
The Influence of Organizational Culture and Leadership Style on Managerial Decision-Making

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Abstract

This study explores the influence of organizational culture and leadership style on managerial decision-making. Employing a literature review methodology, data were gathered and critically analyzed from scholarly books, peer-reviewed journal articles, research reports, and official documents relevant to the themes of organizational behavior, leadership, and decision-making. The findings reveal that organizational culture plays a vital role in shaping managerial decisions by establishing shared values, norms, and behavioral expectations that guide strategic and operational choices. A strong and adaptive culture enhances responsiveness, collaboration, and overall decision quality, whereas a weak culture may hinder effective decision-making. Moreover, leadership style significantly impacts the decision-making process. The interaction between leadership behavior and organizational culture creates a dynamic framework that influences how decisions are formulated, communicated, and implemented within an organization. The study emphasizes the importance of cultivating a positive organizational culture and fostering adaptive leadership to enhance the quality and effectiveness of managerial decisions. These findings provide valuable insights for organizations seeking to strengthen decision-making capabilities in complex and evolving environments.

Keywords– *Organizational Culture, Leadership Style, Managerial Decision-Making, Adaptive Leadership, Organizational Behavior*



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1. Introduction

In line with organizational growth, organizational culture becomes a crucial element supporting the sustainability of the organization. Organizational culture is a system of shared meaning and values held by all members, which distinguishes one organization from another (Robbins & Judge, 2017). Organizational culture reflects the identity of an organization and illustrates the beliefs and values upheld by that organization. It provides fundamental rules by shaping expectations, norms, and perceptions within the organization (Duan et al., 2022). This suggests that any effort to improve organizational culture in a more positive direction will significantly impact the managerial decision-making process.

One factor that influences managerial decision-making, aside from organizational culture, is leadership style. In a constantly changing and complex environment, the role of a leader extends beyond just management; they play a central role in the decision-making process. Hasnawati et al. (2021) define leadership style as the manner in which a leader influences the behavior of subordinates, encouraging them to cooperate and work productively toward achieving organizational goals. In an organization, a leader is someone who has the authority to guide subordinates in completing part of their tasks to achieve organizational objectives. Leadership, in turn, refers to the methods by which a leader influences subordinates' behavior to cooperate and work effectively and efficiently. The leadership style applied within an organization can influence decision-making processes within that organization.

A leader must possess a certain leadership style, and if that style is able to effectively guide the organization's objectives while aligning with employees' expectations of their work, it can lead to positive outcomes. Mubaroq & Kurniawan (2015) state that effective decision-making tends to focus on subordinates' conditions and organizational development. An effective leadership style can motivate employees to perform their tasks with enthusiasm and dedication, which ultimately impacts improved employee performance. Enhanced

employee performance reflects the achievement of work results that contribute to the realization of organizational goals.

Managerial decision-making refers to the selection of the most appropriate alternative from a set of options as a means of addressing problems in order to achieve organizational objectives. This process does not occur randomly; rather, it requires careful consideration and thoughtful analysis. Managerial decision-making involves the gathering, integration, and analysis of available information to identify the most suitable choice among alternatives. This process demands the ability to assess various options logically and systematically in order to determine the most effective course of action. However, prior to implementation, it is essential to understand that decisions must be evaluated for their potential to yield positive outcomes.

By gaining a deeper understanding of the interrelationship between organizational culture and leadership style in the managerial decision-making process, this study aims to provide practical insights for leaders in determining the best alternatives for managerial decision-making. The contribution of this study lies in presenting the extent to which organizational culture and the development of leadership theories respond to the challenges of managerial decision-making. By combining an interdisciplinary approach that integrates concepts from organizational psychology and leadership theory, this research seeks to provide a deeper understanding of the crucial role of organizational culture and leadership style in the managerial decision-making process, which, in turn, can drive organizational performance improvement.

