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Leadership Style and Resilience: Mediating Role of Learning Culture in Nepalese Organizations

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Abstract

Organizational resilience is essential for businesses, especially in uncertain environments like Nepal. However, there is limited understanding of how different leadership styles influence resilience and the mediating role of organizational learning culture in this relationship. This study addresses this gap by examining the relationship between transformational and transactional leadership styles, organizational resilience, and the mediating effect of organizational learning culture within the Nepali manufacturing and service industries. A cross-sectional survey was conducted among 340 employees across 40 diverse Nepalese organizations. The data were analyzed using Structural Equation Modeling (SEM) to test the hypothesized relationships. The findings revealed that neither transformational nor transactional leadership styles had a direct significant impact on organizational resilience. However, organizational learning culture fully mediated the relationship between both leadership styles and resilience. This highlights the importance of cultivating a learning-oriented culture to strengthen organizational resilience, regardless of leadership style.

Keywords: *Leadership style, organizational resilience, organizational learning culture, transactional leadership, transformational leadership*

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Introduction

In today's unpredictable global environment, organizational resilience has become an important determinant of business survival and success. Defined as an organization's capacity to anticipate, absorb, adapt, and recover from adversities (Hollnagel et al., 2006; Khanal, 2024; Zungu et al., 2025), resilience is no longer a luxury but a necessity for firms operating in turbulent environments (Andersen, 2020; Garrido-Moreno et al., 2024). Organizations that demonstrate resilience are more likely to thrive in the face of adversity (Abdullah et al., 2013).

Leadership plays a pivotal role in shaping organizational resilience, yet the mechanisms through which different leadership styles contribute remain underexplored (Duchek, 2020). Transformational leadership, characterized by vision-setting, intellectual stimulation, and inspirational motivation (Bass, 1985), fosters innovation and adaptability, key components of resilience (Meyer & Stensaker, 2006). Conversely, transactional leadership, which relies on contingent rewards and structured exchanges (Bass & Avolio, 1994), may enhance stability and crisis response efficiency (Sarros et al., 2002). However, empirical evidence on whether and how these leadership styles differentially impact resilience, particularly in developing economies, remains inconsistent (Georgescu et al., 2024).

A crucial yet understudied mediator in this relationship is organizational learning culture, a shared set of norms, practices, and values that encourage knowledge acquisition, dissemination, and application (Senge, 1990). Learning culture enables firms to convert leadership-driven strategic intent into resilient actions by fostering continuous adaptation (Fiol & Lyles, 1985; Chigudu et al., 2019). Similarly, leaders cultivate learning cultures through knowledge sharing, feedback mechanisms, and capacity-building initiatives, enabling organizations to navigate uncertainty more effectively (Lemon & Sahota, 2004). While some studies suggest that transformational leadership enhances learning culture (e.g., García-Morales et al., 2012), others argue that transactional leadership may also contribute by reinforcing accountability and structured learning (Berson et al., 2006). Despite these insights, the role of organizational learning culture as a mediator in the leadership resilience relationship is still nascent in the literature.

In today's hypercompetitive global landscape, organizational resilience has emerged as the defining differentiator between firms that thrive and those that perish. The World Economic Forum (2023) reports that 60% of companies failing to develop resilience capabilities will cease operations within 5 years of a major disruption. This imperative becomes even more acute in manufacturing and service industries - the twin engines of economic growth in both developed and developing nations. While manufacturing contributes 16% to global GDP (World Bank, 2023), services account for over 65% (International Monetary Fund, 2023), making their resilience crucial for economic stability worldwide.

Nepal offers a relevant context for studying this relationship. Organizations in Nepal face chronic instability and an underdeveloped institutional infrastructure. Nepal has endured frequent political transitions, bureaucratic inefficiencies, and resource constraints, along with exogenous shocks such as the 2015 earthquake and the COVID-19 pandemic (Shrestha & Gnyawali, 2013; Miklian & Hoelscher, 2021).

In such a fragile ecosystem, external support systems are often weak, leaving organizations heavily reliant on internal capabilities such as leadership and learning to maintain continuity and performance. While resilience has been extensively studied in Western, stable contexts (Bhamra et al., 2011), little is known about how firms in volatile, institutionally weak settings like Nepal cultivate resilience, particularly through leadership and learning. Addressing this critical gap, the study examines the influence of transformational and transactional leadership styles on organizational resilience. It also investigates the mediating role of organizational learning culture in a leadership-resilience relationship.

This study shifts the paradigm from "leadership creates resilience" to "leadership enables learning, which builds resilience", a crucial insight for firms in unstable economies. Thus, the findings will contribute to theory and practice by offering insights into how firms in volatile environments can build resilience through leadership and learning.

