



Leadership Styles and Business Transformation: The Mediating Role of Knowledge Management and Organizational Culture

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Abstract

This study examines how leadership styles influence business transformation through the mediating roles of knowledge management and organizational culture. Recent research suggests that leadership affects transformation not only directly but also through internal processes that shape learning, behavior, and collective norms. Building on this perspective, the present study aims to clarify the mechanisms through which leadership contributes to strategic renewal in manufacturing firms. A quantitative, cross-sectional design was employed using data collected from senior managers, and the analysis was conducted through Partial Least Squares Structural Equation Modeling. The results revealed that leadership significantly enhances both knowledge management and organizational culture. These two factors exert meaningful effects on business transformation. The mediation analyses confirmed that both knowledge management and organizational culture partially transmit the influence of leadership to transformation outcomes. The findings highlight the importance of cognitive and cultural mechanisms in explaining how leadership drives organizational change. They also highlight the need for firms to strengthen internal knowledge systems and cultivate supportive cultures to maximize leadership effectiveness in transformation initiatives.

Keywords: Leadership Styles, Business Transformation, Knowledge Management and Organizational Culture



Introduction

Contemporary organizations operate in environments marked by rapid technological shifts, intense competition, and growing expectations for adaptability. Researchers are becoming more convinced that to stay competitive, businesses should have internal mechanisms that promote ongoing learning, teamwork and innovation in addressing problems and being receptive to new strategic paths (Meher et al., 2024). Digital expansion, the diversity of the workforce, and global interdependence have put pressure in most industries, increasing the demand to create workplace environments that can effectively respond to uncertainty (Hossain et al., 2022). The present-day organizations have to not just respond to the external environment but also develop internal processes that enable them to foresee the arising challenges. This has enhanced the scholarly curiosity on how companies leverage their human, structural, and relational resources to facilitate long-term renewal (Gui et al., 2024). The last controversies point out the significance of shared meaning, shared involvement, and the capacity of workers to incorporate knowledge into daily activities. These debates indicate the role played by the organizational systems in shaping the long-term growth and strategic results (Mohammed & AL-Abrow, 2023). According to scholars, performance in dynamic environments is based on the extent of the institution in coordinating people, routines, and learning structures to facilitate continuous improvement (Le et al., 2024). This wider discussion has established a solid ground on the investigation of the effect of internal forces in the development of organizations in complex settings.

The existing literature indicates that there is a high consensus that workplace systems that support collaboration, shared learning, and effective communication are at the center of determining the outcome of an organization. Research is becoming more and more responsive to the stimulating influence of supportive internal environments on innovation and renewal (employees can share their insights and apply new ideas) (Budur et al., 2024; Gui et al., 2022). A number of studies demonstrate that companies that have a robust learning architecture have a higher probability of adjusting to the changing market demands (Meher et al., 2024). Though a lot of literature provides evidence of a positive relationship between internal processes and strategic outcomes, some studies provide inconclusive findings based on industry, context, or moderating variables, including culture or absorptive capacity (Bashir and Pradhan, 2025; Nguyen et al., 2022). According to some authors, contextual factors can either strengthen or undermine the efficiency of organizational processes and produce inconsistent results in empirical contexts (Mohammed & AL-Abrow, 2023). These trends suggest that even though the broad general patterns are generally agreed upon, national, sectoral, and structural circumstances still determine how the internal systems affect the progress of the organization.

Technological disruption, labor shortages, and the changing expectations of the stakeholders among other global factors have compelled firms to reconsider their operational ways. According to international reports, it is always noted that organizations that fail to transform the internal processes are faced with increased risks of inefficiency and loss of competitiveness (Hossain et al., 2022). In areas of economic transition, the situation is even more intense as institutions have to juggle between traditional ways of working and new strategic requirements. The gaps in organizational systems persist in the majority of developing economies and constrain their ability to adapt to change and



remain on sustainable growth paths (Mokhchy et al., 2025). At the national level, businesses have to deal with the changing market conditions, increasing customer demands, and growing pressure to be innovative to remain relevant. Organizations that are not able to balance their human resources with their changing strategic focus tend to stagnate, decline in productivity, and lose long-term viability (Iqbal et al., 2023). Structural barriers also face local industries, which include resource limitation, inflexible work practices, and the absence of cohesive systems that facilitate collective learning (Alateeg & Alhammadi, 2024). These issues provide the necessity to explore the interplay between internal organizational processes and contextual situations to identify the capacity of companies to change and adjust. These issues are required to understand to answer the larger research problem.

