Associating leadership style with firm performance: Mediating – moderating effects of learning orientation and organizational culture

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Abstract

Drawing upon leadership theory, we explored the relationship between leadership styles, learning orientation, and firm performance. We also tested the moderating role of organization culture between learning orientation and firm performance. To achieve the objectives, we shared a questionnaire with four Chinese industries: textile, manufacturing, finance, and telecommunications. As a result, 362 responses were received and analyzed using SPSS 25 and IBM AMOS 24. We conducted an exploratory factor analysis (EFA) and a confirmatory factor analysis (CFA) for the construct's reliability and validity before actually employing structural equation modeling (SEM) for modeled relationships. The results demonstrate that leadership style has considerably favorable effects on firm performance. Similarly, leadership style substantially influences learning orientation. Findings also reveal that learning orientation positively affects firm performance. Consequently, learning orientation positively mediates the relationship between leadership style and firm performance. Our study also found a significant positive moderating effect of organizational culture on learning orientation and firm performance. The results of our study offer practical implications for stakeholders, policymakers, and managers, giving them an overview of how and when choosing a leader with a particular style can impact their learning orientation and improve their performance.

1 INTRODUCTION

The leadership process varies according to the social context, including deeply rooted cultural beliefs, customs, and values. Leadership in civilizations varies according to distinct concepts and norms of power distance, individualism or collectivism, risk tolerance, gender equality, assertiveness, and attitudes toward the future, people, and performance (Arun et al., 2020), among others (Aziz & Salloum, 2023). There are several accessible leadership concepts, but to define leadership and leadership style practically, it is constructive to have a clear grasp of why these concepts are essential and why the particular leadership style is vital. According to Gandolfi (2016), leadership contains five components: (i) there must be a leader or leaders; (ii) followers; (iii) an action-oriented plan with legal justification; and (iv) goals and objectives. A comprehensive definition explaining these criteria was presented by Winston and Patterson (2006); according to them, "a leader is one or more persons who choose, encourage, develop, and influence one or more followers who have a particular set of interests, aptitudes, and talents. They also concentrate the followers on the organization's objective and goals, motivating them to joyfully exert spiritual, emotional, and physical energy in a coordinated effort" (Winston & Patterson, 2006).

The role of leaders in achieving excellent organizational performance depends on a good working environment, remunerations, and effective management-subordinate communication. Previous studies claimed that ineffectiveness, bad leadership, and negative employee attitudes influence organizational performance in businesses and organizations; others disagree (Rizani et al., 2022). The effectiveness of a company's operations is influenced by its leadership style. A vital component of an organization's management is its leadership style, which may impact how committed and engaged employees are (Hasan et al., 2018). Effective leadership is essential to today's society for many reasons, including corporate growth, community survival, job function, and effective performance. Organizations have been developed to solve social needs and cooperative actions. Performance, profitability, and innovation are behind the modern global economy. According to Riva et al. (2021), businesses are modernizing their organizational structures to compete in the bigger global market due to globalization. Leadership is one of the key factors in determining a company's success. It is said that a company's leadership style has an impact on its overall performance.

Traditionally, leaders and their styles drive a country's social, political, and economic growth (El Masri et al., 2019). Autocratic leadership (AL) and transformational leadership (TL) have gained importance in recent years for the competitiveness of businesses in the industrial and service sectors (Mishra & Schmidt, 2018). The globalization of business is one crucial aspect raising the social pressure on companies to strengthen the social impact of corporate responsibility, ethical conduct, and ethical leadership (El Masri et al., 2019). Furthermore, recent research found that corporate culture and commitment positively affect leaders' views, improving organizational performance (Saha et al., 2020). Only a few studies claimed that corporate culture, management autonomy, management moral motivation, and orientation learning mediate an organizational performance strategy (Li et al., 2019). The company's performance was also significantly impacted by delegating leadership and transformational leadership (Mishra et al., 2018). This shows that leadership style has gained importance beyond companies' needs regarding organizational culture and performance aspects (Wade & Vochozka, 2021). Companies must continually adjust to changes in their environment; thus, managers and organizations have been urged to pay more attention to individual and company performance (Kmecová et al., 2021). To take the required steps to enhance organizational performance, managers are interested in finding out which elements are involved. Whether for-profit or nonprofit, all businesses must adhere to this (Abbasi et al., 2015). Organizations are starting to focus on organizational culture and leadership style to improve performance (Alrowwad et al., 2017). Leadership is another strategy firms may use to increase performance. Leadership is one of the most important aspects determining an organization's performance and financial success (Alrowwad et al., 2017). Leaders must broaden their vision beyond the usual leader-subordinate link to a leader-stakeholder one to establish ethically acceptable interactions with numerous societal stakeholders.

Additionally, recent research found that the ethical climate positively impacts workers' view of work and the company's success, which improves organizational performance (Saha et al., 2020). Without leadership, there is a greater chance of poor judgments and reduced potential for success. A leader's role is essential to an organization's existence and growth. In their studies on leadership and organizational performance, Hasan et al. (2018) and Pizzolitto et al. (2023) contend that the function of leadership is essential to an organization's ability to operate at a high level. Organizations are said to exist to improve performance and ensure their survival and existence. Organizations must continuously improve performance by using the right leadership style to satisfy the expectations of the increasingly competitive industry. Leadership style is key in determining whether an organization succeeds or fails. In addition to influencing,

directing, and motivating people to carry out specific duties, leaders inspire their followers. The literature asserts that attaining organizational success requires effective leadership. According to several studies, there is a proportional relationship between improving organizational performance and effective leadership (Akparep et al., 2019).

Yet, the relationships between leadership style and firm performance, learning orientation, organizational culture, and performance have all been studied separately; this study examines the relationship with organizational culture acting as a moderating factor in between. Only a few research studies have investigated the correlation between these four concepts. Most cultural research has not been done in various nations (Ly, 2023). The characteristics of leadership styles are addressed in this study. Leadership receives less emphasis in many assessments of learning orientation (Domingues et al., 2017). So, it is essential to comprehend how organizational culture, learning orientation, and leadership style interact to effect company performance. This study broadens and deepens the connections between organizational culture, leadership styles, and firm performance. The Chinese manufacturing industry's organizational culture phenomena and leadership styles are examined in this study. This study uses information from several Chinese sectors to demonstrate the relationship between organizational culture, learning orientation, leadership style, and performance. This paper's primary concerns are as follows: a) Is there a meaningful connection between leadership style and business performance? b) How does organizational performance relate to leadership? c) Is there a relationship between organizational culture and performance? d) What is the moderating impact of a learning orientation on leadership style and firm performance.

2 THEORETICAL BACKGROUNDS

2.1 Theoretical underpinnings – Leadership theory
Leadership researchers and practitioners often criticize the various definitions frequently used to explain leadership in the literature. Several methods for thinking, assessing, researching, and criticizing leadership have emerged due to divergent definitions. For instance, some scholars' explanations of leadership have concentrated on the leader, while others have looked at leadership from an interpersonal, collective, or follower-centered viewpoint. Other scholars have focused on investigating leader attributes instead of actions to further the distinction in leadership theory. At the same time, other authors have utilized the cognition and emotion literature to promote their explanations of leadership and its impacts. We argue that the many different viewpoints established within leadership studies reflect valid ways of conceiving leadership, and each has advanced our knowledge of leadership's broadness and depth. In addition, such breadth makes it challenging to determine what is required in the next phase of theory development and to provide a convincing picture of the current leadership research and theory.

