complex and multi-faceted concept defined and studied by scholars and practitioners. Understanding organizational culture is essential for leaders and managers as it can shape employee behavior and impact organizational performance.

2.3.1 Dimensions of Organizational Culture

1. **Innovation and Risk-Taking:** Innovation and risk-taking refer to the extent to which employees are encouraged to take risks and explore different ideas (Cameron & Quinn, 2011). Organizations that value innovation and risk-taking tend to have a culture that supports creativity, experimentation, and the development of new products and services. Research has shown that a culture of innovation and risk-taking positively affects organizational performance (Chen *et al.*, 2019).
2. **Attention to Detail:** Attention to detail refers to the extent to which employees are expected to be thorough, precise, and accurate in their work (Cameron & Quinn, 2011). Organizations that value attention to detail tend to have a culture that supports quality,

precision, and reliability. Research has shown that a culture of attention to detail positively relates to job satisfaction and employee well-being (Sarwar *et al.*, 2020).

3. **Outcome Orientation:** Outcome orientation refers to the extent to which employees are focused on achieving results and meeting targets (Cameron & Quinn, 2011). Organizations that value outcome orientation tend to have a culture that supports achievement, competitiveness, and the pursuit of goals. Research has shown that a culture of outcome orientation positively relates to employee performance and organizational effectiveness (Chen *et al.*, 2019).
4. **People Orientation:** People orientation refers to the extent to which the organization values and supports employees (Cameron & Quinn, 2011). Organizations that value people orientation tend to have a culture that supports employee development, well-being, and work-life balance. Research has shown that a culture of people orientation positively relates to employee engagement and job satisfaction (Sarwar *et al.*, 2020).
5. **Team Orientation:** Team orientation refers to how employees work collaboratively in teams and support one another (Cameron & Quinn, 2011). Organizations that value team orientation tend to have a culture that supports cooperation, communication, and trust. Research has shown that a culture of team orientation is positively related to employee performance and organizational effectiveness (Chen *et al.*, 2019).
6. **Aggressiveness:** Aggressiveness refers to the extent to which employees are encouraged to be competitive and assertive (Cameron & Quinn, 2011). Organizations that value aggressiveness tend to have a culture that supports assertiveness, achievement, and competitiveness. Research has shown that a culture of aggressiveness is positively related to employee performance and organizational effectiveness (Chen *et al.*, 2019).

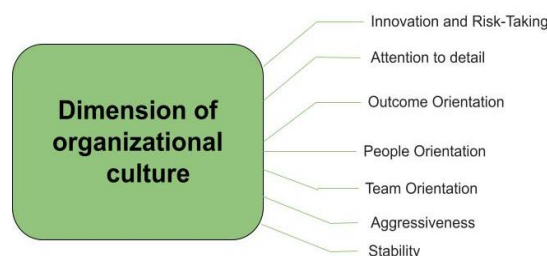


Figure 2: Dimensions of Organizational Culture

A positive organizational culture that emphasizes innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation, and aggressiveness can

significantly impact employee engagement, job satisfaction, and organizational performance. Organizations prioritizing these dimensions can create a culture that promotes creativity, quality, achievement, collaboration, and assertiveness, leading to better outcomes for employees and the organization.

Numerous studies have identified a strong relationship between a positive organizational culture and employee engagement. For example, one study found that employees who perceive a positive organizational culture report higher levels of job satisfaction, motivation, and commitment to their organization and they tend to have a sense of belonging which fosters higher engagement levels. (Cameron & Quinn, 2011).

A people-oriented organizational culture has been linked to higher levels of employee engagement, job satisfaction, and organizational performance, as has a team-oriented culture. On the other hand, aggressiveness in organizational culture has been found to have a negative impact on employee well-being, job satisfaction, and organizational performance. Finally, a focus on stability has been linked to higher levels of employee job satisfaction and lower turnover rates (Ma *et al.*, 2019).

In conclusion, a positive organizational culture that prioritizes the dimensions of innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, and stability has been found to positively influence employee engagement, job satisfaction, and organizational performance. By focusing on these dimensions, organizations can create a positive and productive work environment that benefits employees and the organization.

2.3.2 Models of Organizational Culture

2.3.2.1 Deal and Kennedy's Model

Deal and Kennedy's model of culture proposes six cultural elements that form the basis of corporate culture (Deal & Kennedy, 1982). These elements include history, values and beliefs, rites, rituals, ceremonies, heroic figures, cultural communication networks, and stories and symbols. History represents the traditions essential to the organization's future foundation (Schein, 1990). Values and beliefs are the foundation of an organization, providing structure, direction, and an informal control system (Cameron & Quinn, 2011). Rites, rituals, and ceremonies are the daily traditions that employees engage in and the

processes they follow when making decisions (Deal & Kennedy, 1982). Heroic figures are key cultural builders in organizations, and their status is raised when they exemplify the organization's values (Deal & Kennedy, 1982). The cultural communication network is formal or informal and spreads information across the organization. Finally, the organization usually communicates stories and symbols through its objectives, purpose, and mission. Overall, Deal and Kennedy's culture model provides a valuable framework for understanding the different elements contributing to an organization's culture. By identifying the history, values and beliefs, rites, rituals, ceremonies, heroic figures, the cultural communication network, and stories and symbols of an organization, human resource professionals can better understand how the organization operates as a social unit. This can help them to develop strategies for managing and shaping the organization's culture to achieve its goals and objectives. It is worth noting that while this model provides a valuable starting point, it is essential to recognize that organizational culture is complex and multifaceted and that other factors, such as leadership, structure, and strategy, can also play a significant role in shaping an organization's culture.

2.3.2.2 Schein's Model of Culture

Organizational culture is a multifaceted concept composed of various levels operating simultaneously within an organization. The levels of organizational culture can be broadly categorized into three levels: the visible level, the invisible level, and the assumptions and beliefs level. Edgar Schein initially proposed these levels in his seminal work on organizational culture (Schein, 2010), and they have been widely adopted in organizational culture literature since then.

- ▲ The visible level of organizational culture includes the visible artifacts and behaviors observed in an organization. These artifacts and behaviors can include the physical environment of the workplace, the dress code, the language and jargon used by employees, and the observable behaviors and interactions between employees. According to Schein, the visible level of organizational culture is the easiest to observe and change and can serve as an entry point for exploring more profound levels of culture.
- ▲ The invisible level of organizational culture is composed of values, norms, and expectations that are not explicitly stated but are profoundly ingrained in the organization. These values, norms, and expectations are often communicated through the stories and myths circulating within the organization and through the implicit rules

and norms governing behavior. It can be more difficult to discern and change than the visible level (Denison *et al.*, 2014).

- ▲ The assumptions and beliefs level of organizational culture is the most profound and fundamental level of culture. It includes the underlying assumptions and beliefs that guide behavior and decision-making in an organization. These assumptions and beliefs are often so deeply ingrained that they are taken for granted and go unquestioned, and can be difficult to articulate or even recognize. Schein argues that the assumptions and beliefs level of culture is the most potent and enduring aspect of organizational culture. Changing this level of culture requires a fundamental shift in the underlying assumptions and beliefs that guide behavior (Schein, 2010).

