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**RESEARCH ARTICLE**

## Leadership in Action: Transforming Organisational Culture and Boosting Employee Performance in the Oil Industry

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**ABSTRACT**

This study explores the interplay between leadership styles, organizational culture, and employee performance within Ghana's oil industry, with a specific focus on the Bulk Oil Storage and Transportation Company Limited (BOST). Employing a multidimensional approach to leadership encompassing laissez-faire, transactional, and transformational styles, the research examined how these leadership styles influence employee performance directly and indirectly through organizational culture. Data from 200 employees were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that transactional and transformational leadership styles have significant positive effects on organizational culture and employee performance. Notably, organizational culture was found to significantly partial mediation in the relationship between transactional leadership and employee performance, highlighting its crucial role in shaping effective leadership outcomes. Based on these insights, the study advocates for the strategic adoption of transactional and transformational leadership practices in oil sector institutions to foster a performance-driven organizational culture. Recommendations for future research are also presented to deepen understanding of leadership dynamics in the oil sector in developing country contexts.

**KEYWORDS**

Transformational leadership; transactional leadership; employee performance; organizational culture; Oil sector; Ghana

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**Introduction**

The 21st-century business landscape is marked by intense competition, prompting businesses to implement strategies to ensure their employees perform at their best in the face of this rivalry. Employee performance refers to the measurable and observable outcomes, achievements, behaviours, and results demonstrated by an individual employee within the context of their work responsibilities and organizational objectives. It encompasses the quality, quantity, and effectiveness of the employee's work, including their ability to meet and exceed performance expectations and contribute to the overall performance of the business (Manzoor, Wei, & Asif, 2021).

Scholars have proposed various ideas on how to positively influence workers' performance, highlighting the essence of organizational culture and leadership style in achieving overall competitiveness (Mepri, Akbar, & Matin, 2021; Gottschalk, 2011). Extensive evidence from management literature demonstrates the significant effect of leadership on employee success or failure in a business (Al Khajeh, 2018; Igbaekemen & Odivwri, 2015). Leadership is a crucial factor that affects all aspects of a business, including its employees (Avolio, Zhu, Koh & Bhatia, 2004). Consequently, when there is a failure in leadership, it has repercussions on all facets of organizational life (Musinguzi et al., 2018; Avolio, Zhu, Koh & Bhatia, 2004). It is not surprising, therefore, that

current human resource literature has shifted towards empirically examining different leadership styles that foster a conducive culture and enhance work performance (Bhargavi & Yaseen, 2016; Igbaekemen & Odivwri, 2015; Dartey-Baah, 2016). Fiedler (1967), in advancing the contingency theory, emphasises that a leader's effectiveness largely depends on the environment or situation. The ability of a leader to lead effectively depends on the suitable situation prevailing in the environment. While leaders may have limited influence over the external environment, studies have shown that they play a greater role in shaping the internal environment of their organizations (Dartey-Baah, 2015). Therefore, different leadership styles can significantly influence aspects of the internal environment, such as institutional culture.

Scholars and practitioners argue that transactional, autocratic, transformational, and laissez-faire and leadership styles can impact organizational culture (Dartey-Baah, 2015). The culture of a company plays a crucial role in its success (Wehrich and Koontz, 2004). For example, a business culture that is open to change, both internally and in terms of employee behavior, enables organizations to better respond to the uncertainties of the business environment (Wehrich and Koontz, 2004; Denison, 1990). Scholars have proffered diverse conceptualizations of organisational culture within the business context. For instance, culture denotes a configuration of collectively held fundamental presumptions within a group, either consciously or unconsciously as they solve their problems of external adaptation and internal integration (Schein, 2004). This demonstrates that individuals can pass on their experiences to new members of the business. Organisational culture is considered a collection of norms, beliefs, values, and practices that guide people's conduct within institutions (Cole, 2017). Thus, it encompasses all the systems of formal and informal rules that shape the behavioural patterns of organisation members (Sandybayev & Yilmaz, 2015). Despite the diverse definitions, research has shown that leadership styles and employee performance are influenced by organisational culture (Lundmark, Richter, & Tafvelin, 2021; Maryati, Astuti, & Udin, 2019; Cole, 2017; Sandybayev & Yilmaz, 2015; Udre, 2014).