This topic was first raised more than ten years ago by Graen and Uhl-Bien (1995), who claimed that "when new leadership theories develop, efforts to categorize them into broad categories of approaches are getting increasingly challenging." Three domains are covered by their taxonomy for organizing leadership research: the leader, the follower, and the interaction between the two. Each could be examined from various perspectives (e.g., the individual, dyad, group, and organization level). They did not include the framework in which leaders, subordinates, and their relationships are situated in their categorization method, which was notably lacking (Avolio, 2007). Also, while their first taxonomy served as a starting point, Graen and Uhl-Bien (1995) admitted it was incomplete because it left out significant categories (e.g., groups and teams, the context). We suggest that integration across several theoretical viewpoints is required

to develop a more holistic management system in which leaders, followers, collectives, and context coexist. Thus, we have two goals in mind. First, we set out to create a common vocabulary that leadership scholars could use to describe, debate, and defend their theoretical positions without being constrained by the confines of preexisting theories. We begin with a qualitative review of the key leadership theories to develop an integrative view of leadership. This process is comparable to an empirical meta-analysis, but our focus was on evaluating and aggregating theories rather than the observed data supporting those theories. According to the findings of this point, we have concluded that every leadership theory tries to address two key issues, which we used to develop our fundamental guidelines or principles for codification. These issues are 'where does leadership come from?' and 'how is leadership transmitted?' As a result, we suggest two categories, the location and the mechanism of leadership, to describe leadership models meaningfully and practically.

2.2 Leadership style

Due to the issues brought on by the opening of the global economy in the twenty-first century, the corporate environment is now placing more importance on entrepreneurial leadership (Mishra & Misra, 2017). Management and owners of SMEs must be aware of changes occurring in the corporate environment. Without a clear vision established by the company's leadership and supported by entrepreneurial actions, few organizations can succeed and survive. To do this, organizational leaders, such as CEOs, directors, and operation managers, must know their strengths, weaknesses, leadership principles, and ultimate goals. They need to be proactive, innovative, and ingenious. When necessary, they must grasp opportunities and take prudent risks. Intelligent business leaders establish sustainable businesses and competitive advantage while using their abilities and competencies to grow their businesses efficiently (Ramadani et al., 2019). Entrepreneurial individuals exhibit the personal qualities required to create creative ideas for the future of their companies, recognize possibilities, and accomplish those goals according to the entrepreneurship concept. However, the functional abilities of entrepreneurial leaders allow them to inspire and convince their team members to forgo conventional performance in carrying out their responsibilities and enhance their efforts in bringing innovation and entrepreneurial ventures into practice.

By incorporating individuals in development and training programs, people's perceptions of their skills and abilities are altered, and their sense of self-reliance is raised (Bagheri, 2017). By identifying and exploiting opportunities to enhance organizational performance, entrepreneurial leadership promotes and allows businesses to embrace practices that support the corporate innovation culture, find novel solutions to issues, and efficiently use resources (Sawaean & Ali, 2020). In recent years, the concepts of corporate organizational culture (O.C.) and leadership style (L.S.) have grown in significance for the competitiveness of firms functioning in both the industrial and service sectors (Zonghua et al., 2022). Major changes, crises, and environmental instability have all contributed to companies' growing demand for leadership. The distinction between management and leadership, which affects how business activities are carried out in the company, must be explicit to avoid confusion about their respective roles. Managers exert control, stress reason, demand efficiency from staff, and refrain from taking risks themselves.

Leaders make a real effort to complete tasks, have a personal outlook on accomplishing objectives, and engage in risk-taking behaviors (Chen & Yan, 2022). As people deal with new obstacles and incorporate these lessons into their leadership styles, they develop into leaders (Allio, 2012). Corporate globalization is one crucial element raising social pressure on businesses to enhance the social impact of leadership style, moral conduct, and organizational culture (Mishra & Schmidt, 2018). The literature from the last decade seems to have been

influenced by the debate over ethics as a basic need of leadership that impacts employees' abilities to understand and run the organization (Saha et al., 2020). Companies experience quick changes every day as a consequence of several circumstances. These variables include a few external factors, such as rivalry, worldwide market trends, and technological advancements. Several changes occur throughout time that also affect the organizations themselves. Company culture, innovation, employee motivation, and human resource strength are examples (Akparep et al., 2019). These factors typically all affect how successfully these companies operate. An organization's success may strongly impact its leadership (Ng'ethe et al., 2012). An organization's objectives and workers' performance may significantly impact the leadership style adopted (Akparep et al., 2020).

2.2.1 Transformational leadership

Idris et al. (2022) initially formulated the transformational leadership theory. Leadership focuses on meeting higher and more fundamental demands while motivating followers to develop novel ideas and improve the working environment (Soleas, 2020). The transformational concept of leadership has undergone several modifications during the past 30 years. Researchers now characterize these types of leaders as those that persuade and urge followers to overlook their interests in favor of group goals (Yahaya & Ebrahim, 2016) and divide the effect of this leadership style into four sub-dimensions, notwithstanding criticism of its use (Asim Shahzad et al., 2022). Even though there are various ideas on leadership, transformational leadership has received the most significant support during the past two decades. Scholars indicate that transformative leadership promotes followers' overall development. Followers of transformational leadership see it as a connection with a person or group that is self-defining and rewarding. Transformational leaders' ideological and behavioral charm inspires their followers to identify with them (Bagheri, 2017). A transformative leader constructs unique relationships with their team members, fostering a collaborative environment that increases output. As a result, transformational leadership and organizational performance are positively correlated (Jyoti et al., 2015). Transformational leadership strongly impacts company performance (Sofi and Devanadhen 2015).

2.2.2 Autocratic leadership

Without seeking feedback or counsel, authoritarians coordinate with their followers on what has to be done and how it should be done. According to Goffee and Gareth (2015), leadership encourages sincerity, dependability, and honesty in your interactions with coworkers and subordinates. Authentic leaders should consistently demonstrate their values through their actions, uphold strong moral principles, and avoid hypocrisy to maintain the trust and respect of their followers. Because of recent corporate, financial, and political crises and behaviors worldwide, most notably in developing nations, a leadership style that will promote and encourage the presentation and exposition of ultimate sincerity and protect individual integrity is required. Dominant behavior is characteristic of autocratic leaders. Authoritarian leaders want their subjects to obey their commands. Typically, authoritarian leaders retain the last control in all decisions (Chen & Weng, 2023). The duties and approaches used by followers of autocratic leaders must be carried out in a specific manner, understanding how organizational performance is impacted by different types of leadership (Iqbal et al., 2015). Authoritarian leadership is also known as autocratic leadership. Autocratic leaders lack perspective and merely foster divisive discourse.

Autocratic leadership significantly impacts the employees' level of happiness and drive. However, authoritarian leadership style may be effective in the short run. Friendly workplace interaction and communication are restricted under authoritarian leadership, which is necessary for efficient organizational performance. An autocratic leadership style may boost organizational performance (Shahzad et al., 2022). When tasks must be completed within the allotted timeframes, this leadership style is more suitable (Bhargavi & Yaseen, 2016). An autocratic leader sets their team's goals, strategies, and rules and expects everyone to abide by them. These leaders also have little trust in their followers.