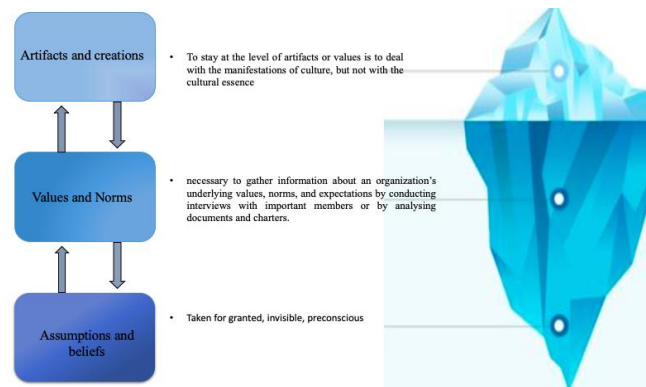


Figure 3: Schein's Model of Culture

2.3.2.3 Hofstede's Model of Culture

Hofstede's cultural dimensions model identifies four levels of culture that can affect the functioning of an organization: values, rituals, heroes, and symbols (Hofstede, 2001).

- ◆ Values, the deepest level of culture, are the preferences people choose in different situations that distinguish one culture from another (Waisfisz, 2004). Values are closely linked to ethical and moral codes and can determine whether a person decides to perform a task or not.
- ◆ Rituals are important social activities in organizations and are often formalized in practices and procedures that employees can observe (Waisfisz, 2004). Examples of rituals include ways of greeting, social and religious ceremonies, and other standard practices.
- ◆ Heroes are highly valued in an organization for their commitment to its values and for serving as role models to others (Waisfisz, 2004). They may not be alive and can

be fictional, but their characteristics represent desired behavior in the organization. For instance, Asterix in France and Snoopy in America represent heroic ideals in their respective cultures (Hofstede, 1997).

- ◆ Symbols, such as gestures, objects, and words, are unique to particular cultures and help individuals identify with their cultural group (Waisfisz, 2004). Only members of a particular culture can understand and identify with these symbols, including business jargon, emblems, and dress codes (Hofstede, 2001). Symbols can also change as new ones emerge to replace old ones.

2.4 Factors Influencing the Relationship between Leadership and Organizational Culture

The relationship between leadership and organizational culture is intricate and can be impacted by several factors. In this section, we will discuss some of the factors that have been found to impact this relationship.

1. **Organizational size:** One factor influencing the relationship between leadership and organizational culture is the organization's size. Research has found that larger organizations have a greater need for formalization and standardization of processes, which can lead to a more bureaucratic culture. In contrast, smaller organizations may have more flexibility in their operations and more entrepreneurial culture (Cameron & Quinn, 2011). Therefore, leadership practices that are effective in shaping organizational culture in smaller organizations may be less effective in larger ones.
2. **Industry type:** The industry in which an organization operates can also influence the relationship between leadership and organizational culture. For example, the culture of a tech startup is likely to be different from that of a traditional manufacturing company. Different industries may have different norms, values, and expectations, impacting how leadership practices are perceived and enacted (Schein, 2010).
3. **National culture:** National culture can also shape the relationship between leadership and organizational culture. (Hofstede, 2001) cultural dimensions theory identified five dimensions of national culture that can influence organizational culture: masculinity versus femininity, power distance, individualism versus collectivism, uncertainty avoidance, and long-term versus short-term orientation. These cultural dimensions can affect how leadership is practiced and employees' expectations concerning leadership behaviors.

4. Employee demographics: An organization's workforce demographics can influence the relationship between leadership and organizational culture. For example, research has shown that younger generations of workers may have different values and expectations from older generations, which can impact the type of leadership that effectively shapes organizational culture. Similarly, workforce diversity can impact how leadership practices are perceived and enacted.

The implications of these factors for understanding the relationship between leadership and organizational culture are that effective leadership practices in shaping culture in one organization may be ineffective in another. Therefore, leaders need to be aware of the specific context in which they operate and tailor their leadership practices accordingly. Additionally, organizations may need to consider these factors when designing leadership development programs or implementing change initiatives to shape organizational culture.

Chapter Three: Research Methodology

3 Chapter Three: Research Methodology

3.1 Methodology

This chapter describes the research methodology used to address the study objectives and verify the hypotheses formulated. The methodology, strategies, sample population, data collection tools and methods, and statistical techniques are used to derive meaningful conclusions about the effect of leadership on organizational culture. A systematic method was adopted to ensure the dependability and validity of the examination's findings. The study methodology is the blueprint for engaging in the research and is critical to acquiring accurate and goal consequences. This chapter explains how the complicated data collection, analysis, and interpretation method was navigated using sound research practice principles. This research aimed to explore how leadership affects organizational culture within companies in Hungary.

3.2 Research Approach

The research approach defines the larger context within which the study operates. In this study, a quantitative approach was adopted to assess the effect of leadership on organizational culture. This approach supports variable measurement and analysis and permits statistical inferences. Using a quantitative approach, the study seeks to provide empirical evidence and statistically significant results that contribute to a greater understanding of the investigated relationship.

Type of study: Since the current study looks to find cause-and-effect relationships between the variables, it is explanatory and is regarded as practical in the enterprises in Hungary where it has been implemented. This is a cross-sectional study because the sample was collected simultaneously with the research.

3.3 Research Strategy

The research strategy describes the step-by-step plan for conducting the research and achieving the desired results. This research employed a cross-sectional survey design. Diverse participants from numerous organizations and industries were given a structured questionnaire. This strategy permits data collection at a singular time, yielding insights into the leadership and organizational culture conditions prevalent during the selected period. The cross-sectional survey design facilitates exploring relationships between variables and identifying patterns across diverse organizational contexts. It enables comparisons and correlations between leadership styles and organizational culture.

Using a quantitative research methodology and a cross-sectional survey design, this study finds empirical evidence regarding the impact of leadership on organizational culture. The following sections will delve into the specifics of participant selection, data collection instruments, and data analysis methodologies used to examine this relationship rigorously.

3.4 Research Sample

The study involved MATE university students working in international and Hungarian companies to capture diverse perspectives on leadership and organizational culture. The selection process was based on the rationale of involving students actively engaged in work within Hungarian companies, possessing firsthand experience in organizational dynamics, and involving participants from various academic backgrounds and industries. A non-probability purposive sampling technique was employed, targeting individuals who meet specific criteria. The final sample consisted of students from different academic disciplines and universities working in part-time or full-time positions in Hungarian companies. Ethical considerations were addressed throughout the selection process, including informed consent and assurances of anonymity and confidentiality. The data collection involved instruments and techniques to gather valuable insights from the selected participants.