Despite previous research focusing on the nexus between leadership styles, employee performance, and organisational culture in developed and Low- and middle-income countries like Sweden (Lundmark, Richter, & Tafvelin, 2021), South Korea (Shim, Jo, & Hoover, 2015), Singapore (Avolio, Zhu, Koh, & Bhatia, 2004), Indonesia (Maryati, Astuti, & Udin, 2019), and Pakistan (Hashmi, Rehman & Ilyas, 2014), there is a notable absence of studies representing Sub-Saharan Africa, particularly Ghana and its State-owned Enterprises. Few studies that attempt to address the phenomenon only focused on leadership style, organisational commitment, and employee performance (Donkor, 2021; Donkor, Dongmei, & Sekyere, 2021). To address this gap, the researchers set out to investigate the mechanism through which leadership style impacts on employee performance within the African cultural context using a state-owned enterprise – Bulk Oil Storage and Transportation Company Limited (BOST) in Ghana. This research offers valuable insights by examining the contextual factors that influence employee performance, integrating research on leadership styles and organizational culture. Additionally, this study contributes by examining the institutional culture of knowledge workers within a non-developed country cultural setting.

### Literature Review and Development of Hypothesis

The dynamic nature of the 21<sup>st</sup> Century's Business environment cannot be underestimated due to globalisation, fierce competition, and technological advancement. Businesses have little to no control over the opportunities and threats associated with the external business environment. However, scholars have demonstrated that organisational leadership can position their organisation to take advantage of external opportunities and minimise the impact of threats. The definition of the concept of leadership has received diverse meanings. For instance, it is considered a process of motivating a group of people to support business or management goals (Baek, Byers & Vito, 2018). According to Sandybayev and Yilmaz (2015), leadership is a process whereby the leader pursues the voluntary involvement of its members to achieve the business goals.

The concept of performance has received much attention, especially among human resource professionals and researchers. Performance can be examined at the organisational level – business performance (Nti, 2022) or at the worker's level – employee performance (Kark et al., 2003). Scholars have demonstrated that factors such as leadership style play a role in employee performance. For instance, Kark et al. (2003) reported that among steelworkers in Taiwan, transformational and transactional leadership styles have an impact on employee performance and commitment. A similar finding was reported among Singaporean Engineers and Scientists that both leadership styles have a significant influence on the workers' commitment and performance (Lee, 2005). Ismail et al. (2011) also discovered in Sarawak, Malaysia that transformational leadership improves employee performance in Malaysia. However, the study by Lundmark, Richter, and Tafvelin (2021) conducted in Sweden discovered that Laissez-faire leadership did not have any direct association with performance and job satisfaction among workers. On the contrary, Transformational leadership as a predictor has a substantial impact on employee performance and satisfaction among banking workers in India (Singh and Yadav, 2020). In Sub-Saharan Africa, specifically Ghana, studies have reported the effect of leadership style on workers' performance. For instance, transactional leadership positively predicted the performance of employees in the country (Dartey-Baah & Ampofo, 2015). Hence, the current study hypothesises that

*H<sub>1a</sub>: Transformational leadership has an impact on employee performance*

*H<sub>1b</sub>: Transactional leadership styles of the management affect employee performance*

*H<sub>1c</sub>: Businesses that employ Laissez-faire leadership styles influence their employee performance*

Management theorists have offered various assumptions to explain the relationship between leaders and subordinates. For instance, advocates of contingency theory posit that the business environment plays an imperative role in the relationship. The

dynamic nature of the environment determines the kind of leadership style management needs to adopt. This will help them respond effectively to contingent situations. Darthey-Baah (2015) argued that leadership styles such as transactional, laissez-faire, autocratic, and transformational can influence organisational culture and outcomes. It is also documented that transactional and transformational leadership create a conducive business culture (Darthey-Baah and Ampofo, 2015). Studies such as those (Jyoti & Dev 2015; Li, Zhao, & Begley, 2015; Bodewes, 2011) have reported that leadership styles such as transformational and transactional leadership styles provide a psychologically safe and encouraging business climate for employees to explore and develop their potential. The study of Rassa and Emeagwali (2020) also reported that laissez-faire leadership has a positive and significant impact on employee innovation among hospitals in Jordan. Hence, the study hypothesises:

*H<sub>2a</sub>: Transformational leadership styles of the management have an impact on organisational culture*

*H<sub>2b</sub>: Organisational culture will be influenced by the transactional leadership*