Literature Review

Underpinning Theories

Organizational resilience is now seen as something that grows over time, shaped by leadership and workplace culture. This study is based on three main theories: the Herringbone Resilience Model, Sensemaking theory, and Social Exchange theory (SET). The Herringbone Resilience Model (Gibson & Tarrant, 2010) explains that organizations become resilient by learning from the past, preparing for the future, and adapting to change. It highlights the importance of building internal strength through continuous learning and reflection. This connects well with the idea of a learning organizational culture. Leaders who use a transformational style, who guide with vision and encourage new ideas, are more likely to support this kind of culture. Sensemaking Theory (Weick, 1995) also helps explain this connection. It says that during uncertain times, leaders help employees make sense of what is happening. When leaders guide employees in understanding problems and changes, it helps build a shared view of the situation and supports learning across the organization.

Similarly, SET (Homans, 1961) focuses on the idea of give and take in relationships. When leaders treat employees with fairness and respect, employees are more willing to share knowledge, stay committed, and help the organization adapt. These are all important parts of both a learning culture and resilience.

While transformational leaders may create stronger emotional connections, even transactional leaders can help build resilience by setting clear rules, rewarding effort, and encouraging learning behaviors. Both leadership styles, in their way, can support a culture that helps the organization stay strong during difficult times. These three theories collectively suggest that leadership primarily influences organizational resilience through the learning culture it fosters. A strong learning culture enables organizations to adapt, recover, and thrive, even in the face of significant challenges.

Organizational Resilience and Leadership

Organizations frequently face internal and external disruptions, making organizational resilience a key focus of academic and managerial interest. Resilience refers to an organization's ability to anticipate threats, respond to adverse events, and adapt to changing conditions (Duchek, 2020). It is essential not only during crises but also in competitive and dynamic markets (Hollands et al., 2024).

Firms that lack flexibility risk being displaced by emerging competitors with advanced technologies. As Denhardt and Denhardt (2010) note, resilience enables organizations to "bounce back" and remain agile in uncertain environments. However, resilience requires ongoing effort and the development of adaptive capacity well before crises occur (Hall et al., 2011; Krasnopevtseva et al., 2025).

Nepal's cultural dimensions significantly shape how leadership styles impact resilience. According to Hofstede's (2011) cultural framework, Nepal exhibits high power distance and collectivism, where employees expect strong hierarchical leadership and prioritize group harmony over individual risk-taking (Gautam, 2013). In such a setting, transformational leadership's emphasis on shared vision and collaboration can enhance resilience by fostering collective adaptability. Meanwhile, high power distance strengthens the role of transactional leadership in maintaining stability, as employees tend to rely heavily on leaders for direction (Nhat Vuong et al., 2023). Additionally, Nepalese organizations often exhibit a high degree of uncertainty avoidance (Silwal, 2021), making structured learning and leadership-driven adaptability crucial for navigating change (Chughtai et al., 2023).

Empirical studies from similar South Asian contexts, such as India and Bangladesh, suggest that transformational leadership is highly effective in SMEs but requires localized adaptations due to hierarchical business environments (Islam et al., 2021; Ametefe et al., 2025). However, transactional leadership's impact on innovation is mixed; while it provides structure and control, rigid mechanisms can hinder adaptability in dynamic markets (Khan et al., 2022). This suggests that Nepalese organizations must balance directive leadership with flexibility to cultivate resilience in an evolving business landscape.

Transformational Leadership and Organizational Resilience

Transformational leadership plays a crucial role in fostering organizational resilience by inspiring employees to move beyond self-interest, align with a shared vision, and embrace change (Bass, 1999; Bass & Riggio, 2006). Through behaviors such as idealized influence, intellectual stimulation, and individualized consideration, transformational leaders enhance employee engagement, promote adaptive thinking, and foster a positive organizational climate that supports recovery and growth during adversity (Yukl, 1989; Harland et al., 2005). These leaders help employees make sense of uncertainty and maintain focus on long-term goals (Shadraconis, 2013).

Empirical studies affirm that transformational leadership contributes to resilience by providing emotional and practical support, enabling followers to cope with stress and uncertainty (Sommer & Hadle, 2015; Besuner et al., 2016). Additionally, high-quality leader–member exchanges further reinforce this resilience by fostering trust, collaboration, and psychological safety (Caniëls & Hatak, 2019). Thus, transformational leadership is integral to building resilient, agile, and future-ready organizations.