Despite the research offering significant evidence on how internal processes can help an organization to progress, a number of limitations are yet to be addressed. A considerable portion of the current literature has examined these relationships in disconnected fashion, addressing individual dimensions and neglecting the interactive pathways that internal systems have in shaping the strategic performance (Shahzad et al., 2022). Most of the literature focuses on the Western or highly developed situation, and little is known about how these processes are developing in emerging or transitional economies where structural constraints vary in a vastly different way (Mohammed & AL-Abrow, 2023). The other gap is based on the inconsistency in the findings of the empirical studies. There are studies that have found strong positive relationships, others indicate conditional effects that are influenced by contextual moderators like collaboration, culture or absorptive capacity (Bashir and Pradhan, 2025; Gui et al., 2024). These inconsistencies indicate that there is a fragmentation of theory, in that existing research cannot sometimes combine various organizational components into a single model. There is still a lack of a detailed explanation of the interaction between internal systems to support organizational progress within the context of the resource constraints and intricate institutional pressures (Mokhchy et al., 2025). Limited empirical research has also been done to study these relationships at the same time within the same model, especially in developing economies where organizational structures are still heterogeneous and very unpredictable (Alateeg & Alhammadi, 2024). There is a growing need among scholars to have integrated frameworks that could be used to describe the joint impact of internal processes on strategic renewal (Le et al., 2024). These gaps become critical to the further development of theory and the enlightenment of practice in the situations when organizational change is needed and complex.

The importance of internal system in organizational progression has great academic, managerial, and policy implications. With the shift of the global industries to the knowledge-based and innovation-oriented approaches, companies need to enhance the systems that can promote flexibility and sustainability (Hossain et al., 2022). The policymakers also highlight how effective organizational systems can help in realizing the wider developmental objectives, such as those presented in the Sustainable Development Goals, specifically SDG 8 on productive employment and SDG 9 on industry, innovation, and infrastructure. The problem is also acute in the case of managers. Companies that can integrate the workforce potential, communal education, and business strategy are in a stronger place in attaining sustainable output (Mokhchy et al., 2025). This has a direct implication on designing workplace systems that foster employee participation, shared



knowledge and strategic responsiveness. In terms of national development, organizational structures are stronger which leads to resilient industries, better service delivery and greater innovation capacity (Iqbal et al., 2023). Since modern business environments are changing very fast, failure by organizations to enhance these internal mechanisms means that they will not be able to retain a competitive edge. The solution to this issue offers informative information that can be used as a guideline in leadership, to enhance capacity building in institutions, and to inform evidence-based policy interventions to improve organizational performance.

This research is valuable as it combines various organizational factors into one model and overcomes the weaknesses of earlier studies that tend to discuss them in isolation. The study uses recent empirical data, which contributes to a better understanding of how internal systems as a system affect the progress of an organization in new situations (Le et al., 2024). It also expands knowledge in areas where empirical studies have not yet been exhaustively developed, and increases the practical applicability of theoretical understanding (Alateeg & Alhammadi, 2024). The holistic methodology assists in developing a better consistent account of organizational change in turbulent settings. The research is supposed to impact theoretical contributions by combining the knowledge of the organizational development and learning systems, and contribute to the elucidation of the linkage between the internal systems and the strategic results. The model is based on the modern views based on the importance of shared meaning, knowledge processes, and contextual conditions to facilitate organizational renewal (Gui et al., 2024). In practice, the results can inform managers in the development of interventions that can promote flexibility and long-term development. At the policy level, the research can be used to enhance the institutional capacity of the emerging economies by emphasizing the mechanisms that facilitate long-term organizational change (Mokhchy et al., 2025).