*H<sub>2c</sub>: Laissez-faire leadership affects organisational culture*

Business culture has received much attention because of its impact on employee performance and organisations in general. For instance, the study of Omoregbe and Umemezia (2017) in the Nigerian banking sector reported that organisational culture influences employee performance in the country. Among the software companies in Pakistan, Shahzad, Iqbal, and Gulzar (2013) discovered that the culture of a business has both direct and indirect impacts on the performance of the workers in the industry. Similar findings were recorded in Kenya within non-governmental organisations (Oduol, 2015; Njugi & Nickson, 2014). Among hospital workers in Indonesia, Maryati, Astuti, and Udin (2019) reported that business culture has an effect on employee performance. Therefore, the second hypothesis states:

*H<sub>3</sub>: Organisational culture has an influence on the performance of workers*

Numerous researchers have illustrated the significant role played by management's leadership style in shaping organizational culture and influencing workers' performance. For instance, a study in South Korea found that institutional culture acted as a mechanism through which transformational leadership influenced employee commitment among police professional (Shim, Jo, & Hoover, 2015). Conversely, in Pakistan, Khan, Khan, and Idris (2020) reported a negative effect of business culture on transformational leadership and contextual performance in terms of professionalism. The researchers emphasised the importance of considering a third variable to accurately measure the association between the two factors. Udrea (2014) revealed that institutional culture mediated the relationship between leadership style and job performance. Similarly, in Turkey, organisational culture played a mediating part between leadership style and business performance (Zehir et al., 2011). Rassa and Emeagwali (2020) indicated that institutional culture mediated the association between laissez-faire leadership and employee innovation in Jordan. Among banking workers in India, an investigation demonstrated that perceived organizational culture influenced the relationship between transformational leadership style and employee job satisfaction (Singh and Yadav, 2020). Similar research was conducted in Indonesia and Stockholm, Sweden. For instance, in Sweden, laissez-faire leadership indirectly influenced job satisfaction through role clarity (Lundmark, Richter, & Tafvelin, 2021), while Maryati, Astuti, and Udin (2019) reported that business culture mediated the impact of leadership style on employee performance in Indonesia. Finally, Rassa and Emeagwali (2020) discovered that organizational culture played a mediating role between laissez-faire leadership and employee performance. Therefore, the fourth hypothesis states:

*H<sub>4a</sub>: Organisational culture serves as a mechanism through which Transformational leadership influences employee performance*

*H<sub>4b</sub>: Organisational culture mediates the relationship between the Transactional leadership style of the management and employee performance*

*H<sub>4c</sub>: Organisational culture mediates the association between Laissez-faire leadership and workers' performance*

## **Methods**

### **Sample and Data Collection**

The Bulk Oil Storage and Transportation Business Limited (BOST) was created in December 1993 as a private limited liability company under the Companies Act of 1963. The entity is entirely owned by the Government of Ghana (Act 179). BOST is in charge of building strategic reserve stockpiles of crude oil that will be sufficient to meet the nation's consumption needs for at least six (6) weeks in the short- and medium-term, with a 12-week target. The organisation has established a national network of pipeline and storage facilities and runs five (5) depots across the nation. The depots include the Maame Water Depot, Bupe Depot, Kumasi Depot, Debre Marine Depot, and Akosombo Depot. BOST offers direct and indirect employment to more than six hundred Ghanaians.

The researchers adopted a stratified sample method to recruit two hundred and fifty (250) workers of BOST. Participants were divided into five homogeneous strata based on BOST Depots – Maame Water Depot, Bupe Depot, Kumasi Depot, Debre Marine Depot, and Akosombo Depot, and sample frames were created for each stratum. A list of personnel was obtained from the depots visited and used as the sampling frame. 50 respondents from each stratum were chosen. 250 questionnaires were distributed to the five depots, however, upon follow-ups, only 200 respondents returned the survey forms. Therefore, the researcher used 200 participants for the data analysis.

### Measurement of Constructs

**Employee Performance:** The researchers adopted five items from Ramos-Villagrasa, Barrada, Fernández-del-Río, and Koopmans (2019) the employee performance instrument to assess the performance of workers in the organization. The 5-item composite factor of task performance includes *"I managed to plan my work so that I finished it on time"*, *"I kept in mind the work result I needed to achieve"*, *"On my own initiative, I started a new task when my old tasks were completed"*, *"I was able to carry out my work efficiently"*, and *"I was able to set priorities"*. The respondents were asked to rate the items using a 5-point rating scale (1 = seldom to 5 = always).