2. Method

The research method employed in this article is a literature review. Data were collected by examining and analyzing various relevant literature sources, including academic books, peer-reviewed journal articles, research reports, and official documents that discuss organizational culture, leadership styles, and decision-making processes. The research process began with a comprehensive literature search through academic databases such as Google Scholar, JSTOR,

and ProQuest. The selection criteria included topic relevance, journal quality, and publication year, with a primary focus on literature published within the last ten years. Once relevant sources were identified, each was critically analyzed to assess its contribution to understanding the interrelationship among the studied variables.

3. Result and Discussion

The Influence of Organizational Culture on Managerial Decision-Making

Robbins and Judge (2017) define organizational culture as a shared system of meaning held by members of an organization, which distinguishes one organization from another. Moreover, organizational culture is instrumental in either reducing or amplifying the differences between in-groups and out-groups in Indian multinational corporations (Kumar et al., 2023). Organizational culture, also referred to as corporate culture, encompasses the norms and beliefs that are implemented across all employees within a company. It consists of a system of values, beliefs, assumptions, or norms that have long been established, collectively agreed upon, and adhered to by organizational members as behavioral guidelines and mechanisms for solving organizational problems. In this sense, organizational culture represents the soul of the organization and its members.

Robbins and Judge (2017) identify the following key characteristics of organizational culture:

- 1) Innovation and risk-taking – the degree to which the organization encourages employees to be creative and take risks in their actions.
- 2) Attention to detail – the extent to which employees are expected to be precise, analytical, and attentive to details.
- 3) Outcome orientation – the emphasis management places on results rather than on the processes used to achieve those results.
- 4) People orientation – the degree to which management decisions take into consideration the effects on organizational members.

- 5) Team orientation – the extent to which work activities are organized around teams rather than individuals.
- 6) Aggressiveness – the extent to which employees are encouraged to be competitive and assertive rather than easygoing or passive.
- 7) Stability – the organization's emphasis on maintaining a stable, status quo environment rather than focusing on growth and change.

Organizational culture refers to the system of shared values, norms, and beliefs that guide members' behavior within an organization. Based on the reviewed literature, a strong organizational culture shapes members' mindsets and behaviors in responding to various situations, including decision-making processes. These findings are consistent with Tawai & Halika (2022), who found that organizational culture significantly influences members' attitudes and behaviors and evolves alongside the organization, thereby affecting overall effectiveness and efficiency. Organizational culture influences managerial decision-making by shaping managers' actions and choices regarding control systems and performance effectiveness. A strong culture facilitates goal achievement, while a weak culture may hinder decision-making and the overall success of the organization (Nuraliati & Kusnaedi, 2023).

A strong and positive organizational culture fosters a conducive work environment, encourages collaboration, and accelerates the decision-making process. Conversely, a weak or negative culture may cause confusion, conflict, and delays in decision-making. Research by Tambunan et al. (2025) indicates that an adaptive organizational culture open to change can enhance the effectiveness of managerial decision-making. Similarly, a study by Argo (2021) emphasizes that an organizational culture supportive of innovation and employee participation can accelerate decision-making processes and improve the quality of decisions.

Alavi (2016) discovered that organizational culture has a significant impact on managerial decision-making patterns by shaping individuals' perspectives, emotional responses, and actions. This study highlights that neglecting this relationship can hinder the effective participation of human resources and reduce

productivity within the decision-making process. Organizational culture strongly influences managerial decision-making through the formation of values, beliefs, and behavior patterns (Kompaniits, 2019; Losada, 2024). It provides a foundation for effective decision-making by integrating social structures, cultural typologies, and individual characteristics into the organizational decision-making process (Kompaniits, 2019). This cultural framework shapes how leaders approach strategy, human resource management, and external relations, ultimately influencing a company's adaptability and competitive advantage in the market (Losada, 2024).