2.2.3 Affiliative leadership

In general, the process of transformation is how leadership is primarily characterized. To support and elevate their jobs in some fundamental ways so they may benefit from or take advantage of new chances inside the higher level of the system, leaders construct systems that match the needs of organizations and managers and eventually aid them (Prabhu & Srivastava, 2023). Fundamentally, the main demands of a leader are to manage and drive all-important decision-making roles, including those of an entrepreneur, resource manager, problem solver, and negotiator, by fostering strong relationships with others, motivating and inspiring the followers, and making clear decisions. Influential leaders can think critically, act intuitively, make moral decisions, and communicate effectively (Maqbool et al., 2023). Instead of focusing on the effects on individual group members, leadership must evaluate how it affects organizational activities as a whole (Stogdill, 1950).

2.2.4 Delegative leadership

According to Chang et al. (2024), leadership is the process by which a leader affects followers' behavior so that they wish to work effectively to accomplish the organizational goals of the firm. A delegative leader allows subordinates or employees to carry out their preferences. Meanwhile, it said that values of power delegation or extremely high levels of confidence between superior and subordinate may be found in the leadership style of the delegate type (Wulandari et al., 2021; Nguyen et al., 2020). According to Lennox et al. (2023), the following are signs of delegated leadership: (1) leaders delegate all power to subordinates, (2) subordinates make more choices, and (3) subordinates are free to voice their views and opinions. According to Norris et al. (2021), the characteristics of a delegating leadership are a) giving tasks to subordinates with minimal instructions, b) allocating tasks depending on the skills of the subordinates, c) building connections with external parties, and d) delegating subordinates to discover solutions to problems. These are only a few of the possible strategies (Butt et al., 2023). Laissez-faire leadership, or delegative leadership, is a kind of management in which the leader plays a supporting role and defers the group's decision-making process. A laissez-faire leadership does not regularly provide subordinates with feedback and does not actively monitor them. These executives control highly skilled and trained staff and need little guidance. Studies have shown that this leadership approach often results in lower team productivity (Gadirajurrett et al., 2018). Trust is an essential component of delegative leadership, sometimes known as laissez-faire leadership. Delegative leaders allow group members to make choices and provide little supervision. This strategy may be beneficial when dealing with highly talented individuals, but it often leads to poorly defined jobs and a lack of drive (Gadirajurrett et al., 2018).

2.3 Firm performance

Kabir et al. (2016) describe satisfactory organizational performance as measuring employee productivity by revenue, profit, growth, development, and corporate expansion. Since some experts think leadership promotes business success, they stressed the need to examine how executive leadership improves organizational performance. Management development and long-term competitive advantage need competent leadership to enhance organization performance. According to Rangus and Černe (2019), leadership is essential for performance, as it is the main force behind an organization's growth. A leader needs to motivate the group. Leaders must understand and respect people's perspectives and show interest in, trust in, and awareness of their needs and wants. Leaders will contribute to organizational effectiveness by creating a pleasant atmosphere and reducing conflict.

Performance is the achievement of specific goals determined by established benchmarks (Kim et al., 2023). Performance is measured in two directions or dimensions. Performance may be evaluated objectively using economic and market-based metrics like capacity utilization, profitability, and market share. The second kind of performance, subjective or judgmental, includes employee- and customer-based metrics, including service quality and staff and customer satisfaction. It implies that substantial attention must paid to service quality and customer and employee satisfaction for a firm to achieve a successful objective performance. However, organizations' use of financial performance metrics is becoming insufficient due to quick changes, such as improved product quality, increased global population movement, and accelerated technological advancements. As a result, businesses now tend to be multicultural (Ramachandran et al., 2023). As such, this paper examines performance from the non-financial perspective of leadership approaches. The effectiveness of a stakeholder's leadership is used to evaluate organizational performance. Therefore, in this task, a leader's ability to influence subordinates to achieve predetermined goals and objectives will significantly impact how well the company performs. Performance is the execution or completion of work, tasks, or goals to a specific degree of desired satisfaction due to the leadership style(s) established or adapted by the person holding the leadership position. Performance, therefore, is defined as an organization's capacity to meet the intended expectations of its workforce through the management style(s) adopted.

2.4 Hypotheses development
2.4.1 Leadership style and firm performance

Performance is the act of doing a task. The completion of work is measured against certain standard practices of efficiency, completeness, cost, and speed (Business Dictionary, 2014). The act of fulfilling a duty and relieving the performer of responsibility is called performance. Thus, job performance is the organization's way of achieving stated objectives. It describes a worker's conduct at work and his effort. Therefore, job performance refers to how well employees carry out their duties. Leaders should not push this idea aside since it is necessary for corporate success. Activating staff performance for productivity is required for a leader in a company to be considered adequate. Administrative habits and leadership abilities must be used to get the workers engaged. Research has shown paradoxical correlations between leadership style and organizational performance, and associations may be beneficial or destructive (Fischer & Sitkin, 2023). Corporate performance and leadership styles are linked significantly (Piwowar-Sulej & Iqbal, 2023).

According to Datta (2015), the performance and retention of employees in modern firms can be directly impacted by inefficient or unsuitable leadership styles. Dubey et al. (2023) contend that effective leadership helps employees feel connected to the business. Employees with a

strong emotional connection to the organization are likelier to stick with it, producing superior work in less time and lowering turnover costs. Leadership also promotes organizational justice, which is essential since it has been shown that fairness is associated with greater levels of job performance, supervisor trust, psychological ownership, and organizational commitment. This review of related literature reveals that although some researchers disagree with leadership enhancing organizational performance, others support it. However, making direct comparisons is difficult because different leadership theories have been used in various studies. There are still unanswered questions and gaps. To make a substantial addition to the growing body of knowledge and experience in this area of research, especially regarding county government in China, the present study will reexamine the recommended leadership-performance link. A company's performance is significantly influenced by its leadership ideas. The leadership style impacts the company's culture, which affects how effectively the organization functions (Hasan et al., 2018). Data from 2,662 individuals working in 311 organizations and four-factor leadership theories were used to illustrate this. The many leadership styles are related to performance and organizational culture.

H1: leadership style is positively related to the firm performance.

2.4.2 Leadership style and learning orientation

Researchers have focused on entrepreneurial and learning orientations for the last several decades. Learning orientation, as a fundamental attitude toward learning, symbolizes the role of managers and organizations in growing surface learning processes. Similarly, organizational values impact an organization's inclination to produce and use knowledge (Amin, 2015). Organizations should recruit individuals who can understand and differentiate between recent technological breakthroughs and outside market knowledge, according to (Fischer & Sitkin, 2023). For an organization's members to handle information effectively and generate new knowledge more rapidly than their competitors, they must also be skilled and competent. Strategic renewal and organizational learning orientation are connected. Learning orientation is currently considered a tactic for keeping a competitive advantage; it is relevant to creative production. Finally, learning orientation affects performance at the individual and organizational levels. Mastering information and abilities via study and experience is referred to as learning orientation. It is a crucial operational resource because it enables businesses to keep their competitive edge by continually improving their ability to manipulate market data more quickly than their rivals (Wu et al., 2023). Businesses that are better at presenting, gaining, and transferring information and adjusting their behavior to reflect the new knowledge are better able to adapt to fast-changing dynamics in a challenging business environment (Tajeddini, 2016). According to Yoon and Park (2023), learning orientation refers to an organizational culture that affects how likely organizations are to produce and apply knowledge. This suggests that learning orientation needs to form a new corporate culture that includes new values, norms, beliefs, assumptions, and anticipated behavior, in addition to brief organizational training and development periods. Examining the effectiveness and integrity of existing ideas, attitudes, and practices intended to ensure an organization's success is more accessible with learning-oriented management. It encourages employees to learn new things and reinforces the learning norms currently existent in the workplace to enhance organizational abilities and achieve excellent efficiency. As a result, learning orientation enhances an organization's learning behavior and changes corporate culture to one that is more advanced and entrepreneurially oriented, ensuring long-term growth and survival (Hussain et al., 2018). Regularly evaluate the current values and practices that influence an organization's operations. Sinkula et al. (1997) claim that learning orientation is a set of values that affects how pleased

