

LEADERSHIP STYLES AND ORGANIZATIONAL CULTURE: A COMBINED APPROACH TO ENHANCING OCBI IN INDIAN SMES

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Abstract

Organizational Citizenship Behavioral Intentions (OCBI) has appeared as an important determinant of employee and organizational performance. In the context of Indian Small and Medium Enterprises (SMEs), often the resources are constraints, frequently requires staff to play extra-role than mentioned in job description. Leadership styles and organizational culture play essential role, as it motivates staff to go that extra mile. This study explores how different leadership styles (laissez-faire, transformational, and transactional) interact with organizational culture to enhance OCBI in Indian SMEs. By conducting an extensive literature review and empirical analysis, this research recognizes the synergistic effects of leadership and culture on fostering OCBI. Pilot study was conducted for the staff at SMEs in rural Maharashtra, to understand the impact or relevance. The findings contribute to the understanding of how SMEs can leverage leadership and culture to sustain competitive advantage over their competitors. Less work is done in SMEs sector on OCB gives wide scope for deep research, which may lead to enhance the life at work of the employees at SMEs.

Keywords: Leadership styles; Organizational Culture; Organizational Citizenship Behavior; Indian SMEs; OCBI.

1. Introduction

Organizational Citizenship Behavior Intentions (OCBI) refers to optional behaviors exhibited by employees that go beyond formal job requirement to support colleagues and enhance organizational functioning. In Indian SMEs, characterized by limited resources and dynamic environments, developing OCBI becomes essential for achieving continuous performance and growth.

Leadership styles and organizational culture are extensively recognized as influential factors shaping OCBI. Leadership styles display how leaders inspire and guide employees, while organizational culture provides the common values and norms that shape employee behaviors. However, the combined impact of these two variables on OCBI remains less explored in the context of Indian SMEs. Going by the general thought process that Indians work more but whether its OCB or not needs to be determined.

This paper is result of exploring the interaction between leadership styles and organizational culture in enhancing OCBI in Indian SMEs. Specifically, it examines the effects of transactional, transformational, and laissez-faire leadership styles within different cultural frameworks, aiming to provide actionable insights for industrial HR and researchers.

2. Literature Review

Organizational Citizenship Behavioral Intentions (OCBI), represents voluntary, selfless actions aimed at helping colleagues and promoting a harmonious workplace. "Podsakoff et al. (2000) classify OCB into five dimensions: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Among these, OCBI specifically focuses on altruism and courtesy".

SMEs usually lack formalized structures and resources are limited, making OCBI crucial for adaptability and efficiency. Employees who engage in OCBI help simplify resource constraints by developing collaboration and innovation. More resources in big organization may afford more wastage or will create less impact on bottom-line, but the same wastage will be sizable in SMEs, so though unexplored it's the important area to focus upon.

Leadership Styles

Transformational Leadership, such leaders motivate employees by creating a vision, endorsing innovation, and emphasizing individual development of each. Bass (1985) suggested that "transformational leadership enhances intrinsic motivation, which aligns with discretionary behaviors like OCBI".

Transactional Leadership, such leaders focus on structured tasks, rewards, and punishments. While

effective for achieving short-term goals, transactional leadership may not fully encourage OCBI “due to its emphasis on compliance rather than voluntary behaviors” (Burns, 1978).

Laissez-Faire Leadership, such leaders implement a hands-off approach, providing nominal guidance and intervention. “While this style may foster autonomy, it can also result in ambiguity, potentially hindering OCBI (Eagly et al., 2003)”.

Organizational Culture

Organizational culture covers shared values, practices, and beliefs that shape employee behavior. “Schein (1985) categorizes culture into three levels: artifacts, espoused values, and underlying assumptions”.

A collaborative culture develops trust and cooperation, encouraging employees to engage in OCBI. On the other hand, hierarchical or too competitive cultures will discourage such behaviors.

Leadership Styles and Organizational Culture

The interaction between leadership styles and organizational culture significantly influences employee behaviors. Like, transformational leadership encourages innovative cultures, whereas transactional leadership bring into line with hierarchical cultures. Understanding these interactions or interlinkages is very important for SMEs, to develop OCBI effectively. If the leaders in SMEs stick to one type of leadership in all situations it will affect the overall output.

3. Research Methodology

Research Design

A “mixed-methods approach” was used to explore and examine the combined effects of leadership styles and organizational culture on OCBI in Indian SMEs. The study involves both qualitative and quantitative data collection methods.

Data Collection

Qualitative Data was collected through semi-structured interviews with 7 SME leaders and more than 30 employees of industries with diversified sector.

Quantitative Data was through surveys distributed to 100 employees in SMEs located in Western Maharashtra.

Variables

Independent Variable: Leadership Styles

Moderating Variable: Organizational Culture

Dependent Variable: OCBI

Data Analysis

Structural Equation Modeling (SEM) is castoff to analyze the relationships between variables.

Qualitative statistics were thematically analysed to support the quantitative results.

4. Results and Discussion

Quantitative Findings

Leadership Style	Impact	β & p
Transformational	Significantly Positive	0.65; p<0.01
Transactional	Moderately Positive	0.35; p<0.05
Laissez-faire	Negligible Impact	0.10; p>0.05

Collaborative cultures enlarged the effects of transformational leadership on OCBI, while hierarchical cultures moderated the effects of transactional leadership.

Qualitative Insights

Semi-structured interviews with open ended questions discovered that employees in collaborative cultures felt empowered and motivated to engage in OCBI. On the other hand, hierarchical cultures often led to compliance-driven behaviors rather than voluntary efforts.

Key suggestions for SMEs:

The findings highlight that importance of aligning leadership styles with organizational culture to foster OCBI. SMEs should prioritize transformational leadership and encourage the collaborative cultures to maximize employee engagement and productivity. Ambiguity under the name of autonomy must be avoided, this may negatively impact the OCBI.

5. Conclusion

This research highlights the combined influence of leadership styles and organizational culture on OCBI in Indian SMEs. Transformational leadership and collaborative cultures appeared as key drivers of OCBI, providing actionable insights for SME leaders. Also this gives significant scope to explore longitudinal studies to establish fundamental relationships and examine the role of additional variables such as trust and job satisfaction.

6. References

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