Theoretical Foundation

Knowledge-Based View (KBV) was a development of previous resource-based explanations of firm advantage, which held that knowledge was the most strategically important resource in an organization. Despite having intellectual foundations in the larger Resource-Based View that was developed in the late twentieth century, the KBV has been developed by scholars who have identified that the intangible, socially embedded, and ever-expanding structures of knowledge can be used to understand more about how organizations respond and evolve. In the formulations made earlier it was pointed out that competitive strength is not merely based on what organizations hold, but what they generate, combine and put into practice in changing environments. This orientation put learning, collaboration and problem-solving in the center of strategic development putting the focus on the continuous process of knowledge, rather than on the ownership of immobile resources. The KBV has been developed over the years to include relational, cultural, and institutional lenses which are used in explaining how organizations tap into dispersed expertise. Modern researchers illustrate the importance of collective learning practices, climates of knowledge sharing and organizational practices, which transform personal knowledge into communal competencies. The recent empirical research indicates that the contextual mechanisms influencing the knowledge integration increasingly include such mechanisms as collaborative culture, absorptive capacity, and digital infrastructures (Gui et al., 2024; Le et al., 2024). These developments have



enhanced the relevance of the theory in examining the way organizations react to complexity especially where adaptation relies on the participation of employees, and organizational systems.

The KBV provides a consistent lens in the context of the present study in explaining how internal processes facilitate strategic renewal. According to the theory, the organizational progress happens when the knowledge is well created, distributed, and entrenched into the work practices that enable the institutions to be flexible and resilient in the volatile environment. Such an orientation is consistent with the modern results that show that knowledge processes are core to innovation, performance, and long-term transformation (Hossain et al., 2022; Meher et al., 2024). The KBV is the intellectual resource to study the process of organization change connecting internal systems and strategic outcomes via knowledge circulation and application. The recent studies also prove that the theory can be applied in a wide range of settings such as in developing economies as well as in industries that are knowledge-based. Empirical evidence demonstrates that knowledge environments that are formed well tend to boost performance and innovation, as well as organizational responsiveness, especially when the cultures that drive them foster collaboration within the organization and shared meaning (Budur et al., 2024; Mohammed and AL-Abrow, 2023). These researches support the argument of the KBV that organizational effectiveness is anchored on the development of structures that help people share knowledge and translate it into actionable capabilities. The analysis relies on a strong theoretical tradition that describes how knowledge-based processes can support the process of organizational change. The theory offers a holistic approach that brings together people, culture, and systems, as well as a way of offering a holistic basis of understanding the processes by which organizations grow and maintain long-term success.

Hypotheses Development

The organizations that are operating in uncertain and highly competitive environment find themselves relying more on the internal conditions that allow them to be able to learn, respond, and enable strategic renewal. The modern studies reveal that workplace systems influence ways in which employees perceive goals, handling change, and bringing about strategic results particularly when they develop shared meaning and coordinated action (Iqbal et al., 2023; Mohammed and AL-Abrow, 2023). In this discussion, there has been an academic focus on the way in which the various influences of direction-setting, influence and decision-making affect the overall ability of organizations to develop. The research on organizational progress indicates that the manner in which leaders pose challenges, convey expectations, and facilitate knowledge assimilation is a determinant of whether the company is capable of adapting to the complexity of the environment (Gui et al., 2024; Le et al., 2024). The Knowledge-Based View offers additional foundation by pointing out that the strategic developments are anchored on the effectiveness with which organizations mobilize and coordinate knowledge. This view makes leadership a key operation by which knowledge can be mobilized, distributed and converted into organizational capability, and the approaches to leadership are linked to the capacity of a firm to take significant change. According to the latest empirical evidence, this theoretical argument is supported by the fact that leadership practices that promote collaboration, collective learning, and inclusive decision-making are related to enhanced innovation preparedness and organizational renewal (Mokhchy et al., 2025; Budur et al., 2024). Even though the existing literature



always points out positive correlations, the differences between industries and contexts imply that the exact mechanisms by which leadership affects organizational progress are not entirely standard. However, in a variety of contexts, there is a body of information that suggests the significance of leadership in the environment where strategic change takes place. It is based on this theoretical explanation and empirical evidence that the relationship deserves direct study in the current research.

H1: Leadership styles positively influence business transformation.