an organization is with the theories it is adopting. In this regard, this paper employs the scale that (Sinkula et al. (1997) recommended for measuring and evaluating the learning orientation chosen by firms. Shared vision, openness to new ideas, knowledge sharing within the organization, and dedication to learning comprise the scale's four components. However, this paper ignores the issue of knowledge sharing inside organizations.

H2: leadership style is positively related to learning orientation.

2.4.3 Mediation of learning orientation

To create and integrate knowledge across an organization, learning orientation primarily entails accepting a learning process and change. Learning orientation profoundly impacts organizations, so it has been thoroughly researched in the literature. Research has focused on analyzing learning orientation to gain a competitive edge, eventually leading to ongoing performance improvement (Baker et al., 2022). Organizations with a high degree of learning orientation perform better than organizations with a lower learning orientation; this would be particularly true in a highly uncertain competitive environment. Nonetheless, academics feel that more research is needed on the relationship between learning orientation and performance (Wahab et al., 2015). Researchers have discovered various viewpoints and findings concerning the nature of this link after rigorously examining the body of literature on learning orientation and organization performance. Many studies have shown the strong connections between organization performance, learning orientation, and leadership style (Niazi et al., 2020). Just a few studies have shown an indirect association; these studies have underlined that leadership style is impacted by learning orientation, ultimately improving organizational performance. Much research has also shown that learning orientation indirectly affects an organization's performance. For instance, Le and Ikram (2022) found a link between learning orientation and leadership style and improved firm performance. Similarly, Pett et al. (2024) examined the relationship between leadership style, learning orientation, and company performance and concluded that both learning orientation and firm performance were favorably impacted by leadership style. The current research considers the impact of learning orientation on organizational performance in the Chinese SME setting.

H3: learning orientation significantly and positively impacts firm performance.
H4: learning orientation significantly mediates the relationship between leadership style and firm performance.

2.4.4 Moderation of organizational culture

There are several ways to define culture. Formally, culture is described as the predominant "ideas, values, attitudes, behaviors, and customs" of a group (Lovin et al., 2023 P-26). Anthropologists have long sought to understand various tribes worldwide by focusing on culture. The connections between culture, organizational performance, and employee behavior and attitudes have only lately come to light due to the work of corporate researchers. *Fortune*'s annual list of the "100 Best Companies to Work For" mainly relies on the significance of culture in organizations, since employees anonymously submit information about their workplace cultures (Aranki et al., 2019). Culture is a topic about which skilled leaders are becoming increasingly concerned. According to Tony Hsieh, the former CEO of Zappos, "If you get the culture right, a lot of the other stuff like excellent customer service, creating a terrific long-term brand, or passionate staff and customers will emerge spontaneously on its own." D Snow (2009- P 239). The ordinary meanings, conventions, and ideals of how leadership is expected

to be exercised, collectively known as the "cultural environment of leadership," reflect an uncertain yet likely-to-influence circumstance. Studies that examined the varied effects of cultural factors and shifting values on leadership styles and effectiveness showed that leadership environments could be stable, chaotic, unpredictable, or susceptible (Porfírio et al., 2021). The study by Rohlfer and Zhang (2016) serves as the foundation for a leadership theory that emphasizes the importance of context; it argues for a more pragmatic advancement in understanding culture as a dynamic aspect. Global and local cultural contexts affect leadership activities; hence, these areas are crucial for examining how cultural context affects active leadership actions and relationships in cooperative companies, claims (Uhl-Bien 2006). More concretely, organizational culture is the environment in which individuals work and how it affects their attitudes, actions, and experiences at work (Helmuth et al., 2023). Cultures within organizations might vary substantially. They can bring out the best in people and foster positive environments, or they may bring out the worst in people and foster tense, stressful environments.

H5: Organizational culture significantly moderates the relationship between learning orientation and firm performance.

The literature evaluation suggests numerous research gaps. First, the study must determine how different leadership theories may be combined to create a unified framework. Second, empirical research is necessary to assess whether learning orientation mediates the relationship between leadership style and firm performance and how certain leadership philosophies affect the growth of learning-oriented cultures inside firms. Researchers should also examine how organizational culture affects the link between performance and learning orientation. Furthermore, exploring sector-specific variations in these interactions and creating and testing measuring techniques suited to various organizational contexts might improve our knowledge. Finally, it is important to investigate how external influences affect leadership practices and organizational results. We can improve our understanding of leadership and how it affects companies by filling in these gaps. The proposed conceptual model is shown in Fig. 1.
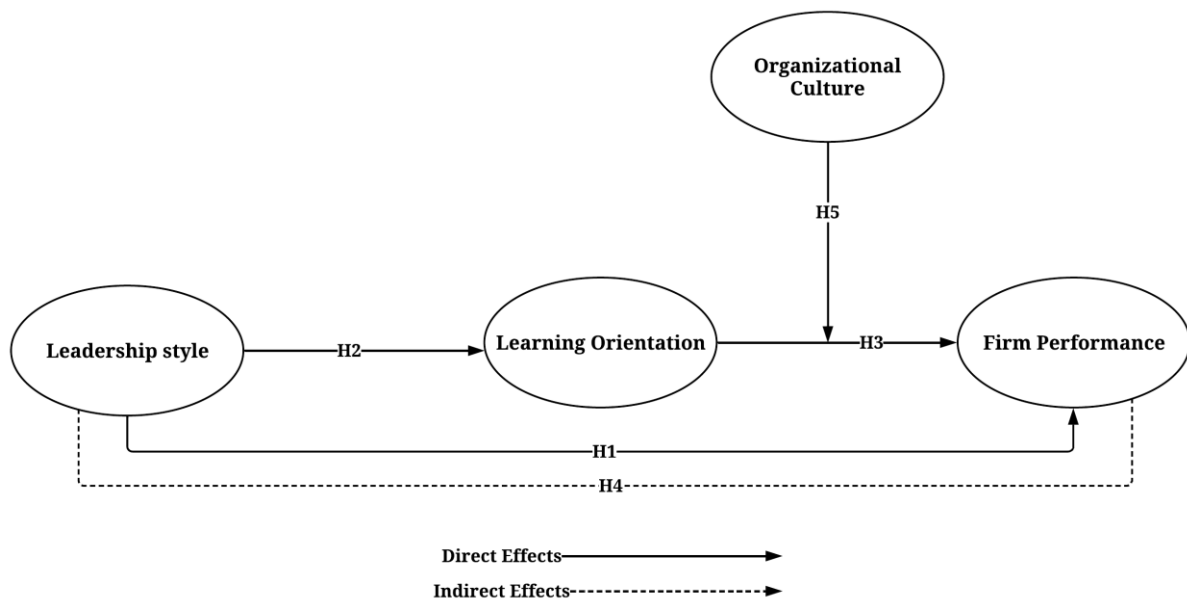

Fig. 1 – Conceptual Framework. Source: own research

3 RESEARCH OBJECTIVES, METHODOLOGY AND DATA

3.1 Measuring items

The survey's questions were measured using a Likert scale with a maximum score of 5, with 1 denoting severe disagreement and 5 denoting strong agreement. Higher ratings on the scale showed that the variable was more prevalent inside the company. Higher scores were a sign of higher assessment levels of the organization's performance. Likert scales are frequently employed to give standardized assessments of participant perspectives that permit comparison across various groups (Groves et al., 2011).