**Leadership Styles:** The leadership style constructs (Transformational Leadership Style, Transactional Leadership Style, and Laissez-faire Leadership Style) were adapted and modified from the previous study (Mwenje & Mwenje, 2017). Transformational Leadership Style, Transactional Leadership Style, and Laissez-faire Leadership Style were measured based on the five-point Likert scale ranging from 1- strongly disagreed to 5 – strongly agreed. Four (4) items were used to measure Transformational Leadership Style, while Transactional Leadership Style and Laissez-faire Leadership Style were also measured using three (3) and four (4) items, respectively.

**Organisational Culture:** Four items were used to assess organisational culture using a five-point Likert scale ranging from 1 – strongly disagree to 5 – strongly agree.

### Data Analysis

Scholars have contended that researchers are driven by the desire to examine and test comprehensive theories and concepts, leading them to adopt the Structural Equation Model (SEM) (Hair, Ringle, & Sarstedt, 2011; Henseler, Ringle, & Sinkovics, 2009). The Partial Least Square approach of the structural equation model (PLS-SEM) was specifically applied for the data analysis and testing of the hypotheses. It is suggested that PLS-SEM often yields more reliable estimations of the structural model and has gained increasing application across various disciplines (Hair, Ringle, & Sarstedt, 2011). Due to its ability to represent composites and factors, PLS-SEM serves as a powerful statistical tool to analyse regression models involving mediation.

In this particular study, the researchers employed PLS-SEM to investigate the relationship between the leadership style construct, employee performance, and the mediating role of organizational culture. The transformational, transactional, and laissez-faire leadership styles all demonstrated an impact on employee performance. The measurement and structural models were evaluated through the process of path analysis. The Smart PLS version 3.0 computer software was employed for the data analysis. Furthermore, the measurement and structural equation models were assessed based on the construct reliability and validity, indicator loading, and discriminant validity, as suggested by Hayduk and Littvay (2012). The structural model was estimated through a 5000-resampling bootstrapping method to determine the t-values, significance level of the coefficient.

### Result and Discussion

The results on demographic characteristics are presented in Table 1. The data shows that 129 (64.5%) of the respondents were male and 71 (35.5%) of the respondents were female. This finding suggests that the majority of respondents who work for BOST Ghana are men. This demonstrates the organization's stereotypical nature and the predominance of men in the oil and gas sector. In terms of age distribution, 8 of the respondents representing 4% were between the ages of 20 – 25 years old; 16 representing 8% were between the ages of 26 – 30; 49 representing 24.5% were between the age range of 31-35. The majority of the respondents were in the age range of 36-40, representing 29.5%. The age range of 41 – 45 was 18.2%, which is almost equal to the age range of 46-above. This suggested that the majority of the respondents are at their youthful age. The marital status reveals that 46.3% are married, 21.3% of the respondents are single, 16.3% are divorced, and 16.3% of the respondents are widowed. The result implies that married employees dominate the workforce of BOST.

The study also determined the respondents' level of education. The results show that 12.5% of respondents had completed senior high school/TVET; 32.5% had a polytechnic diploma; 37.5% had graduated undergraduate programme, and 17.5% of the respondents had master's degrees. This suggests that the majority of BOST employees have at least a polytechnic diploma.

In terms of the length of time, the employee has spent with the Bulk Oil Storage & Transportation Co. Ltd. (BOST Ghana), the findings of the study show that (20%) of the respondents have spent less than two years in the company; (17.5) percent of respondents have served between three and five years; (31.5%) percent of respondents have served between six and eight years, and (31%) of the respondents had served for more than nine years. The findings indicate that respondents have sufficient professional experience to provide pertinent information for the study regarding how leadership style and organizational culture influence their performance in the company.

In terms of the department the employee belongs, the data reveals that 20% of the respondents were staff members working in the Internal Audit Unit, 18% were in the field operation department, 13% were also workers under the Department of Procurement & Supply chain, 12% of the respondents came from the fuel trading department, the finance department was 11.5%, 13% of the respondent also indicated that they work with the terminal & transmission department and 12.5% identified themselves as staff of human resources department respectively. It is evident from the distribution that the field operation staff made up the largest group of respondents; followed by the staff members from the Internal audit departments.