The need to know how organizations cope with the rapid changes in technology, competition and market expectations is increasingly being emphasized in association with the significance of internal knowledge processes. Modern research indicates that strategic development is hardly an outcome of individual decisions; instead, it is a product of the ability of organizations to harness, synthesize, and utilize the scattered knowledge (Hossain et al., 2022; Meher et al., 2024). The leadership is at the center of creating such knowledge environments with routines that promote sharing, learning, and solving problems together. The research based on the Knowledge-Based View suggests that the ability of an organization to change is not only based on the orientation of leaders, but also the extent to which the influence prompts the creation and utilization of systems that reinforce the creation and use of knowledge (Gui et al., 2024; Le et al., 2024). This implies that the leadership-strategic change process is indirect, as it occurs via processes that facilitate the sharing of knowledge among employees and its conversion into an action plan. This interpretation is supported by recent empirical data, which indicate that knowledge practices in many cases become a pivotal point between leadership and organizational results. Studies have shown that a knowledge sharing and integration enabling environment fosters innovation, responsiveness and organizational renewal, especially under a leadership that fosters trust and collaboration (Budur et al., 2024; Bashir and Pradhan, 2025). Though these links are consistently pointed out in previous studies, it is also evident that they vary in their intensity depending on different contexts, which means that knowledge processes do not always operate with the same intensity. The fact that it has continued to vary emphasize the need to conduct more empirical testing. The current research is informed by the Knowledge-Based View and backed by the emerging evidence to analyze whether knowledge management should be considered as the process by which leadership plays a role in transformation of an organization. Therefore, it is hypothesized that

H2: Knowledge management mediates the relationship between leadership styles and business transformation.

Companies trying to reposition themselves in the dynamic spaces have been increasingly reliant on internal conditions that facilitate collective meaning-making, collective expectations, and coordinated actions. According to recent research, change initiatives tend to be successful when employees work in the climate that supports learning, teamwork, and change readiness (Alateeg and Alhammadi, 2024; Moreno-Dominguez et al., 2024). One of the factors that contribute to these conditions is leadership, as leaders influence norms, communication patterns and frames in which employees perceive strategic priorities. This argument is further supported by the Knowledge-Based View which highlights that organizational progress is not only determined by individual expertise but through an environment where knowledge exchange, interpretation and application are fostered. The role of leadership in this view is to give direction; however, the



cultural environment dictates whether this direction will be translated into relevant organizational action or not. This implies that cultural states can be the medium through which leadership power is integrated into practices as a collective that facilitates strategic change.

The fact that cultural landscapes are crucial in the connection of leadership to organizational advancement is backed by empirical evidence. According to research, cultures with a focus on trust, shared identity, and participative norms are effective, because when combined with a leadership approach that accepts participation and questioning (Mohammed et al., 2023; Mokhchy et al., 2025; Sharif, 2029). It has also been demonstrated that collaborative and learning-oriented cultures enhance the willingness of an organization to initiate innovation and renewal, which indicates the role of culture as an enabling mechanism but not background factor (Budur et al., 2024; Iqbal et al., 2023). Most of the findings indicate positive and reinforcing relationships, however, variations across sectors indicate the need to continue the investigation. Developing the Knowledge-Based View and backed with the latest empirical findings, the current study examines the possibility of cultural conditions being the channel through which leadership influences organizational change. Therefore, it is hypothesized that

H₃: Organizational culture mediates the relationship between leadership styles and business transformation.