We adopted a scale with four items measuring self-awareness, balanced processing, relational tendency, and integrated moral perspective from prior research by (Zhu, 2002) to measure leadership style. A sample item is, "my manager is aware of what he truly finds important." Ar and Baki (2011) adapted existing literature to create a measure of learning orientation evaluated on a 5-item scale. A sample item is "each team member has specialized knowledge of some aspect of our project." A 5-item scale was used to evaluate the responses. A sample item, firm performance, was also adapted from the previous study of Iqbal et al. (2022) and measured on a 4-item scale that responded by '1=Never, to '5= Very frequently. The details are presented in Tab. 1.

Leadership style: The construct was developed by research into the impacts of leadership (Zhu, 2002). Managers were asked to assess the consistency of their staff members' actions and the use of outcome-based management techniques in the workplace. A 4-item scale was used to evaluate the replies. "My manager commends me if I do job tasks successfully" is a sample item.

Learning Orientation: How frequently employees engage in any of the activities was examined. The 5-item scale used to measure learning orientation was taken from a 2011 study by Ar and Baki (2011). "While working in the organization, I develop unique and innovative ideas" is a sample item.

Organizational Culture: We asked employees to evaluate their capacity for innovation while the company employed them. The 5-item scale we used to assess corporate culture was adapted from Khan et al. (2020). "I typically offer solutions to workers' challenges regarding the job activity" is a sample item.

Firm Performance: This construct was developed by and consisted of a 4-item measure (Iqbal et al., 2022). A sample item is "how I improve the efficiency and productivity of the organization."

Tab. 1 – Constructs and Measuring Items. Source: own research

Sr. No	Construct	Items	References
1	Leadership style	4	(Zhu, 2002)
2	Learning orientation	5	(Ar & Baki, 2011)
3	Organizational culture	5	(Khan et al., 2020)
4	Firm's performance	4	(Iqbal et al., 2022)

3.2 Population and sampling

A multi-level data set, comprising matching questionnaires from managers and firms' employees, was gathered to evaluate the model. A cross-sectional survey was used to collect the data. Most of the managers at various Chinese manufacturing and service firms contacted us. We asked the team managers to evaluate each employee's performance individually to prevent bias from the standard approach used to measure company performance. This circumstance is ideal for examining our methodology since a firm's performance is based on its employees', teams', and managers' abilities to complete particular organizational needs.

Furthermore, members of the company collaborated for the knowledge exchange, supporting and enabling one another to define the corporate culture and goals. To collect the data, we first required the management of each organization to provide its permission and support. We invited 155 organizations to participate in the study, of which 105 (49 from the textile industry, 30 from manufacturing, 20 from finance, and 6 from communications) responded. Then, using the relevant data from 105 team managers at each company's HR department, we made physical and electronic communications to invite them to participate in our online survey. Before collecting the data, we conducted 20 in-depth qualitative interviews with managers and team members to verify the validity of the survey questions. One manager and one to four randomly chosen employees later completed the survey.

Consequently, the managers sent a link to an online survey and asked to share it with every team member. To match replies from managers and workers, we also requested the employees enter a five-digit number and return it to their supervisors. We sent survey forms to 430 workers and their 105 individual team supervisors. After completing the survey, we eliminated the respondents with fewer than four replies from the manufacturing workforce. 50 manager-employee dyads were produced from the final matched sample, which included 362 valid responses from workers and 88 valid responses from managers; 74.3% of the survey respondents were men. Additionally, 63.2% of the participants had completed their university education, and 55.8% of respondents had work experience of at least ten years in various organizations. The sample characteristics are presented in Tab. 2.

Tab. 2 – Sample Characteristics. Source: own research

Respondent's Profile	Frequency	Percentage
Gender		
Male	269	74.30
Female	93	25.70
Age		
19–24	85	24.48
25–29	107	29.55
30–34	66	18.23
35–49	52	14.36
40–44	23	6.35
45+ years	29	8.01
Industry Representation		
Textile sector	50	47.7
Manufacturing	20	19.0
Finance	15	14.3
Telecommunication	20	19.0
Leadership-managing Experience		
Less than 1 year	24	6.6
1–5 years	136	37.6
6–10 years	157	43.4
11–15 years	32	8.8
16+ years	13	3.6

3.3 Methods Employed

We employed the covariance based structural equation modeling (CB-SEM) to analyze the modeled relationships in our study. We applied CB-SEM because it fits with the aim of theory testing. We developed the hypotheses based on leadership theory; therefore, CB-SEM fulfills

the requirements for the statistical procedures. We applied CB-SEM in two phases. At first, we conducted the EFA using SPSS 25, where we identified the reliability and validity of the constructs and items cross-loading identified using a factor rotation matrix. Afterward, CFA in Amos was conducted, and factors were unidirectionally checked. Upon confirmation of satisfactory results from EFA and CFA in the second stage, we employed the modeled relationship and tested the hypotheses.