**Table 1: The Demographic Characteristics of the Respondents (N = 200)**

<b>Demographic Information</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
Male	129	64.5%
Female	71	35.5%
Total	200	100.0
<b>Age Distribution</b>		
20 – 25	8	4%
26 – 30	16	8%
31-35	49	24.5%
36 – 40	59	29.5%
41-45	37	18.2%
46 and above	29	14.5%
<b>Marital Status</b>		
Married	125	62.5%
Single	29	14.5%
Divorce	27	13.5%
Widowed	19	9.5%
<b>The educational level of the Respondent</b>		
Senior high school/TVET	20	10.0
Diploma/HND	58	29.0
1st Degree	59	29.5
Masters	63	31.5
<b>Length of Service</b>		
Less than 2 Years	26	13%
3-5 Years	52	26%
6-8 Years	73	36.5%
More than 9 Years	49	24.5%
<b>Position of the Respondents in the Organization</b>		
Internal Audit	40	20.0
Field operation	36	18.0
Procurement & Supply chain	26	13.0
Fuel Trading	24	12.0
Finance	23	11.5
Terminal & Transmission	26	13.0
Human Resource Department	25	12.5

#### **The measurement Model**

Table 2 presents the results of the construct reliability and validity and indicator loadings. As indicated in the table, the indicator loadings met the satisfactory threshold value of 0.5 while the construct reliability measured by Cronbach's Alpha and composite reliability values were above the minimum thresholds of 0.7 and 0.6, respectively. Table 2 further presents the result of the Average Variance Extracted (AVE), which met the satisfactory threshold above 0.4. The results satisfy the recommended measure of robustness of the measurement model.

**Table 2: Indicator Loadings, Reliability, and Convergent Validity**

Indicators	Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Organisational Culture		0.743	0.786	0.481
Culture1 <- Organisational Culture	0.739			
Culture2 <- Organisational Culture	0.619			
Culture3 <- Organisational Culture	0.749			
Culture4 <- Organisational Culture	0.658			
laissez-faire Leadership Style		0.751	0.838	0.564
Laissez1 <- laissez-faire Leadership Style	0.761			
Laissez2 <- laissez-faire Leadership Style	0.736			
Laissez3 <- laissez-faire Leadership Style	0.767			
Laissez4 <- laissez-faire Leadership Style	0.741			
Employee Performance		0.765	0.788	0.428
Perform1 <- Employee Performance	0.701			
Perform2 <- Employee Performance	0.614			
Perform3 <- Employee Performance	0.551			
Perform4 <- Employee Performance	0.722			
Perform5 <- Employee Performance	0.669			
Transactional Leadership Style_		0.748	0.723	0.473
Transact 3 <- Transactional Leadership Style	0.777			
Transact1 <- Transactional Leadership Style	0.742			
Transact2 <- Transactional Leadership Style	0.514			
Transformation Leadership Style_		0.834	0.889	0.667
Transform1 <-Transformational Leadership Style	0.772			
Transform2 <- Transformational Leadership Style_	0.873			
Transform3 <- Transformational Leadership Style	0.840			
Transform4 <- Transformational Leadership Style_	0.778			

Table 3 presents the results from the discriminant analysis. According to Fornell and Larcker (1981), differences among constructs are crucial in data analysis. Hence, the results from Table 3 meet the recommended threshold proposed by Fornell and Larcker which guarantee further pathway analysis and estimation of coefficients. The square roots of the AVEs based on the individuals construct in the major diagonals are relatively are greater than the coefficients of their interrelationship with other constructs in the off-diagonal as shown in Table 3.

**Table 3: Discriminant Validity Analysis**

Latent variable	Employee Performance	Laissez-Fair Leadership Style	Organisational Culture	Transactional Leadership Style_	Transformational Leadership Style
Employee Performance	0.654				
laissez-faire Leadership Style_	0.189	0.751			
Organisational Culture	0.406	0.371	0.693		
Transactional Leadership Style	0.477	0.179	0.448	0.687	

Transformational Leadership Style	0.227	0.392	0.283	0.042	0.817
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### Assessment of Structural Model

As demonstrated in Tables 2 and 3, satisfactory thresholds have been obtained hence the results validates the requirement for the evaluation of the structural model. The coefficient of determination ( $R^2$ ) implies that leadership styles explain up to 31.4% of the changes in organizational culture and 29.7% of the changes in employee performance (see Figure 1). The model exhibited a significant and satisfactory goodness of fit indices including  $\chi^2 = 503.000$ , SRMR = 0.10; NFI = 0.596, SRMR = 0.06) based on recommendation from Hair et al., (2022).