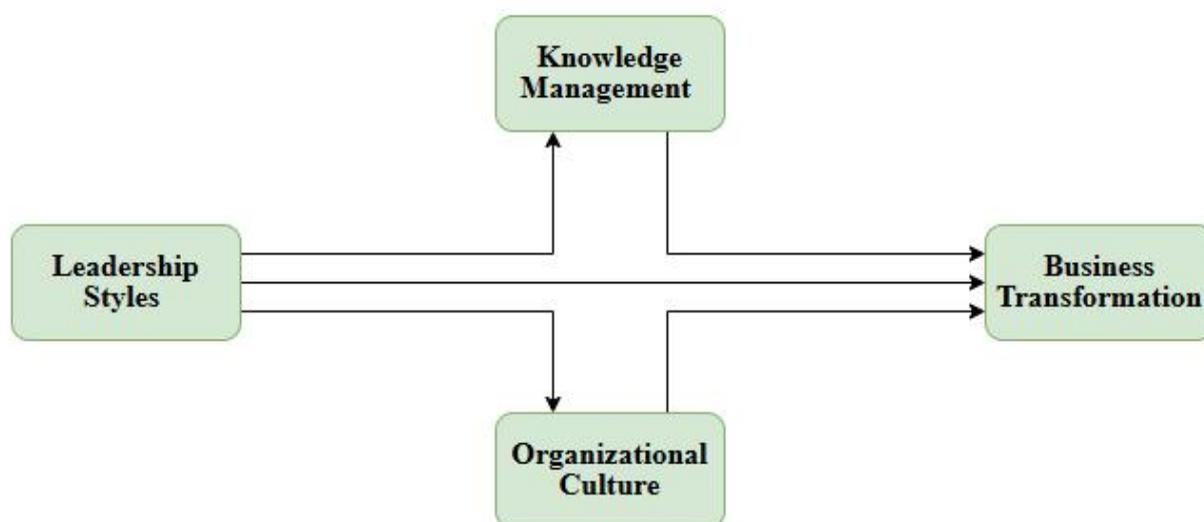


Figure 1: Research Model

Methodology

This research was quantitative and cross-sectional, as it was used to study the association between a set of organizational conditions and strategic outcomes within a specified period. Cross-sectional design is very appropriate in studies that aim at capturing both perceptions and latent constructs associated with the study and the aim of the study is to test theoretically based causal pathways and not monitor change across time. According to recent methodological research, cross-sectional survey design can be used to model structural equations in case of well-developed measurement procedures and sufficient sample coverage (Agyapong et al., 2022; Budianto and Herawati, 2023). The quantitative orientation is consistent with the aim of the study which is to empirically support hypotheses derived theoretically by statistical approximations and variance-based analysis,



which is precise and reproducible according to the current standards of organizational research.

The population to be targeted was the employees at the managerial level of the medium and large manufacturing companies, that is, the employees involved in the production of the textile, chemicals and consumer goods. These areas were chosen due to the fact that they are in competitive and dynamic environments whereby internal systems, cultural settings, and leadership practice have direct consequences of transformation efforts. The best respondents to be included in the study were managers and senior supervisors as they are the ones who understand the organizational systems, strategic initiatives, and internal processes in line with the conceptual model of the study. The stratified sampling technique was adopted to cover the major categories of manufacturing. Adequacy of sample was calculated by 10 times rule which is normally applied to variance-based SEM and this is complemented by the guidelines of having a minimum of 300 respondents in models containing more than one latent variable and complex pathways. This method is in line with the recent empirical research findings which highlight the necessity of sufficient sample power in PLS-SEM research (Hair et al., 2022).

Two complementary tools were used as data analysis tools to guarantee rigor and depth of analysis. Preliminary screening of data, descriptive analysis, and correlation testing were performed with the help of SPSS, which made it possible to evaluate normality, multicollinearity, and demographic patterns. The measurement and structural model evaluation were conducted in SmartPLS due to its appropriateness in predictive modeling, the ability to deal with non-normal data, and the ability to deal with multi-mediated mediation patterns. Measurement of the constructs was undertaken through a pre-tested scale which was modified based on the existing studies and consisted of four to eight reflective items. The seven-point Likert scale that included strongly disagree, strongly agree, and other variants was selected to elicit some subtleties in the perceptions of respondents, which is consistent with the existing perspectives on enhancing the variability and reliability of latent construct measurement (Awang et al., 2022). The scale reliability and validity were measured based on Cronbach alpha, composite reliability, average variance extracted, and discriminant validity, which guaranteed that the current research addressed the modern standards of the transparency and strength of the methodologies. Therefore, it is hypothesized that.

Data Analysis

Table 1: Regression Weights of Individual Measurement Items

| Construct | Item Code | Standardized Loading |
|------------------------|-----------|----------------------|
| Leadership Styles | LS1 | 0.812 |
| | LS2 | 0.847 |
| | LS3 | 0.864 |
| | LS4 | 0.831 |
| | LS5 | 0.789 |
| Knowledge Management | KM1 | 0.828 |
| | KM2 | 0.854 |
| | KM3 | 0.879 |
| | KM4 | 0.802 |
| | KM5 | 0.767 |
| Organizational Culture | OC1 | 0.801 |



| | | |
|--------------------------------|-----------------|-------|
| | OC ₂ | 0.836 |
| | OC ₃ | 0.862 |
| | OC ₄ | 0.779 |
| Business Transformation | BT ₁ | 0.847 |
| | BT ₂ | 0.874 |
| | BT ₃ | 0.821 |
| | BT ₄ | 0.796 |