3.5 Data Collection Sources

This study employed a descriptive-analytical methodology to acquire data from both primary and secondary sources. These resources facilitated the accomplishment of our research objectives. The following is a synopsis of the sources for collecting research data:

Primary sources: This study used an analytical descriptive methodology, with a questionnaire as the primary data collection instrument. They derived inspiration for the questionnaire's design form. The questionnaire was then administered to the research sample, ensuring that participants fully comprehended the questions and their content, thereby positively contributing to achieving the research's objectives.

Secondary sources: We relied on secondary sources to gain a comprehensive understanding of our research topic and variables. We constructed a theoretical framework by referencing relevant literature in the subject area and integrating insights from various sources such as journals, articles, reports, research, and previous studies. We aimed to obtain our research topic's latest developments and related variables.

3.6 Research Tool

This questionnaire was used as a research tool to gather the necessary data from the chosen sample. To collect the required information, we developed a questionnaire administered to the selected participants. The questionnaire was divided into three main sections, with the first section of the study including demographic information about the sample observations, such as gender, educational level, company size, job classification, and role in the workplace hierarchy. The second section features three parts, each part consisting of a set of questions related to leadership aspects, including transformational leadership style, autocratic leadership style, and ethical leadership. The third section included questions about organizational culture and effective communication by leaders, which are considered the dependent variables. Moreover, the five-point Likert scale was used to measure the respondent's responses to the questionnaire items. Table (1) below explains the research tool and its development.

Table 1: The questionnaire's elements

section	Title	Body	
First	Demographics	gender, educational level, company size, job classification, and role in the workplace hierarchy	
Second	Leadership	Dimension	Number of questions
		Transformational leadership	5
		Autocratic leadership	5
		Ethical leadership	5
Third	Organizational culture effective communication	Effective communication by leaders	6

The five-point Likert scale was used to measure the respondent's responses to the questionnaire items according to table (2)

Table 2: Liker scale

Response	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Degree	1	2	3	4	5

3.7 Research Analysis Methods

Depending on the Social Science Statistical Program (SSPS), the study used statistical methods to conclude the questionnaire data. The following statistical techniques were used to derive the study's findings:

- To describe the study sample, we used percentages and frequencies.
- Alpha Cronbach test to determine the stability of the questionnaire items.
- The path analysis test and structural equation models analyze the study's hypotheses.
- The study used the arithmetic mean and standard deviation to describe the answers to the questionnaire questions based on the sample observations on a Pentagram Likert scale.

The study also used Smart PLS software to investigate the relationship between leadership styles and organizational culture. (Hypotheses test)

Chapter Four: Results

4 Chapter Four: Results

4.1 Introduction

In this chapter, the outcomes of the statistical analysis of the data obtained from the questionnaire used as the study instrument are presented as the final results.

The main goal is to offer valuable insights into how leadership styles impact organizational culture while staying aligned with the research objectives and hypotheses. The chapter will be structured logically to ensure that the results obtained, and their implications are comprehensible. In this chapter, there are three main parts. The first part focuses on the statistical description of the study sample using frequencies and percentages.

The second part focuses on the analysis of the stability and reliability of the questionnaire by using Cronbach's alpha factor. Moreover, the third part focuses on testing the hypotheses.

4.2 Statistical description of the study sample

4.2.1 Demographic distribution

The following is an overview of the study sample's characteristics based on demographic information.

- **Distribution of the study sample according to gender**

The study sample was divided based on gender, with the distribution of males and females as shown in the Table below:

Table 3: Distribution of the study sample according to gender

Gender	Frequencies	Percentage (%)
Female	93	62%
Male	57	38%
Total	150	100%

Based on the data presented in Table 3, it is clear that 62% of the participants in the study are female, while 38% are male. This suggests that the majority of the sample population is female. The reason for this could be that there are more female students in the field of study being analyzed, which resulted in a higher percentage of female respondents compared to male respondents.

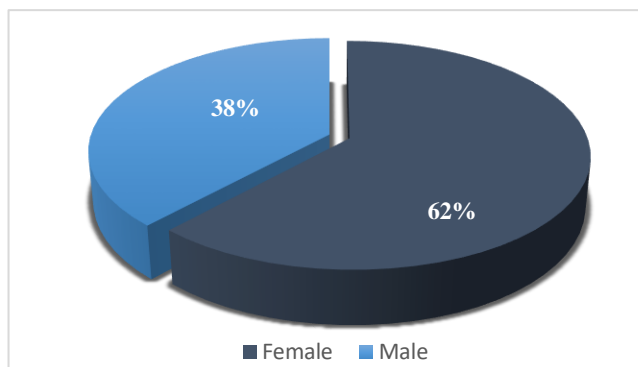


Figure 4: Gender distribution

▪ **Distribution of the study sample according to the level of education**

After analyzing the data in Table 4, it is clear that most of the participants in the study have completed their bachelor's degree, accounting for 58% of the total sample.

The second-highest group has obtained a Master's degree, with 32% of the participants falling in this category. Finally, those who have completed their doctoral degree comprise 10% of the sample population. It is evident from the distribution that most individuals in the study have completed their bachelor's degree.

Table 4: Distribution of the study sample according to the level of education

Level of education	Frequencies	Percentage (%)
Bachelor's degree	87	58%
Master's degree	48	32%
Doctoral Degree	15	10%
Total	150	100%

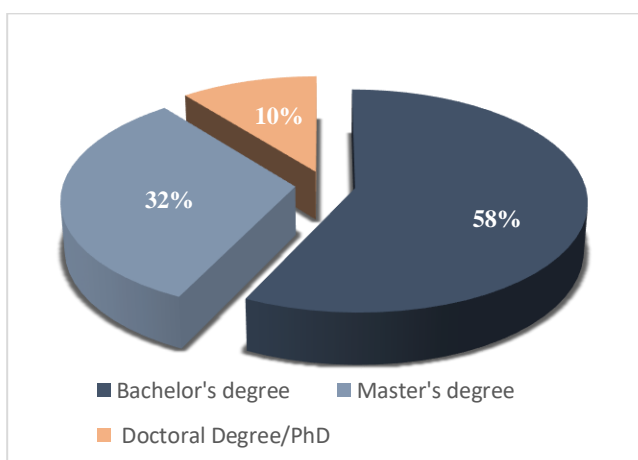


Figure 5: The level of education

- **Distribution of the study sample according to the size of the company**

Based on the data provided in Table 5, there is a diverse range of companies in size. 42% of the sample falls under the "small" category, meaning they have fewer than 50 employees. An equal percentage of companies, 42%, belong to the "large" category, meaning they have over 250 employees. The remaining 16% fall into the "medium" category with 50–250 employees. After analyzing the distribution and comparing it to past observations on gender and education, it is clear that there is a diverse group of participants. While the categories based on company size can give insight into the organization's structure, they may not correlate with the gender or education distributions.