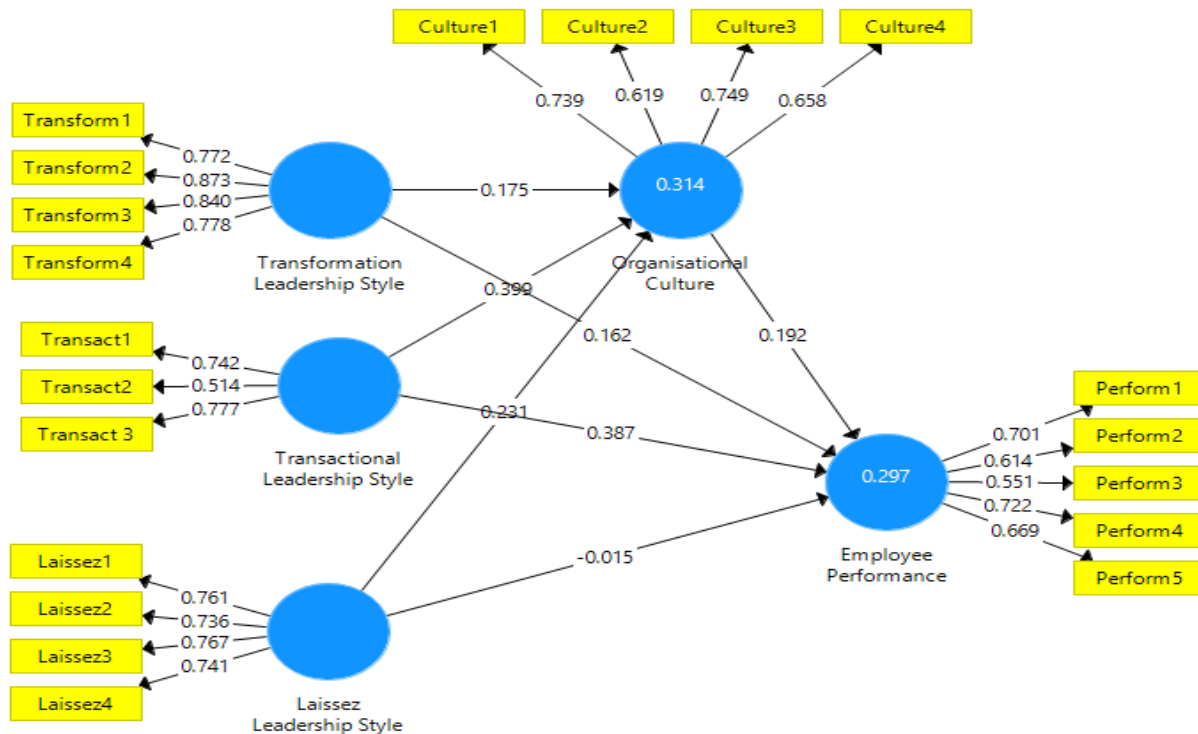


Figure 1: The Structural Equation Model

### Direct path Effect

The study estimated the direct path effect of the component of leadership styles on organisational culture and employee performance. The findings presented in Table 4 indicate that laissez-faire leadership ( $\beta = 0.231$ ,  $P < 0.01$ ) has a positive and statistically significant influence on the overall institutional culture. These results support the conclusions drawn by Rassa and Emeagwali (2020), who emphasized that embracing a laissez-faire leadership approach enhances business culture. Specifically, it promotes an environment conducive to innovation within the organization.

This outcome can be attributed to the fact that when employees perceive that management is not closely monitoring every aspect of the business, they develop a heightened sense of responsibility. This, in turn, leads to an increased willingness to experiment with new ideas and take ownership of them. Micromanagement is often viewed negatively by employees as it restricts their autonomy and decision-making abilities. Conversely, a hands-off leadership approach fosters a relaxed work culture, allowing employees to enjoy their work and engage actively with their colleagues. Moreover, this type of leadership style unleashes the innovative and creative potential of employees, empowering them to identify and address challenges in the business. It also creates opportunities for individuals with latent leadership skills to step up and tackle various business-related tasks.