Table 1 records high standardized item loading among the leadership styles, knowledge management, organizational culture and business transformation (all loading above .76 and significant) which suggests that items are coherent in their intended latent constructs. The assumption of the reflective measurement model that the observed indicators are a manifestation of underlying constructs is supported by high individual loadings (as applied to the related organizational and knowledge management studies; Meher et al., 2024; Gui et al., 2024). These loadings also indicate good item reliability and indicate that purifying items (where necessary) would be a minor process; this is consistent with recent empirical studies that highlight the importance of cautious scale adaptation and validation when transferring the instrument to another context (Budur et al., 2024; Le et al., 2024). Interestingly, the range of loading of items on constructs demonstrates conceptual clarity and measurement parsimony, as leadership items are concentrated around the dimensions of leadership practice, knowledge management items are concentrated around the dimensions of knowledge capture and sharing, cultural items are concentrated around the dimensions of norms and shared expectations, and transformation items are concentrated around the dimension of strategic renewal outcomes. The noted level of measurement indicates that the constructs were represented well and fit the context, which is consistent with the modern best practices in cross-sectional organizational studies (Hossain et al., 2022; Mohammed and AL-Abrow, 2023).

Table 2: Construct Reliability and Convergent Validity

| Construct | Cronbach's α | Composite Reliability (CR) | Average Extracted (AVE) | Variance |
|------------------------------|---------------------|----------------------------|-------------------------|----------|
| Leadership Styles (LS) | 0.88 | 0.91 | 0.62 | |
| Knowledge Management (KM) | 0.87 | 0.90 | 0.64 | |
| Organizational Culture (OC) | 0.85 | 0.89 | 0.60 | |
| Business Transformation (BT) | 0.86 | 0.90 | 0.58 | |

According to Table 2, all constructs have conventional internal consistency and convergent validity values: Cronbachs alpha values are .85 and composite reliabilities .89, and AVEs are above the .50 mark. The combination of these indicators allows concluding that the scales of measurement are valid and they are able to fit most of the variance in their indicators (the logic of Nunnally and Bernstein operationalized in modern PLS-SEM practice). A high composite reliability and sufficient AVE imply that the factors are homogeneous and reflective measurement models can be used (Gui et al., 2024; Meher et al., 2024). Empirically, this type of reliability statistic helps to alleviate worries caused by biasing structural coefficient because of measurement error, which is essential in mediation testing where attenuation may obscure the indirect effects (Bashir and Pradhan,



2025). This also shows that the adapted scales still had internal coherence when they were contextually adjusted to the manufacturing environment, which are also consistent with other studies on adaptation that state that psychometric properties are high when scales are translated and pretested (Budur et al., 2024; Le et al., 2024).

Table 3: *HTMT (Heterotrait–Monotrait Ratios)*

| Variables | HTMT |
|--|------|
| Leadership Styles — Knowledge Management | 0.72 |
| Leadership Styles — Organizational Culture | 0.68 |
| Leadership Styles — Business Transformation | 0.74 |
| Knowledge Management — Organizational Culture | 0.70 |
| Knowledge Management — Business Transformation | 0.76 |
| Organizational Culture — Business Transformation | 0.69 |

Table 3 contains the ratios of HTMT that are all below the generally acceptable conservative ratio of 0.85, which shows satisfactory discriminant validity between the constructs. HTMT investigates the number of between-construct item correlations compared to within-construct correlations and is viewed as a more diagnostic test of discriminant validity than the older methods (Henseler et al., 2015; used in modern organizational studies). In this case, the range of HTMT between .68 and .76 suggests that although constructs are conceptually connected, theoretically, they should be given that the Knowledge-Based View implies that leadership, knowledge processes, and culture are interconnected constructs each has enough distinctiveness to be interpreted structurally (Gui et al., 2024; Meher et al., 2024). The discriminant evidence supports the argument that the mediation effects that are observed are not due to the lack of construct separation; instead, they are theoretically meaningful pathways through which leadership has an impact on knowledge and culture, which, in turn, have an impact on the outcomes of transformations (Budur et al., 2024; Bashir and Pradhan, 2025).