4 RESULTS AND DISCUSSION

4.1 Measurement model assessment

We estimated the measurement model using IBM AMOS 24.0 and the two-step model approach (Anderson & Gerbing, 1988). To evaluate the measurement model's validity and reliability, we used a CFA approach that considered all multi-item scales (see Fig. 2).
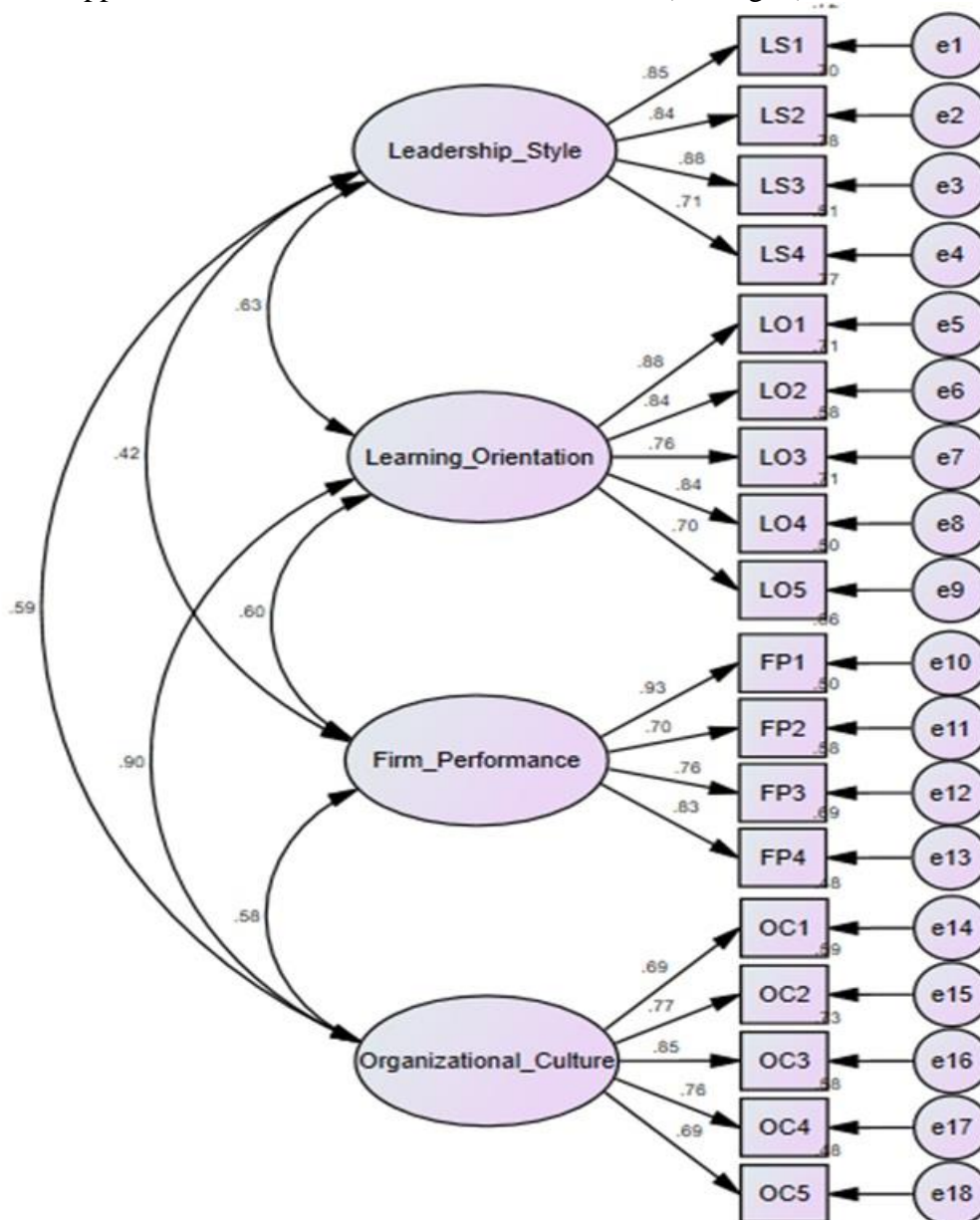

Fig. 2 – Confirmatory factor analysis results. Source: own research

A study by Hu and Bentler (1999) reported the following excellent model fit indices for the measurements model: $X2/df = 2.472$; RMSEA = 0.052; adjusted goodness of fit index (AGFI)

= 0.829; normed fit index (NFI) = 0.904; confirmatory fit index (CFI) = 0.914; Tucker-Lewis index (TLI) = 0.906; Standardized Root Mean Square Residual (SRMR) = 0.0 46. According to the CFA findings, the factor-loading item with a value between 0.701 and 0.905 exceeded the cutoff limit of 0.70. Since the Cronbach alpha (α) values are more than 0.70, they are considered acceptable. The results are presented in Tab. 3.

Tab. 3. – Results of factor loadings and reliability of latent constructs. Source: own research

Constructs	Items	SFL	α
Leadership Style			0.898
	LS1	.850	
	LS2	.837	
	LS3	.885	
	LS4	.711	
Learning Orientation			0.888
	LO1	.880	
	LO2	.844	
	LO3	.761	
	LO4	.841	
	LO5	.704	
Firm Performance			0.905
	FP1	.930	
	FP2	.704	
	FP3	.761	
	FP4	.830	
Organizational Culture			0.880
	OC1	.694	
	OC2	.769	
	OC3	.854	
	OC4	.760	
	OC5	.693	

The statistic used to verify convergent validity is the average variance extracted (AVE) for each model construct, which must be more than 0.50 (Fornell & Larcker, 1981). Tab. 4 reveals that AVE values range from 0.54 to 0.78 points over the suggested ceiling. We proved discriminant validity by stating that each latent construct's AVE must be more significant than the square correlation between each item of the constructs (Fornell & Larcker, 1981), (See Tab. 4). The latent constructs, convergent and discriminant validity approved the measuring model.

Tab. 4. – Discriminant Validity. Source: own research

S. No	Variables	MS	CR	AVE	LS	LO	FP	OC
1	Leadership Styles	0.12	0.91	0.73	**0.85**			
2	Learning Orientation	0.27	0.92	0.76	0.48	**0.876**		

| 3 | Firm Performance | 0.27 | 0.91 | 0.74 | 0.69 | 0.428 | **0.861** | |
| 4 | Organizational Culture | 0.28 | 0.91 | 0.69 | 0.56 | 0.709 | 0.559 | **0.832** |

4.2. Common method variance

As a cross-sectional survey employed in this study, common method variance (CMV) may impact the research results. To search for CMV, we adopted the same single-factor test that was used by Podsakoff et al. (2003). Harman's single-factor results show that CMV impacts the results when a single factor accounts for surpassing 50% of the total variation. The results of our study indicate that there was no CMV in the data because the most significant single factor contribution, at 37.25 percent, was below the 50% threshold. We also used the common latent factor approach developed by Podsakoff et al. (2003) to assess the consistency of the CMV test. The results showed that the existing framework's estimated parameters and fit indices did not differ significantly. CMV is, therefore, irrelevant to our investigation.

4.3. Results of proposed hypotheses

SEM was used to examine the proposed theories. At this point, we used a range of statistical measures of the structural model's fitness, following Hair et al. (2017). The fit indices in Tab. 5 shows that (x2 / df = 2.452, GFI = 0.925; AGFI = 0.971; TLI = 0.952; CFI = 0.912; NFI = 0.722; RMSEA = 0.061; RMR=0.055) the structural model had a suitable connection with the data.

Tab. 5. – Values of measurement and structural model. Source: own research

Fit indices	χ2 /df	GFI	RMSEA	RMR	CFI	TLI	AGFI	PNFI
Recommended Values	<3	>0.9	<0.10	<0.08	>0.9	>0.9	>0.8	>0.5
Measurement Model	2.541	0.955	0.073	0.061	0.933	0.912	0.952	0.629
Structural Model	2.452	0.925	0.061	0.055	0.912	.952	0.971	0.722

Note: *GFI = goodness of fit; RMSEA = root mean square error of approximation; RMR = root mean square residual; CFI = comparative fit index; TLI = Tucker Lewis index; AGFI = adjusted goodness of fit; PNFI = parsimony normed fit index.*

Additionally, we addressed the multicollinearity problem using the variance inflation factor (VIF), and all results fall between 1.031 and 2.047, which is lower than the desired value of 3. Therefore, the potential multicollinearity of this study is not an issue. According to the likely direct influence results, leadership style significantly influenced firm performance (H1–βLS→FP = 0.462, t = 3.447, p < .001), so it supports our initial theory. Additionally, the findings confirm H2 by showing that leadership style significantly influenced learning orientation (H2–βLS→LO = 0.593, t = 8.594, p < .001). Additionally, the third hypothesis's direct effect demonstrated that learning orientation is positively affects Firm Performance. However, with a t-value of 1.307, S.E of 0.078, and CR of 1.302, the evidence is not strong enough to claim that this effect is statistically significant at the 0.05 level. The relationship is positive but not strongly supported by the data in a statistical sense (H3–βLO→FP = 0.102, t = 1.307, p > .05). Furthermore, the outcomes confirm H4 by indicating that learning orientation significantly mediates the relationship of leadership style and firm performance (H4–βLS→LO→FP= 0.274, t = 3.382, p < .001). Moreover, the fifth hypothesis revealed that organizational culture (OC) positively and significantly moderates the relationship of learning

orientation and firm performance (H5–β OC×LO→FP = 0.135, t = 2.076, p < .001), supporting our hypothesis H5 (Tab. 6).