Table 5: Distribution of the study sample according to the size of the company

Size of the company	Frequencies	Percentage (%)
Small (less than 50 employees)	63	42%
Medium (between 50 and 250 employees)	24	16%
Large (more than 250 employees)	63	42%
Total	150	100%

- **Distribution of the study sample according to the job classification**

Based on the data in Table 6 provides a detailed breakdown of job classifications, giving us an insight into the various roles held by participants. It is worth noting that 22% of individuals hold Managerial-Leadership positions, indicating a significant presence of supervisory and leadership roles. Professional-technical roles comprise 36% of the sample, reflecting a substantial segment engaged in specialized and technical functions. Administrative-Support positions hold 26%, highlighting the importance of administrative roles in the organizational structure. Lastly, Operations-Production roles account for 16%, emphasizing the hands-on roles responsible for operational and production-related tasks. When considering these job classifications about the dimensions of gender, education, and company size discussed earlier, it is clear that the study's participants hold diverse roles, skill sets, and responsibilities. Analyzing the interplay between these aspects could reveal interesting patterns and insights that contribute to a comprehensive understanding of the participant demographics and their relationships within the studied context.

Table 6: Distribution of the study sample according to the job classification

Job Classification	Frequencies	Percentage (%)
Managerial, Leadership	33	22%
Professional, Technical	54	36%
Administrative, Support	39	26%
Operations, Production	24	16%
Total	150	100%

▪ **Distribution of the study sample according to the organizational hierarchy**

Table 7 shows the distribution of participants in different positions within the organization's hierarchy, giving insight into its overall structure. Out of the sample, 6% hold top-level executive/CEO positions, making important decisions at the highest level. Middle management makes up 10%, acting as a bridge between top executives and frontline teams. Frontline supervisor positions account for 26%, highlighting their importance in coordinating day-to-day activities. Most participants, 58%, have non-supervisory employee positions, contributing to the organization's operations in various roles. By understanding this hierarchy distribution alongside other factors like gender, education, company size, and job classification, we can better understand the participant demographics and relationships within the organizational landscape.

Table 7: Distribution of the study sample according to the organizational hierarchy

Organizational hierarchy	Frequencies	Percentage (%)
Top-level executive/CEO	9	6%
Middle management	15	10%
Frontline supervisor	39	26%
Non-supervisory employee	87	58%
Total	150	100%

▪ **Distribution of the study sample according to the Continent**

We categorized the participants' countries into three continents to simplify the overview of the diverse sample's origins. Among the participants, 50% are from Asia, including countries like Palestine, Jordan, Syria, Turkey, Laos, Iraq, and others. Europe accounts for 34%, with nations like Hungary, Russia, Ireland, and Kazakhstan. Furthermore, 16% of participants

come from Africa, with countries like Morocco, Egypt, Tunisia, Algeria, and Yemen being part of this category.

This classification method provides a broader perspective on the distribution of participants' origins, making it easier to understand the regional representation within the sample. By combining this categorization with other dimensions such as gender, education, company size, job classification, and organizational hierarchy, we can comprehensively understand the participant demographics. This information provides valuable insights for analyzing and drawing conclusions from the study.

Table 8: Distribution of the study sample according to the Continent

Continent	Frequencies	Percentage (%)
Asia	75	50%
Africa	24	16%
Europe	51	34%
Total	150	100%

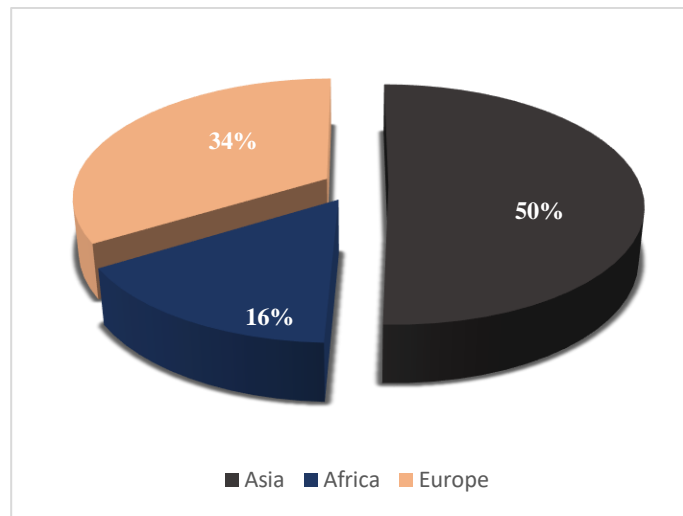


Figure 6: sample's origins

4.3 Descriptive analysis of the study variables

We used different methods to determine how many people responded to our study. We analyzed the data by calculating each section's mean and standard deviation and looking at the overall results. Participants were asked to rate the questions on a five-point Likert scale. We divided the average score by five to get a quotient of 0.8 for each section. This helped us to distribute the results accurately.

Table 9: The weighted average for the sample responses

Level of importance	Range
Strongly Agree	5.00-4.20
Agree	4.19-3.40
Neutral	3.39-2.60
Disagree	2.59-1.80
Strongly Disagree	1.79-1.00

4.3.1 Descriptive statistics for leadership styles

❖ Descriptive statistics for transformational leadership:

Table 10: Results of descriptive analysis of transformational Leadership Style

Transformational Leadership Style		Mean	Std. D	Rank	Level of Importance
1	My leader communicates a clear vision for the organization's future	3.94	0.98	3	Agree
2	My leader inspires me to be creative and innovative in my work.	3.90	0.91	4	Agree
3	My leader encourages me to develop my skills and abilities	4.12	0.84	1	Agree
4	My leader encourages teamwork and collaboration among employees.	4.10	1.001	2	Agree
5	My leader is open to feedback and new ideas.	4.05	0.99	5	Agree
Total		4.02	0.944	-	Agree

Table 10 presents the descriptive analysis of the results for the independent variable, Transformational Leadership Style, providing valuable insights. The respondents rated their perceptions on different aspects of leadership style, using a Likert scale that ranged from "Strongly Disagree" to "Strongly Agree."

Based on the survey results, the average score for the Transformational Leadership Style was 4.02, with a standard deviation of 0.944. This indicates that respondents generally agree with the positive leadership behaviors described in the survey. The statement "My leader

encourages me to develop my skills and abilities" was considered the most essential and positively impactful leadership behavior. In contrast, "My leader inspires me to be creative and innovative in my work" was slightly less critical but still favorable. These findings provide valuable insights into the perceived leadership style within the surveyed context.

❖ **Descriptive statistics for Autocratic Leadership Style:**

Table 11: Results of descriptive analysis of Autocratic Leadership Style

Autocratic Leadership Style		Mean	Std. D.	Rank	Level of importance
1	My leader makes decisions without seeking input from employees.	2.63	1.06	1	Neutral
2	My leader does not trust employees to make decisions.	2.31	1.19	2	Disagree
3	My leader does not communicate effectively with employees.	2.20	1.12	4	Disagree
4	My leader focuses more on exerting authority than fostering a positive work environment	2.21	1.25	3	Disagree
5	My leader does not encourage teamwork or collaboration among employees.	1.99	1.22	5	Disagree
Total		2.26	1.16	-	Disagree

Table 11 presents a descriptive analysis of the results for the independent variable "Autocratic Leadership Style". Based on the survey results, the average score for the Autocratic Leadership Style variable is 2.26, with a standard deviation of 1.16. This indicates that respondents generally disagree with the autocratic leadership behaviors described in the survey. Among the statements assessed, "My leader makes decisions without seeking input from employees" was perceived as the most prominent characteristic of autocratic leadership, while "My leader does not encourage teamwork or collaboration among employees" was seen as less significant but still concerning. These findings provide valuable insights into the perceived autocratic leadership style within the surveyed context.