The Influence of Leadership Style on Managerial Decision-Making

Hasnawati et al. (2021) define leadership style as the manner in which a leader influences subordinates' behavior to encourage collaboration and productivity in achieving organizational goals. A leader's ability to influence subordinates is one of the key determinants of their effectiveness in attaining optimal performance. According to Hasnawati (2021), there are several types of leadership styles:

- 1) **Authoritarian Leadership:** This leadership style emphasizes the use of power in decision-making processes and in structuring the organization, where the authority holder becomes the primary beneficiary within the system.
- 2) **Democratic Leadership:** This style is characterized by a participatory approach in decision-making and organizational development. Leaders adopting this style involve team members in both decision-making and planning processes.
- 3) **Transformational Leadership:** This approach is marked by a leader's ability to motivate and inspire subordinates to realize their full potential and go beyond routine expectations.
- 4) **Transactional Leadership:** This style focuses on the exchange between leaders and team members. Leaders reward performance and penalize underachievement, emphasizing structured roles and clear objectives.

- 5) **Laissez-Faire Leadership:** In this style, subordinates are granted full autonomy to act, with minimal structural rigidity and a passive leadership approach. Leaders take on a supportive role and only intervene when requested by their subordinates.
- 6) **Situational Leadership:** This approach emphasizes a leader's ability to adapt their leadership style based on the specific circumstances or challenges faced, with the aim of achieving desired outcomes.

Leadership style is a key factor that significantly affects the processes and outcomes of decision-making within organizations. Several studies have identified a strong correlation between leadership style and managerial decision-making (Hendriani et al., 2024; Rouco, 2024). Hendriani et al. (2024) demonstrated that leadership style significantly influences the effectiveness of managerial decision-making. Their research highlights that leaders who adapt their styles (such as authoritarian, democratic, transformational, or transactional) based on situational needs tend to produce more favorable decision outcomes. Effective leaders promote collaboration and clear communication among team members.

Rouco (2024) revealed that leadership style plays a vital role in decision-making, particularly among Portuguese firefighters. These professionals tend to adopt a democratic leadership style by involving their teams in the decision-making process, which indicates a positive correlation between conceptual decision-making and relationship-oriented leadership. Yunita et al. (2023) emphasized that a leader's distinctive style becomes a defining pattern in their decision-making process, ultimately shaping the nature of decisions made within the organization.

Krasniqi et al. (2024) conducted a study involving 82 leaders across various businesses in Kosovo. Their findings revealed that variations in leadership style significantly impact the effectiveness of managerial decision-making. Both supportive and directive leadership styles positively influenced the decision-making process, depending on the specific context and circumstances. Leaders with strong decision-making capabilities (such as identifying problems, gathering

information, and formulating solutions) were more effective in executing the process. Active involvement in decision-making not only strengthens leadership capacity but also contributes to improved organizational performance, highlighting the critical role of leadership style in managerial contexts. Additionally, leadership style has a significant impact on both managerial decision-making and conflict resolution (Kohlhoffer-Mizser, 2019). This study explains that leadership behavior tends to be consistent over time and is closely related to the conflict management approaches employed.

4. Conclusion

The Integrated Academic Administration Service System (SIPATCA) developed in this study successfully provides an effective solution to improve efficiency and transparency in administrative processes in higher education institutions. By integrating various administrative services into a single platform, SIPATCA facilitates the management of academic data, letter submissions, and document verification, while ensuring smooth communication between students, administrative staff, and other relevant parties.

The implementation of SIPATCA shows that the system successfully meets the primary research goal, which is to accelerate and simplify administrative processes. With a simple and intuitive interface, users, both students and administrative staff, can easily access and use the various available features. Features such as letter submission, submission history, and status verification provide convenience and transparency in every process. This system also benefits the admin, who can easily manage letter submissions, verify, and approve submissions without relying on manual processes. The use of SIPATCA can reduce the time needed to process letter submissions, improve data accuracy, and optimize administrative management in higher education institutions.

Some further developments are still required, such as improving data security features and further testing related to large-scale usage in broader environments. Continuous user evaluation is also necessary to ensure that the system remains relevant and effective in meeting the ever-evolving needs of

academic administration. SIPATCA not only functions as a tool to simplify administration but also as a step forward in achieving transparency and efficiency in the management of academic administration in higher education institutions, contributing to the achievement of the Integrity Zone in the academic environment.

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