Tab. 6. – Hypotheses testing and specific indirect effects. Source: own research

Hypotheses	Beta	*t*-value	S.E	C.R	Decision
H1: LS → FP	0.462	3.447	0.134	3.453	Supported
H2: LS → LO	0.593	8.594	0.069	8.64	Supported
H3: LO → FP	0.102	1.307	0.078	1.302	Not supported
H4: LS→ LO → FP	0.274	3.382	0.081	3.384	Supported
H5: OC×LO→FP	0.135	2.076	0.065	2.068	Supported

Similarly, results indicated a positive and significant association between leadership style, learning orientation and firm performance (H4–βLS→LO→FP= 0.274, t = 3.382, p < .001). In Fig. 3, we illustrated the predictive power (R-square) of latent independent variables toward dependent variables. The R-squares indicated that 23.3% and 52% accounted for leadership style, learning orientation, and firm performance.
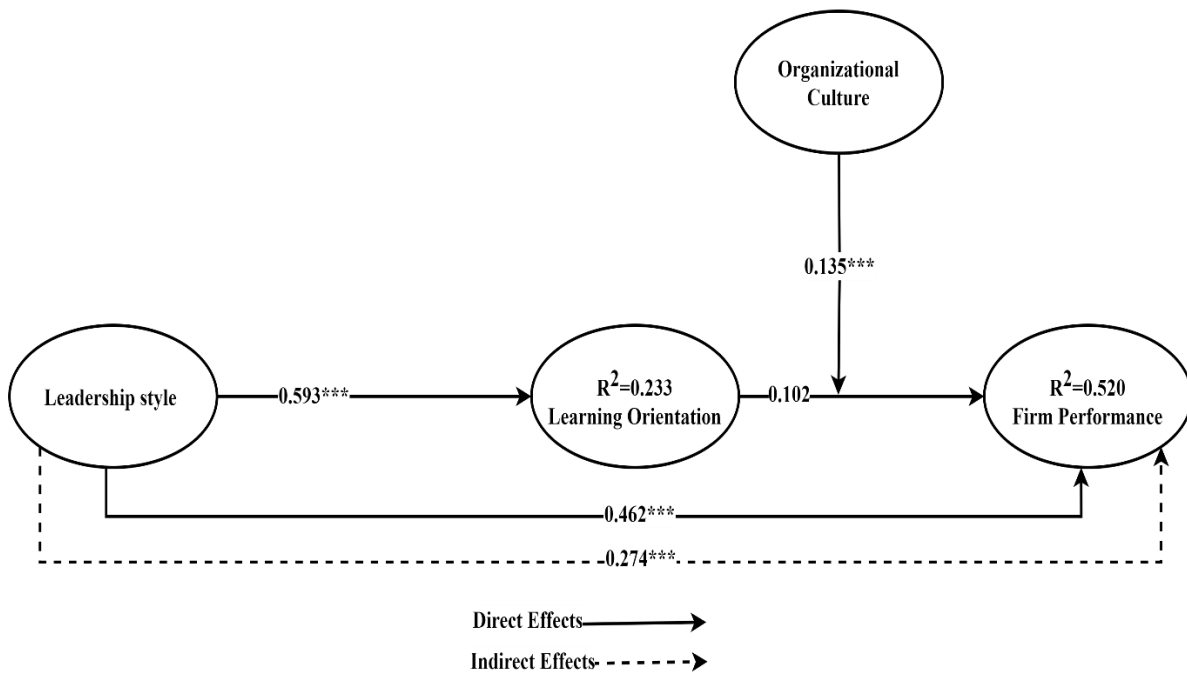

Fig. 3 – Hypothesized Model. Source: own research

4.4 Moderating Effects

Hypothesis 5 proposed that organizational culture positively moderates the influence of learning orientation on firm performance. The moderation results presented in Fig. 4 proved this hypothesis (H5–β OC×LO→FP = 0.135, t = 2.076, p < .001). Additionally, leadership style has drawn much attention in achieving the organization's strategic objectives. Suppose the company's leadership does not have a thorough strategy for their workers and maintains the organizational culture for the relationships of the organization's current employees. In that case, the organization cannot achieve its objectives. A model of the leadership style, learning orientation, organizational culture, and firm performance results in organizations is established and validated with this emphasis.
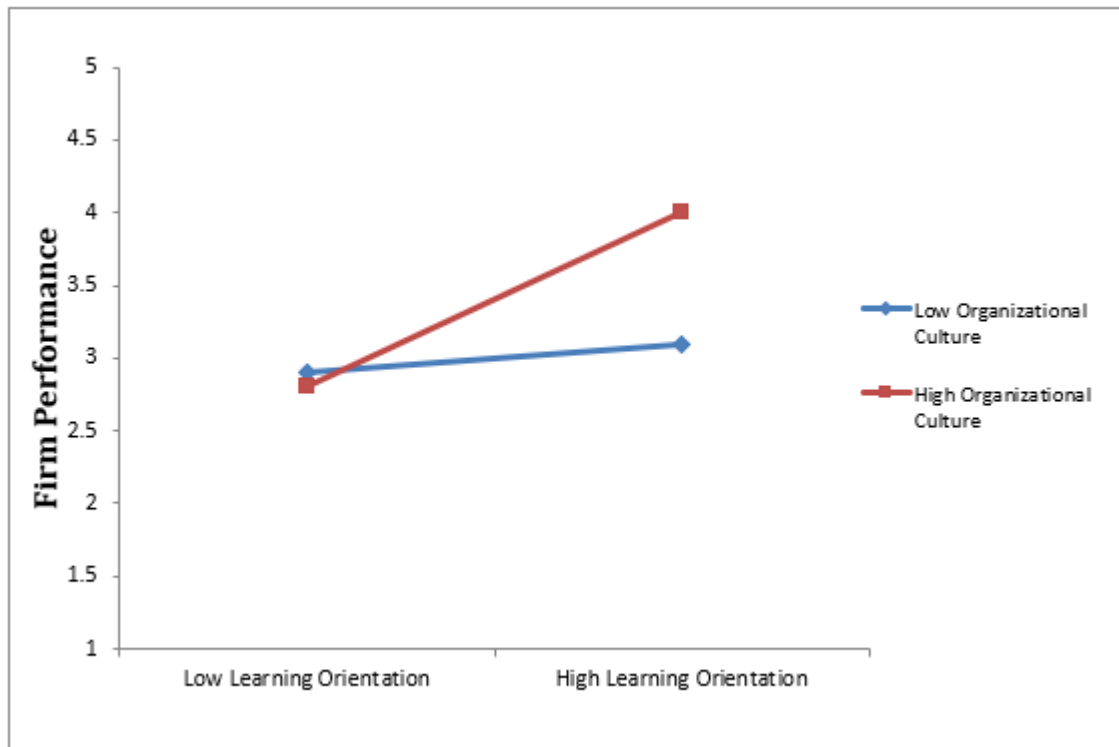
Fig. 4. – Simple slope analysis. Source: own research

4.5 Discussion

The results of our study complement and further the findings of other studies on leadership, learning orientation, organizational culture, and business performance. Much evidence supports the favorable association between leadership style and company performance. Several previous studies, including those by Purwanto (2021) and Afriyie et al. (2019), have repeatedly shown the beneficial effects of good leadership on organizational results. Leadership creates a culture that encourages employee productivity and offers direction, logically boosting business success. The findings of the investigation support our hypothesis. Past research has shown that the H1 leadership style significantly impacts business success.