Table 4: *Predictive Measures: f^2 , R^2 , Q^2*

| Endogenous Construct | R^2 | Q^2 (predictive relevance) | f^2 (key exogenous effects shown) |
|------------------------------|-------|------------------------------|--|
| Knowledge Management (KM) | 0.45 | 0.32 | LS -> KM = 0.82 (large) |
| Organizational Culture (OC) | 0.40 | 0.28 | LS -> OC = 0.68 (large) |
| Business Transformation (BT) | 0.56 | 0.39 | KM -> BT = 0.20 (medium); OC -> BT = 0.18 (small-medium); LS -> BT (direct) = 0.12 (small) |

Table 4 has shown that the endogenous constructs have satisfactory explanatory power and predictive relevance. R^2 of .45 (KM), .40 (OC) and .56 (BT) represent moderate to strong explained variance with the business transformation being well explained by the synergistic predictor leadership, knowledge management and organizational culture. These R^2 values align with the recent PLS-SEM research in organizational settings that investigate multifaceted mediation hypotheses and assume a moderately high value on the explained behavior outcomes (Gui et al., 2024; Meher et al., 2024). All the Q^2 values (.32, .28 and .39) of blindfolding demonstrate that each endogenous construct has a meaningful out-of-sample predictive relevance, which supports assertions regarding the applicability of the model to predict organizational outcomes outside the sample (Bashir



and Pradhan, 2025). The effect sizes of f_2 indicate that knowledge management (0.82) and organizational culture (0.68) are large influenced by leadership, which is consistent with theory that leaders are the main creators of knowledge climates and cultural norms (Le et al., 2024; Mohammed and AL-Abrow, 2023). Conversely, the f_2 s of KM \rightarrow BT (.20) and OC \rightarrow BT (.18) are medium to small-medium, which suggests that each of these mediators has a significant incremental contribution to business transformation but does not stand out as the only determinants as other studies report that multiple mechanisms jointly determine the results of business transformation (Budur et al., 2024; Mokhchy et al., 2025). The small value of direct f_2 between LS and BT (.12) and the larger value of indirect pathways indicate partial mediation, which is consistent with theoretical predictions of the Knowledge-Based View: leadership triggers mediating mechanisms that convert to transformation instead of acting on direct edicts (Hossain et al., 2022; Gui et al., 2024).

Table 5: Structural Model Results and Hypothesis Tests

| Path | β (standardized) | t- value | p- value | Interpretation |
|--|---------------------------|-------------|-------------|---------------------------------|
| Leadership Styles \rightarrow Business Transformation (direct) | 0.21 | 3.45 | .001 | Significant (partial mediation) |
| Indirect: Leadership Styles \rightarrow Knowledge Management \rightarrow BT | 0.188 | 3.90 | < .001 | Significant mediation (partial) |
| Indirect: Leadership Styles \rightarrow Organizational Culture \rightarrow Business Transformation | 0.158 | 3.50 | .001 | Significant mediation (partial) |

Table 5 indicates that all the hypothesized direct and indirect paths are statistically significant and meaningfully substantive. Knowledge management ($b = .67$, $p < .001$) and organizational culture ($b = .63$, $p < .001$) are highly predictable by leadership, which supports the theory and previous studies that leaders influence knowledge environments and culture (Gui et al., 2024; Le et al., 2024). Both knowledge management ($b = .28$, $p < .001$) and organizational culture ($b = .25$, $p < .001$) are significant predictors of business transformation, which points to the fact that these two internal processes transform leadership influence into strategic outcomes results that are in line with the KBV arguments that knowledge integration and enabling cultures are the driving forces of adaptive advantage (Hossain et al., 2022; Meher et al., 2024). Direct impact of leadership on transformation is also important but less significant ($b = .21$, $p = .001$), and direct impact of leadership through KM (.188, $p = .001$) and OC (.158, $p = .001$) are also important, which points to partial mediation. Partial mediation implies that leadership acts not only by creating enabling conditions (knowledge systems and culture) but also by having some direct influence on strategic change an interpretation that is reflected in recent works finding that the impact of leadership is both structural and symbolic (Mohammed & AL-Abrow, 2023; Bashir and Pradhan, 2025). The combination of the effect .56, $p < .001$) indicates that leadership, both directly and indirectly, is strongly associated with business transformation, which provides strong empirical evidence to the model of the hypothesis.