❖ **Descriptive statistics for Ethical Leadership Style:**

Table 12: Results of Descriptive Analysis of Ethical Leadership Style

Ethical Leadership Style		Mean	Std. D.	Rank	Level of importance
1	My leader consistently demonstrates ethical behavior and sets a good example for others.	3.96	0.93	2	Agree
2	My leader communicates clear ethical expectations and values to employees.	3.90	0.94	3	Agree
3	My leader encourages open and honest communication within the organization.	4.10	0.92	1	Agree
4	My leader treats employees fairly and consistently.	3.87	1.09	4	Agree
5	My leader takes responsibility for mistakes and holds others accountable for their actions.	3.82	0.99	5	Agree
Total		3.93	0.97	-	Agree

Table 12 presents the descriptive analysis of the results for the independent variable "Ethical Leadership Style." This analysis reveals valuable insights into the perceptions of ethical leadership within the surveyed context. The average score for the Ethical Leadership Style variable is 3.93, with a standard deviation of 0.97. This means that, on average, respondents tend to agree with the ethical leadership behaviors described in the survey. The most highly valued aspects of ethical leadership within the surveyed context seem to be leaders who encourage open and honest communication, and consistently demonstrate ethical behavior. These findings offer valuable insights into ethical leadership's perceived importance and prevalence within the surveyed context.

4.3.2 Descriptive Statistics for Organizational Culture and Effective Communication by Leaders

➤ Descriptive Statistics for Organizational Culture and Communication

Table 13: Results of Descriptive Analysis of Organizational Culture and Communication

Organizational Culture and Communication		Mean	Std. D.	Rank	Level of importance
1	The organizational culture promotes a sense of community and collaboration.	4.11	0.76	1	Agree
2	Communication within the organization is open and transparent.	3.80	0.88	2	Agree
3	The organizational culture values employee well-being and work-life balance.	3.67	1.101	3	Agree
Total		3.86	0.91	-	Agree

Table 13 presents a descriptive analysis of the "Organizational Culture and Communication" variable results, which shows how respondents perceive the culture and communication within the organization. The average mean score for the variable of Organizational Culture and Communication is 3.86, with a standard deviation of 0.91. This shows that, on average, respondents agree with the positive aspects of organizational culture and communication described in the survey. The most highly valued aspect of organizational culture within the surveyed context is promoting a sense of community and collaboration. Additionally, open and transparent communication is also seen as important. While there is agreement on the value of employee well-being and work-life balance, there may be some variation in how this aspect is perceived among respondents. These findings provide valuable insights into the organizational culture and communication climate within the surveyed context.

➤ Descriptive Statistics for Effective Communication by Leaders

Table 14 displays the descriptive analysis of the results for the variable "Effective Communication by Leaders". This analysis sheds light on how the respondents perceive the effectiveness of communication by their leaders. The overall mean score for the Effective Communication by Leaders variable is 3.94, with a standard deviation of 0.91. This suggests that, on average, the respondents tend to agree with the positive aspects of leadership communication described in the survey. Effective communication of goals and objectives by

leaders is perceived as particularly important and is ranked the highest among the assessed statements. Providing regular updates and feedback, as well as actively listening to employee concerns and suggestions, are also valued aspects of leadership communication within the surveyed context. These findings offer valuable insights into the perceived effectiveness of communication by leaders within the surveyed context.

Table 14: Results of descriptive analysis of communication by leader

Effective Communication by Leaders		Mean	Std. D.	Rank	Level of importance
1	My leader communicates goals and objectives clearly and effectively.	4.01	0.91	1	Agree
2	My leader provides regular updates and feedback on individual and team performance.	3.89	0.89	3	Agree
3	My leader actively listens to the concerns and suggestions of employees.	3.92	0.93	2	Agree
Total		3.94	0.91	-	Agree

4.4 Test the Stability and Reliability of the Study Tool

To conduct our study and to gather the necessary information, we designed a questionnaire tool for MATE university students who are currently employed in Hungarian companies. It is necessary to assess the stability and reliability of a questionnaire when creating a study tool. The stability coefficient measures consistency and determines if the tool would produce similar results if used again on the same group. To assess the internal consistency of all questions in the questionnaire, we used Cronbach's Alpha test. This method helps determine the reliability of the measurement tool and if it would produce consistent results with a similar sample. The results of this assessment are shown in Table 15 below.

Table 15: Test of the stability and reliability

Dimension	Dimension Loading	Question	Cronbach's Alpha
Transformational leadership style	TL1	0.797	0.862
	TL2	0.886	
	TL3	0.899	
	TL4	0.854	
	TL5	0.713	
Autocratic leadership style	AL1	0.689	0.901
	AL2	0.810	
	AL3	0.880	
	AL4	0.916	
	AL5	0.835	
Ethical leadership style	EL1	0.865	0.782
	EL2	0.850	
	EL3	0.847	
	EL4	0.848	
	EL5	0.815	
Organizational culture	OC1	0.833	0.661
	OC2	0.827	
	OC3	0.857	
Effective communication	EC1	0.722	0.909
	EC2	0.813	
	EC3	0.809	

Table 15 shows that the study tool (questionnaire) has been assessed for stability and reliability across various dimensions, yielding insightful results. The questions related to "Transformational Leadership Style" demonstrate high Cronbach's Alpha coefficients with values ranging from 0.797 to 0.899, indicating a commendable level of internal consistency and reliability. These values also support this dimension's stability.

Similarly, the "Autocratic Leadership Style" questions exhibit robust stability with Cronbach's Alpha coefficients ranging from 0.689 to 0.916, indicating high internal consistency and reliability. This emphasizes the stability of the study's measurements. The

"Ethical Leadership Style" questions also demonstrate strong reliability and stability, with Cronbach's Alpha coefficients ranging from 0.782 to 0.865, exceeding the acceptable threshold. For the "Organizational Culture" dimension, Cronbach's Alpha coefficients range from 0.661 to 0.857, surpassing the minimal threshold and implying acceptable stability and internal consistency. Lastly, the "Effective Communication" dimension demonstrates satisfactory reliability and stability, with a range of Cronbach's Alpha coefficients from 0.722 to 0.909. Overall, Table 15 highlights the stability and reliability of the study tool across various dimensions, with consistent and acceptable Cronbach's Alpha coefficients reinforcing the quality and credibility of the study's data.