According to recognized research, the H2 leadership style has a major effect on establishing a learning-oriented culture inside businesses. A culture of learning inside firms is fostered through leadership characteristics, including receptivity to new ideas and knowledge sharing, according to studies by Thomas and Gupta (2022) and Bolatan et al. (2022). Our research supports this theory by showing that a leader's style may influence the creating of an atmosphere conducive to learning.

H3 learning orientation acts as a bridge, connecting leadership style to business performance and supporting the notion that cultivating a learning culture is critical for leadership success. Our analysis improves on the work of Mutonyi et al. (2020) and Kurniawan et al. (2020) by validating learning orientation as a mediator between leadership style and company performance. These studies drew attention to the leadership style-mediated indirect impact of learning orientation on organizational performance. Our findings support this reasoning by highlighting how leadership, directly and indirectly, affects company performance through the intermediate function of learning orientation.

Finally, the moderating impact of organizational culture on the connection between learning orientation and firm performance is consistent with the findings of Mohsni et al. (2021) and Abbu and Gopalakrishna (2021). The contextual impact of corporate culture on leadership

techniques and their results is emphasized in these publications. This study's findings logically extend this idea, which highlights the significance of considering cultural context. They show that businesses with different cultural backgrounds may experience variable degrees of influence from their learning-oriented activities on firm performance. So, H5 organizational culture moderates the link between learning orientation and firm performance, emphasizing the importance of context in these dynamics.

5 CONCLUSION, IMPLICATIONS, LIMITATIONS, AND FUTURE DIRECTIONS

5.1 Conclusion

In conclusion, the results of our investigation support and extend the logical connections shown by earlier studies. A more thorough knowledge of how leadership dynamics affect organizational success is made possible by the effects of learning orientation as a mediator, leadership style's impact on firm performance, and the moderating impact of organizational culture.

This study's findings suggest a connection between organizational culture, leadership styles, and firm performance. The findings of this study indicate that organizational culture and learning orientation are vital for leadership styles and organizational effectiveness. This research shows that, to achieve organizational performance goals, organizations should strongly emphasize organizational culture and learning orientation. According to Arif et al. (2019), organizational culture directly affects performance. The findings align with previous studies that have discovered a beneficial connection between organizational culture and company performance (Wahyuningsih et al., 2019). The present study's findings showed that performance is closely correlated with three types of culture: competitive, bureaucratic, and communal. Direct, significant, and favorably correlated relationships between competitive forms of culture and company performance are identified in the study. This result is consistent with Slater and Narver (1995), which demonstrated a favorable relationship between performance and an organizational culture that is externally focused.

Additionally, this result supports those who hypothesized that an aggressive corporate culture has a favorable and substantial impact on organizational results. Our finding reveals an early connected community culture performance and leadership style. The fact that teamwork, self-management, and community culture were ranked highly among the organizational ideals may help to explain the beneficial association between community performance and performance. Regression studies to test this hypothesis show a substantial correlation between leadership styles and business performance. The current study's findings align with those of Ogbonna et al. (2000), who discovered a substantial association between supportive and participatory leadership styles' performance. These results provide more evidence to support the hypothesis that supportive leader conduct will improve performance, particularly in stressful or ambiguous situations.

5.2 Theoretical implications

This study demonstrates how participatory leadership behaviors may improve organizational performance by enhancing subordinate engagement and commitment. The connection between performance and mechanics-based leadership (instrumental leadership) is also consistent with past findings (e.g., Rowold & Rohmann, 2009); findings of this study support the conclusions of a substantial number of earlier research in this sector. The finding of learning and firm performance is highly correlated with mechanical and humanistic-based leadership. As expected, organizational culture and learning orientation act as mediators and moderators of the relationships between leadership styles and organizational performance. In this study,

bureaucratic and competitive culture partially modifies this connection for humanistic-based leadership, but unexpectedly, community culture is significant.

5.3 Practical implications

Learning orientation has a larger mediating effect on humanistic-based leadership than other mediating connections. Organizational culture partially moderates the relationship between performance and mechanic-based leadership. This research provides empirical evidence for the link between performance, organizational culture, learning, and leadership. These findings suggest leadership, organizational culture, and learning orientation are essential to company performance. If businesses are expected to function well in the current cutthroat business climate, they must prioritize corporate culture, learning orientation, and leadership. There is a need to expand assistance for SMEs in developing nations like China, where the learning orientation of enterprises is rising. According to the study, learning orientation and leadership style favorably and significantly influence organizational success. The links between leadership style and organizational performance have also been significantly mediated by learning orientation and significantly moderated by organizational culture. According to the study, SMEs should adopt entrepreneurial leadership and enhance their learning orientation to increase their skills, competitive edge, and performance, assuring long-term success. The results of this study demonstrate that organizational leadership makes it easier to develop a leadership style, procedures, and abilities, as well as to organize resources and align them with initiatives to take advantage of novel possibilities. Organizations might stop using their present procedures and techniques to embrace more innovative ones with the aid of learning orientation and organizational culture. The conceptual framework given in this study ought to pique the curiosity of academics and practitioners. The interplay of the factors mentioned in this study has the potential to function as a catalyst for improved SME performance in developing countries. The results of this study also have some positive ramifications for business owners and executives in China and SMEs, helping them run their companies more successfully and achieve better levels of sustainability and competitiveness. In this situation, managers of SMEs are counseled to pay close attention to organizational behavior, continual learning practices, and the development of innovativeness to ensure the company's improved performance.

5.4 Limitation and Future Research

Only the organizational culture, learning orientation, and entrepreneurial leadership style were used in the study model to explore their roles in organizational success. More leadership qualities, though, might affect how well an organization performs. Future researchers will be able to include those factors in the equation and significantly improve their understanding of the phenomena. Future research must examine the framework of this study in the context of other countries and in various sectors, such as the technology industry, to generalize the results. This study developed a model that concentrated on textiles, manufacturing, finance, and telecommunications in China. Finally, future research may look at how organizational performance is directly impacted by organizational culture and market orientation.

This study offers a valuable framework for determining how different leadership philosophies are related to organizational success. This study provides recommendations for improving executive leadership as a consequence. Since this study was entirely qualitative, future research may focus on developing new frameworks for investigating the relationship between leadership style and employee engagement and satisfaction. Empirical data must also support how an authentic leadership style will impact organizational success.

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