On the contrary, the study found a non-significant negative impact of laissez-faire leadership ( $\beta = -0.015$ ,  $P > 0.05$ ) on employee performance, which aligns with previous research conducted in Sweden (Lundmark, Richter, & Tafvelin, 2021). These previous studies revealed that laissez-faire leadership negatively affects employee performance and job satisfaction. This finding was expected because ineffective leadership poses a significant risk to the stakeholders of a business. Some employees may exploit

the lack of leadership control to further their own agendas, which can harm the interests of the organization. One possible explanation for this finding is that employees tend to pass accountability issues onto their managers. When there is no one holding them accountable, employees may engage in activities unrelated to their job responsibilities, leading to decreased productivity and performance. Moreover, employees tend to perform better when they feel their work is acknowledged and appreciated. The absence of leadership can act as a demotivating factor for employee performance. This finding supports the fundamental principles of Theories X and Y, emphasizing the crucial role that management plays due to human nature. Even well-behaved employees still require leadership that motivates them to perform at their best, as opposed to the assumptions of Theory X, which advocates for intrusive and active management involvement in employees' lives (Bobic & Davis, 2003). The laissez-faire leadership style grants excessive freedom to workers, to the point where they may not develop a sense of responsibility.

However, the transactional leadership style demonstrated statistical significance on organisational culture and employee performance with the following betas ( $\beta=0.399$ ,  $P<0.001$ ), and ( $\beta=0.387$ ,  $P<0.001$ ), respectively (see Table 4). Dartey-Baah and Ampofo (2015) conducted a study in Ghana and found results similar to this study. They argued that the transactional leadership style plays a role in fostering a favourable business culture by creating an environment that encourages employees to explore and develop themselves. Other studies from various countries, such as Jyoti and Dev (2015), Li, Zhao, and Begley (2015), and Bodewes (2011), have also documented similar findings, indicating that transactional leadership cultivates an institutional culture that supports employees in utilizing their talents and contributing to business outcomes. These findings can be explained by the inherent nature of the transactional leadership style, which is based on an exchange relationship. In this style, employees are rewarded when they meet management's expectations regarding task completion. Consequently, transactional behaviour promotes a culture of dialogue and open communication, thereby enhancing the overall business culture. Despite the potential perception of manipulation, employees still feel a sense of belongingness and respect because management remains true to its promises. However, Khan, Khan, and Idris (2020) discovered a negative impact of the transactional leadership style on the business culture.

Regarding employee performance, the findings of Caemmerer and Heggde (2015) align with the current study, indicating that the transactional leadership style has a positive and significant influence on employee performance. This finding is unsurprising, as employees tend to give their best when they perceive management as honest in fulfilling their commitments. At the core of transactional leadership lies the belief that the relationship between management and employees is based on cause and effect (Khan, Busari, Abdullah, & Mughal, 2018). Therefore, if employees meet their targets, management will reward them accordingly. By consistently fulfilling their promises, management builds trust, leading to employees giving their utmost effort.

Moreover, transformation leadership style ( $\beta=0.175$ ,  $P<0.05$ ) and ( $\beta=0.162$ ,  $P<0.05$ ), as shown in Table 4 has a positive and significant effect on both organisational culture and employee performance, respectively. Dartey-Baah and Ampofo (2015) reported similar findings in their study conducted in Ghana that transformational leadership style has a positive impact on the business culture. Such leadership creates an environment that allows employees to freely express themselves and discover their potential, benefiting the organization. Similarly, a study conducted in India among employees in the banking sector (Singh & Yadav, 2020) supports these findings by showing that managers who adopt a transformational leadership style influence their employees' performance and job satisfaction. Hashmi, Rehman, and Ilyas (2014) also discovered a similar positive influence of transformational leadership style on employee performance, commitment, trust, and satisfaction in Pakistan. However, a study conducted in South Korea (Baek, Byers & Vito, 2018) contradicts these findings, as it reported no influence of transformational leadership on the work performance and commitment of employees. The researchers attributed this discrepancy to the low confirmatory factor loading of the observed variables on the latent variables of the instruments used. Other studies by Diana, Supriyanto, Ekowati, and Ertanto (2021) and Maryati, Astuti, and Udin (2019) have also reported significant positive effects of leadership styles on business culture and work performance.

Finally, the result also indicates that institutional culture ( $\beta=0.192$ ,  $P<0.05$ ) has a significant positive effect on employee performance as shown in Table 4. This implies that businesses that create support, encourage, and reward cultures improve the performance of their employees (Obiwuru, Okwu, Akpa, & Nwankwere, 2014). Paying attention to institutional culture is paramount in the 21<sup>st</sup> Century business environment. As discovered in Indonesia among teachers, business culture has a great impact on the performance of teachers in the country (Diana, Supriyanto, Ekowati, & Ertanto, 2021; Maryati, Astuti, & Udin, 2019).