4.5 Hypotheses test

This study used Smart PLS software to investigate the relationship between leadership styles and organizational culture. We have developed four hypotheses that suggest a link between specific leadership styles and fostering a positive organizational culture. Our analysis is based on empirical data collected through rigorous assessments, and we evaluate key statistical measures, such as original sample values, means, standard deviations, T statistics, and P-values, to establish the strength and significance of these relationships.

These hypotheses, based on established theories and previous empirical research, propose critical ideas about the influence of different leadership styles, including transformational, autocratic, and ethical approaches, as well as the impact of effective communication on developing a positive organizational culture. By using Smart PLS, an advanced structural equation modeling method, this study aims to thoroughly examine these relationships and provide detailed insights into the complex interaction between leadership practices and organizational culture. The table below presents an overview of hypotheses testing and outcomes.

Table 16: Test the study hypotheses.

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P - value	Result
H1: Transformational leadership style >> positive organizational culture	0.512	0.413	0.216	7.836	0.001	Accepted
H2: Autocratic leadership style >> positive organizational culture	0.607	0.561	0.332	8.815	0.000	Accepted
H3: Ethical leadership style >> positive organizational culture	0.481	0.367	0.291	4.142	0.004	Accepted
H4: Effective communication >> positive organizational culture	0.701	0.661	0.441	10.836	0.000	Accepted

H1: Transformational leadership style positively influences the development and maintenance of a positive organizational culture.

As shown in Table 14, The hypothesis that investigates the influence of transformational leadership style on positive organizational culture has a P-value of 0.001, significantly lower than the significance level of 0.05. This indicates a vital statistical significance in the relationship. The T statistic value of 7.836, in addition to a standard deviation of 0.216, reinforces the robustness of this relationship. Therefore, we accept the hypothesis and confirm that transformational leadership style positively impacts organizational culture.

H2: Autocratic leadership style negatively influences the development and maintenance of a positive organizational culture.

As shown in Table 14, the hypothesis investigating the influence of autocratic leadership style on positive organizational culture has a P-value of 0.0000, significantly less than the significance level of 0.05, indicating a vital statistical significance in the relationship. The T statistic value of 8.815, in addition to a standard deviation of 0.332, reinforces the robustness of this relationship. Therefore, we accept the hypothesis and confirm that the autocratic leadership style has a negative impact on an organizational culture.

H3: Ethical leadership style positively influences the development and maintenance of a positive organizational culture.

As shown in Table 14, The hypothesis that investigates the influence of ethical leadership style on positive organizational culture has a P-value of 0.004, significantly lower than the significance level of 0.05. This indicates a vital statistical significance in the relationship. The T statistic value of 4.142, in addition to a standard deviation of 0.291, reinforces the robustness of this relationship. Therefore, we accept the hypothesis and confirm that ethical leadership style positively impacts organizational culture.

H4: Effective communication by leaders positively influences the development and maintenance of a positive organizational culture.

As shown in Table 14, The hypothesis that investigates the influence of effective communication by leaders on positive organizational culture has a P-value of 0.000, significantly lower than the significance level of 0.05. This indicates a vital statistical significance in the relationship. The T statistic value of 10.836, in addition to a standard deviation of 0.441, reinforces the robustness of this relationship. Therefore, we accept the hypothesis and confirm that effective communication by leaders positively impacts organizational culture.

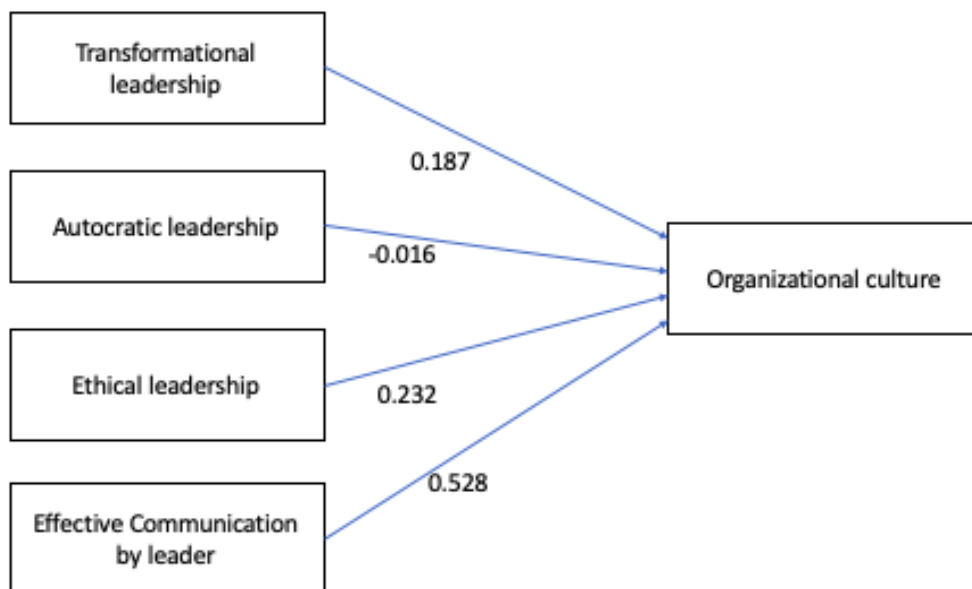


Figure 7: Study model for each variable

Chapter Five: Conclusions and Recommendations

5 Chapter Five: Conclusions and Recommendations

5.1 Conclusions

This research aims to determine the impact of leadership on organizational culture after reviewing the previous data analyses conducted by the researcher from the study's community and the students working for international and Hungarian companies in Hungary. The researcher was able to achieve the objective of the study, which is to examine the theoretical foundations and empirical evidence mechanisms of this relationship, to identify the availability of positive leadership and cultural behaviors in the companies in Hungary, and identify the impact of each dimension of the leadership on the organizational culture in the companies. The most significant findings of the research are:

- The study found a statistically significant relationship between leadership and organizational culture, as confirmed by previous researchers.
- The research concluded that a significant positive effect of transformational leadership on the organizational culture in international and Hungarian companies. The data supports the hypothesis that transformational leadership significantly contributes to a positive organizational culture. This is clear and obvious from the very low P-value (0.001) and high T-statistic value (7.836). Transformational leaders effectively communicate the organization's vision, inspire creativity and skill development, and are receptive to feedback and new ideas. These qualities are essential for fostering a culture of growth, teamwork, and adaptability in the organization.
- The research concluded that a significant negative effect of autocratic leadership on the organizational culture in international and Hungarian companies in Hungary. Autocratic leadership style has a strongly negative impact on organizational culture, as indicated by a low P-value (0.000) and high T statistic value (8.815). During the study, the participants shared their experiences with autocratic leadership, they pointed out that leaders must consult the team to make decisions, and communication is effective. They also observed no encouragement for teamwork and collaboration among staff members. Moreover, leaders focused more on asserting authority than creating a positive and supportive work environment. These behaviors are typical of autocratic leaders. Hungary's percentage of companies with an autocratic leadership style was relatively low. These observations confirm that autocratic leadership has a negative impact on the development and maintenance of a positive organizational culture.