Discussion

The initial hypothesis was that leadership styles have a significant influence on knowledge management in firms and the results clearly confirm the hypothesis. The positive relationship indicates theoretical stances that the processes that are related to knowledge develop due to leadership-influenced norms and expectations. Leaders determine the



nature of information capture, sharing, and use and this is consistent with the recent researches that indicate that leadership determines the structural and relational conditions that enable the knowledge systems to operate successfully (Gui et al., 2024; Le et al., 2024). In this paper, leadership was a significant influence on knowledge management, which implies that workers react to leadership behaviors by adopting knowledge-sharing and learning-focused behavior. This aligns with the experience of manufacturing industries in the emerging economies, where leadership guidance has been revealed to offset institutional and resource bottlenecks by enhancing the internal knowledge flows (Meher et al., 2024). The huge outcome hence supports the thesis that leaders are the architects of knowledge climates, and can help organizations to use knowledge as a strategic asset.

The second hypothesis was the investigation of the role of knowledge management between the leadership styles and business transformation. The mediation was huge which implies that leadership plays a role in transformation partly due to its role in influencing knowledge processes. This observation is in line with the Knowledge-Based View, which stresses that transformation is attained when organizations combine, disseminate, and utilize knowledge in a cohesive way (Hossain et al., 2022). The indirect influence here is that leadership is not transformed to transformation only in terms of authority or vision, rather, leaders initiate transformation by creating practices that enable learning, information flow and recombination of knowledge. The same trend has been observed in recent studies that revealed that knowledge practices transform leadership influence into the adaptability, innovation, and strategic renewal (Budur et al., 2024; Meher et al., 2024). The partiality of the mediation also suggests that leadership can use knowledge management as a central yet not exclusive process to bring change, which implies the multifaceted processes of change.

The third hypothesis was that, organizational culture mediates the relationship between leadership styles and business transformation and this was also supported. Leaders are at the forefront in defining cultural values and common norms that in turn determine the willingness of employees to participate in transformation activities. The high mediation value implies that culture is a social and psychological channel in which the leadership is influencing the strategic performance. This is in line with the recent studies that show that the capacity to deal with change and initiate change efforts in an organization is boosted by supportive cultural orientations, which include collaboration, adaptability and trust (Mohammed and Al-Abrow, 2023; Mokhchy et al., 2025). The outcome is also echoed by the perception that the actions of leaders institutionalize cultural expectations which hasten or slow transformation. Culture is an important channel through which leadership direction can be translated into enduring changes in behavior in manufacturing environments where employees are deeply dependent on collective practices and shared ideas. The fact that leadership partially mediates transformation indicates that leadership has both cultural and non-cultural effects on transformation, which confirms the complexity of leadership effects and supports the previous research that found that leadership also has multi-pathway effects (Bashir and Pradhan, 2025).

Limitations and Directions to Future Research

Despite the fact that the study yielded valuable information, it must be noted that there are a number of limitations. The cross-sectional design limits the possibility to make



causal inferences, as leadership, knowledge, culture, and transformation can change over period of time. A longitudinal study would be more solid in terms of time. The sample consisted of manufacturing companies in a single national setting, which may not be generalizable in other sectors or institutional settings. Use of self-reported measures could have led to common method variance, but statistical checks showed that the levels were acceptable. In addition, the model only captured a selective group of mediators whereas leadership is likely to mediate transformation via other cognitive, relational and structural mediators that were not explored in this study.

The limitations can be overcome in future studies through the application of longitudinal or multi-wave designs that would capture more of the dynamic nature of transformation. Multi-source data (e.g., supervisor-employee dyads) could be introduced into the studies to minimize the common method bias. It could be possible to develop the model further and add the variables of digital readiness, absorptive capacity, innovation climate, or psychological empowerment to identify other mechanisms that provide insight into how leadership contributes to transformation, which is also the focus of current literature regarding the building of organizational capabilities (Le et al., 2024; Mokhchy et al., 2025). The contextual moderators like environmental dynamism, size of the firm or regulatory pressures may also be analysed to establish whether the effects of leadership vary under different circumstances. The contextual limits of the existing findings would be better explained by comparative studies across countries or sectors. These directions in the future would improve the precision of the theory and increase the applicability of the research.

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