**Table 4: The Direct Path Effect (Hypothesis Testing)**

Hypothesized Structural relationships	Coefficient B	Standard Deviation	P Values	Decision Hypothesis supported or not supported
<b>H1a:</b> Transformational Leadership Style_ -> Employee Performance	0.162**	0.080	0.043	<i>Hypothesis supported</i>
<b>H1b:</b> Transactional Leadership Style_ -> Employee Performance	0.387***	0.081	0.000	<i>Hypothesis supported</i>
<b>H1c:</b> Laissez-faire Leadership Style -> Employee Performance	-0.015	0.093	0.872	<i>Hypothesis not supported</i>



<b>H2a:</b> Transformational Leadership Style_ -> Organisational Culture	0.175**	0.071	0.013	<i>Hypothesis supported</i>
<b>H2b:</b> Transactional Leadership Style_ -> Organisational Culture	0.399***	0.056	0.000	<i>Hypothesis supported</i>
<b>H2c:</b> Laissez-faire Leadership Style -> Organisational Culture	0.231***	0.075	0.002	<i>Hypothesis supported</i>
<b>H3:</b> Organisational Culture -> Employee Performance	0.192**	0.087	0.028	<i>Hypothesis supported</i>

**Note:** \*, \*\*, and \*\*\* denote significant levels at 10%, 5% and 1% respectively

### Mediation Effects

The next part of the study was to examine the mechanism through which laissez-faire, transformational, and transactional leadership styles influence the performance of the employees. Table 6 revealed that organisational culture serves as the main mediating channel through which transactional leadership style contributes ( $\beta=0.077$ ,  $P<0.05$ ) to employee performance. However, the results show that there was no mediation in the relationships between Transformational leadership, Laissez-faire, Organizational culture, and employee performance (See Table 5).

**Table 5: The Mediating Effects (Hypothesis Testing).**

Latent Variable	Coefficient B	Standard Deviation	P Values	Decision Hypothesis supported or not supported
<b>H4a:</b> Transformational Leadership Style -> Organisational Culture -> Employee Performance	0.034	0.022	0.118	<i>Hypothesis not supported</i>
<b>H4b:</b> Transactional Leadership Style -> Organisational Culture -> Employee Performance	0.077	0.038	0.046	<i>Hypothesis supported</i>
<b>H4c:</b> Laissez-faire Leadership Style -> Organisational Culture -> Employee Performance	0.044	0.028	0.108	<i>Hypothesis not supported</i>

The findings in Table 6 demonstrate the mediating effects of this study. In contrast to the findings of Lundmark, Richter, and Tafvelin (2021), who found that institutional culture mediates the connection between laissez-faire leadership style and employee job performance in Sweden, our study contradicts their conclusions. The study by Singh and Yadav (2020) also supports the Swedish study but contradicts our findings in Ghana. Business culture functions as a mechanism when combined with a transformational leadership style, influencing both work performance and satisfaction. Maryati, Astuti, and Udin (2019) also reported that mediating organizational culture plays a role in the relationship between leadership and employee performance. Similarly, Diana, Supriyanto, Ekowati, and Ertanto (2021) discovered that in Indonesia, organizational culture acts as a mediator between democratic leadership and employee performance.

### Conclusion

The research aimed to examine how organisational culture affects the association between leadership and the performance of workers, focusing on the Ghanaian state-owned enterprise BOST. The study assessed the direct impact of diverse leadership styles on both organisational culture and employee performance. The results indicated that a laissez-faire leadership positively influenced institutional culture but did not impact employee performance. On the other hand, transformational and transactional leadership styles statistically influenced both organisational culture and employee performance.

Additionally, the study revealed that institutional culture acted as a mediator between transactional leadership style and employee performance. However, there was no statistical significance found for the other latent variables related to leadership style.

Although the study provided insight into the mechanism through which leadership style interacts with employee performance, however, the following limitations must be taken into consideration in terms of interpretation and application of findings. Firstly, the research primarily examines a state-owned enterprise in Ghana. Subsequent investigations could expand their scope to encompass the entire public sector businesses, which are significantly wider and encompass numerous cost centers and departments. Secondly, the research utilised a cross-sectional methodology, which might not effectively illustrate the cause-and-effect association between variables. Subsequent studies should employ a longitudinal research design to investigate the connections among variables across different time points.

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