- The research concluded that a significant positive effect of ethical leadership on the organizational culture in international and Hungarian companies. Based on the data, ethical leadership style significantly impacts creating a positive organizational culture. The statistical analysis shows a P-value of 0.004 and a robust T-statistic value of 4.142, which provide compelling evidence to support the conclusion. Ethical leaders create a positive organizational culture by setting clear expectations, encouraging communication, treating employees fairly, and taking responsibility for mistakes.
- The research concluded that a significant positive effect of effective communication by leaders on the organizational culture in international and Hungarian companies. The data strongly supports the hypothesis that effective communication by leaders significantly contributes to a positive organizational culture. This is obvious from the very low P-value of 0.000 and a robust T-statistic value of 10.836. A positive organizational culture that encourages community and collaboration prioritizes open and transparent communication work-life balance, and values employee well-being, and has leaders who effectively communicate goals and objectives, provide regular updates, and feedback, and actively listen to employees' concerns and suggestions, can significantly contribute to the success and well-being of an organization.

5.2 Recommendations

1. Organizations can significantly benefit from specialized training programs focusing on developing leadership skills. Transformational Leadership Development, Ethical Leadership Certification, Effective Communication Skills, Leadership Coaching and Mentoring, and Team Building Workshops can significantly enhance leaders' abilities to practice transformational and ethical leadership styles. This, in turn, can foster a positive and collaborative organizational culture.
2. Providing extensive training and resources to enhance leaders' communication skills is crucial for establishing a productive and harmonious organizational culture. This includes developing the ability to set clear goals and objectives, providing consistent updates and feedback, and demonstrating active listening to address employee concerns and suggestions.
3. Establish channels for open and transparent communication within the organization. This can include regular team meetings, town hall sessions, and feedback mechanisms that allow employees to voice their opinions and concerns.

4. Regularly assess and monitor the organizational culture to ensure it aligns with the desired values and objectives. Use surveys, focus groups, and performance evaluations to gather insights.

5.3 Future Research

- Future studies could explore how different cultures impact the connection between leadership styles and organizational culture, building upon the findings of this research in Hungarian companies.
- Also, conducting studies over a more extended period could help us understand how leadership styles impact organizations in the long run, giving us a deeper insight into their lasting effects.
- Further research could focus on specific industries, examining how different leadership approaches work in healthcare, technology, or finance, providing tailored insights for each industry's unique needs.
- Examine how different leadership styles adapt to virtual work environments and investigate challenges.

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7 Appendices

Appendix 1: Questionnaire



Hungarian University of Agriculture and Life Science

Szent István Campus

Institute of Agricultural and Food Economics

Dear Filler!

I am an undergraduate student at the Hungarian University of Agricultural and Life Sciences (former SZIE), and I would like to ask for your help in filling out this questionnaire, which aims to measure the effect of leadership on organizational culture.

Please fill out the questionnaire below

Thanks in advance for your help!

Kedves Kitöltő!

A Magyar Agrár és Élettudományi Egyetem (volt SZIE) alapszakos hallgatója vagyok, és Kérem, töltsse ki az alábbi kérdőívet, melynek célja a vezetés szervezeti kultúrára gyakorolt hatásának mérése.

Előre is köszönöm a segítségéd.

عزيزي المالى !

أنا طالب جامعي في الجامعة المجرية للعلوم الحياة سابقاً (SZIE)

وأود أن أطلب مساعدتك في ملء هذا الاستبيان

يرجى ملء الاستبيان أدناه

شكراً مقدماً لمساعدتك!

Researcher: Marah Aljamal

Section 1: Demographics / Demográfiai jellemzők/ الخصائص الديموغرافية

- **Gender / Nem/ الجنس**
__ Female / Nő/أنثى __ Male/Férfi/ ذكر
- **What is your highest level of education? /Képzési program? / المستوى التعليمي؟**
__ High school/középiskola/المدرسة الثانوية
__ Bachelor's degree/Alapképzés/درجة البكالوريوس
__ Master's degree/Mesterképzés/درجة ماجستير
__ Doctoral Degree/PhD-képzés/درجة الدكتوراه
- **What is the size of the company you work for? /Mekkora a cég, ahol dolgozik?/ ما هو حجم الشركة التي تعمل بها؟**
__ Small (less than 50 employees)/Kicsi (kevesebb mint 50 alkalmazott)/ صغير (أقل من 50 موظفًا)
__ Medium (between 50 and 250 employees)/Közepes (50 és 250 alkalmazott között)/ متوسطة (بين 50 و 250 موظفًا)
__ Large (more than 250 employees)/ Nagy (több mint 250 alkalmazott)/ كبير (أكثر من 250 موظفًا)
- **What is your job classification within the organization? /Mi a besorolása a szervezetben belül?/ ما هو تصنيفك الوظيفي داخل المنظمة؟**
__ Managerial, Leadership//Vezetői, Vezetési//الإدارة, القيادة
__ Professional, Technical//Szakmai, technikai//المهنية, الفنية
__ Administrative, Support//Közigazgatási, Támogatás//الإدارية, الدعم
__ Operations, Production//Műveletek/termelés//العمليات, الإنتاج
- **Where do you fall in the organizational hierarchy?Hova esik a szervezeti hierarchiában? أين تقع في التسلسل الهرمي التنظيمي?**
__ Top-level executive/CEO, Legfelső szintű ügyvezető/vezérigazgató, أعلى مستوى تنفيذي / رئيس تنفيذي
__ Middle management/Középvezetés /ادارة مركزية
__ Frontline supervisor/Team lead, Frontline felügyelő/csoportvezető, قائد الفريق/مشرف الخط الأمامي
__ Non-supervisory employee/Nem felügyeleti alkalmazott/موظف غير مشرف
- **What is your country?Mi az országod?/ ما هو بلدك؟**
__ Hungary/Magyarország
__ other _____

Section 2: Leadership Style

Please select one option: Kérjük, válasszon egy lehetőséget: ارجوك اختر خيار واحد

1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- strongly Agree

1-Nem értek egyet ... 5- Egyetértek

5- أوافق بشدة، 1- لا أوافق بشدة

No.	Item	1	2	3	4	5
Transformational Leadership Style/ Átalakító vezetési stílus/ أسلوب القيادة التحويلية						
1	My leader communicates a clear vision for the organization's future. Vezetőm világos elképzelést közöl a szervezet jövőjéről. يقوم قائدي بتوصيل رؤية واضحة لمستقبل المنظمة.					
2	My leader inspires me to be creative and innovative in my work. Vezetőm arra ösztönöz, hogy kreatív és innovatív legyek a munkám során. يلهمني قائدي أن أكون مبدعًا ومبتكرًا في عملي.					
3	My leader encourages me to develop my skills and abilities. Vezetőm ösztönöz készségeim és képességeim fejlesztésére. يشجعني قائدي على تطوير مهاراتي وقدراتي.					
4	My leader encourages teamwork and collaboration among employees. Vezetőm ösztönzi a csapatmunkát és a munkatársak közötti együttműködést. يشجع قائدي العمل الجماعي والتعاون بين الموظفين.					
5	My leader is open to feedback and new ideas. Vezetőm nyitott a visszajelzésekre és az új ötletekre. قائدي منفتح على ردود الفعل والأفكار الجديدة.					
Autocratic Leadership Style / Autokratikus vezetési stílus/ أسلوب القيادة الأوتوقراطية						
6	My leader makes decisions without seeking input from employees. A vezetőm anélkül hoz döntéseket, hogy kikérné az alkalmazottak véleményét. يقوم قائدي باتخاذ القرارات دون السعي للحصول على مدخلات من الموظفين.					
7	My leader does not trust employees to make decisions. A vezetőm nem bízik az alkalmazottakban a döntéshozatalban. قائدي لا يثق في الموظفين لاتخاذ القرارات.					
8	My leader does not communicate effectively with employees. A vezetőm nem kommunikál hatékonyan az alkalmazottakkal. لا يتواصل قائدي بشكل فعال مع الموظفين.					
9	My leader focuses more on exerting authority than fostering a positive work environment. A vezetőm inkább a tekintély gyakorlására összpontosít, nem pedig a pozitív munkakörnyezet előmozdítására. يركز قائدي على ممارسة السلطة أكثر من تعزيز بيئة عمل إيجابية.					
10	My leader does not encourage teamwork or collaboration among employees. A vezetőm nem ösztönzi a csapatmunkát vagy az alkalmazottak közötti együttműködést. لا يشجع قائدي العمل الجماعي أو التعاون بين الموظفين.					

Ethical Leadership Style/ Etikus vezetési stílus/أسلوب القيادة الأخلاقية					
11	My leader consistently demonstrates ethical behavior and sets a good example for others. Vezetőm következetesen etikus magatartást tanúsít és jó példát mutat másoknak. يُظهر قائدي باستمرار السلوك الأخلاقي ويقدم مثالاً جيداً للآخرين .				
12	My leader communicates clear ethical expectations and values to employees. Vezetőm világos etikai elvárásokat és értékeket kommunikál az alkalmazottakkal. يقوم قائدي بنقل التوقعات والقيم الأخلاقية الواضحة للموظفين.				
13	My leader encourages open and honest communication within the organization. Vezetőm a szervezeten belüli nyílt és őszinte kommunikációra ösztönöz. يشجع قائدي التواصل المفتوح والصادق داخل المنظمة.				
14	My leader treats employees fairly and consistently. Vezetőm tisztességesen és következetesen bánik az alkalmazottakkal. يعامل قائدي الموظفين بإنصاف وثبات.				
15	My leader takes responsibility for mistakes and holds others accountable for their actions. Vezetőm felelősséget vállal a hibákért, és felelősségre von másokat tetteikért. قائدي يتحمل مسؤولية الأخطاء ويحاسب الآخرين على أفعالهم.				

Section 3: Organizational Culture and Effective Communication by Leaders

Please select one option: Kérjük, válasszon egy lehetőséget: ارجوك اختر خيار واحد

1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- strongly Agree

1-Nem értek egyet ... 5- Egyetértek, بشدة، ١- لا أوافق بشدة، ١- 5- أوافق بشدة،

	Item	1	2	3	4	5
Organizational Culture and Communication /Szervezeti kultúra és kommunikáció/الثقافة التنظيمية والاتصال						
1	The organizational culture promotes a sense of community and collaboration.A szervezeti kultúra elősegíti a közösség és az együttműködés érzését. الثقافة التنظيمية تعزز الشعور بالمجتمع والتعاون					
2	Communication within the organization is open and transparent.A szervezeten belüli kommunikáció nyílt és átlátható. الاتصال داخل المنظمة مفتوح وشفاف.					
3	The organizational culture values employee well-being and work-life balance.A szervezeti kultúra nagyra értékeli az alkalmazottak jólétét és a munka-magánélet egyensúlyát. تقدر الثقافة التنظيمية رفاهية الموظف والتوازن بين العمل والحياة					
Effective Communication by Leaders/ Hatékony kommunikáció a vezetők részéről/التواصل الفعال من قبل القادة						
4	My leader communicates goals and objectives clearly and effectively.Vezetőm világosan és hatékonyan kommunikálja a célokat és célkitűzéseket. يقوم قائدي بنقل الأهداف والغايات بوضوح وفعالية.					

5	<p>My leader provides regular updates and feedback on individual and team performance. Vezetőm rendszeres frissítéseket és visszajelzéseket ad az egyéni és a csapat teljesítményéről.</p> <p>يقدم قائدي تحديثات وتعليقات منتظمة حول الأداء الفردي والجماعي.</p>					
6	<p>My leader actively listens to the concerns and suggestions of employees. Vezetőm aktívan meghallgatja az alkalmazottak aggályait, javaslatait.</p> <p>يستمع قائدي بنشاط إلى اهتمامات واقتراحات الموظفين.</p>					

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Appendix 4 :



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STUDENT DECLARATION

Signed below, **Marah Aljamal**, student of the Szent István Campus of the Hungarian University of Agriculture and Life Science, at the BSc Course of **Business Administration and Management** declare that the present Thesis is my own work and I have used the cited and quoted literature in accordance with the relevant legal and ethical rules. I understand that the one-page-summary of my thesis will be uploaded on the website of the Campus/Institute/Course and my Thesis will be available at the Host Department/Institute and in the repository of the University in accordance with the relevant legal and ethical rules.

Confidential data are presented in the thesis: yes no*

Date: 2023. October month 30. day

Marah Aljamal
Student

SUPERVISOR'S DECLARATION

As primary supervisor of the author of this thesis (Marah Aljamal H. N., Neptun: TEULAB), I hereby declare that review of the thesis was done thoroughly; student was informed and guided on the method of citing literature sources in the dissertation, attention was drawn on the importance of using literature data in accordance with the relevant legal and ethical rules.

Confidential data are presented in the thesis: yes no*

Approval of thesis for oral defense on Final Examination: approved not approved *

Date: Gödöllő, 2023. October month 30. day

B. R. ...

signature

*Please, underline the correct choice!

Appendix 5:

ABSTRACT OF BSc THESIS

Thesis title: The Impact of Leadership on Organizational Culture

Author name: Marah Aljamal

Course, level of education: Business Administration and Management, bachelor's degree

Host Department/Institute: Institute of Agricultural and Food Economics

Primary thesis advisor: Dr. Ildikó Rudnák, Associate Professor, Department of Agricultural Management and Leadership Science

Short Description:

This study aims to examine the impact of different leadership styles on the organizational culture in both international and Hungarian companies in Hungary. We used descriptive statistical methods to describe the sample observations, analyze the research hypothesis, and test it. We collected data by administering a questionnaire to MATE students working in international and Hungarian companies in Hungary. Out of 150 responses received, the findings indicate that leadership style significantly impacts the organizational culture, with transformational, ethical styles and effective communication having a positive effect. In contrast, autocratic leadership has a negative effect on organizational culture.

Keywords: Leadership styles, organizational culture, and effective communication.