Based on these findings, the following hypothesis is proposed:

H1: *There is a positive impact of transformational leadership style on organizational resilience.*

Transactional Leadership and Organizational Resilience

Transactional leadership, grounded in contingent reinforcement and performance monitoring, plays a critical role in promoting organizational stability and goal alignment (Bass, 1985; Yukl, 1981). This leadership style emphasizes task clarity, structured reward systems, and corrective actions, which are essential in environments where precision, efficiency, and accountability are prioritized (Kuhnert & Lewis, 1987). Bass and Avolio (1994) identified two core components of transactional leadership: contingent reward and management by exception (MBE). The contingent reward mechanism, where leaders provide clear expectations and rewards for performance, has been empirically associated with improved team functioning and goal attainment (Bass et al., 1999; Bass et al., 2003; Xalxo et al., 2024).

Management by exception, particularly the active form, enhances organizational vigilance by enabling leaders to detect and correct deviations in real time, supporting adaptive responses under pressure (Antonakis & House, 2014). In contrast, passive MBE, which involves delayed intervention, has been criticized for undermining responsiveness, especially in turbulent settings (Odumeru & Ogbonna, 2013).

Recent studies emphasize that transactional leadership contributes to organizational resilience by fostering consistent routines, performance discipline, and structured problem-solving during disruptions (Khairy et al., 2023). These attributes create predictable environments that enhance adaptability and risk mitigation, especially when rapid operational responses are required (Desti Febrian et al., 2023; Al-Rjoub et al., 2024). By reinforcing a culture of efficiency and control, transactional leadership facilitates timely coordination, which is central to organizational resilience (Lengnick-Hall et al., 2011).

Based on these findings, the following hypothesis is proposed:

H2: *The Transactional leadership style has a positive impact on organizational resilience.*

Organizational Learning Culture

Organizational learning culture refers to the set of shared values, practices, and systems that encourage continuous learning, knowledge sharing, and adaptive behavior within an organization. It enables organizations to interpret their environments, respond proactively to change, and sustain competitiveness. A learning culture is characterized by practices such as systematic reflection, feedback mechanisms, and open knowledge exchange, which are embedded into daily operations (Gill, 2010).

Skerlavaj et al. (2006, 2010) conceptualize organizational learning culture as a dynamic process involving the acquisition of information, its interpretation in light of business opportunities, and the transformation of that knowledge into cognitive and behavioral changes that support execution. These elements collectively empower organizations not only to adapt but also to implement corrective actions and foster resilience in the face of uncertainty.

Learning culture also facilitates organizational sense-making by enabling members to collectively interpret environmental signals and align actions accordingly. Kandemir and Hult (2004) further elaborate that organizational learning occurs in four stages: information acquisition, dissemination, interpretation, and retention. This retained knowledge forms the organizational memory, an institutional repository of experiences and insights, which can be accessed and leveraged during periods of disruption or strategic realignment.

Moreover, the iterative and cumulative nature of organizational learning contributes to innovation and long-term strategic renewal. When knowledge is consistently shared, reinforced, and stored, it becomes ingrained in the organizational fabric, guiding decision-making processes and shaping adaptive capacity (Crossan et al., 1999; Garvin, 1993). Thus, a strong learning culture not only supports ongoing improvement but also acts as a foundation for resilience and sustained performance in volatile environments.

Mediating Role of Organizational Learning Culture

Organizational learning culture has emerged as a pivotal mechanism through which firms build adaptive capacity and maintain resilience, especially in uncertain and dynamic environments. Resilience in organizations is not simply a structural or strategic outcome; rather, it is deeply embedded in cultural and cognitive processes that promote continuous learning, knowledge sharing, and collective adaptation (Pal et al., 2014). Learning cultures foster the capacity to process environmental feedback, interpret change signals, and reconfigure routines and knowledge structures to align with new realities. As such, organizational learning becomes not just a supportive process, but a strategic enabler of resilience (Umoh & Amah, 2013; Umoh et al., 2014).

Empirical studies substantiate this argument. For instance, Umoh and Amah (2013) demonstrated that knowledge sharing and utilization, key components of learning cultures, significantly enhance organizational resilience. Xiao and Cao (2017) further established that individual resilience, when supported by a learning-oriented culture, scales up to strengthen collective resilience at the organizational level. Similarly, Pal et al. (2014) posited that organizational resilience is not merely a structural feature but is co-constructed through learning, shared values, and adaptive systems that are shaped by the organization's cultural fabric.

Leadership plays a decisive role in nurturing such a culture (Prajapat et al., 2024). Transformational leadership, with its emphasis on vision articulation, intellectual stimulation, and individualized consideration, has been shown to positively influence organizational learning (Singh, 2008). Chang and Lee (2007) and Schiena et al. (2013) extended this understanding by showing that both transformational and transactional leadership styles contribute to fostering learning environments, although through different mechanisms. While transformational leaders empower and inspire, transactional leaders create clear

structures and feedback systems that support learning cycles. This aligns with Ogbonna and Harris (2000), who emphasized that leadership is central in shaping organizational norms, values, and learning orientations in response to dynamic market conditions.

Crucially, organizational learning culture acts as a mediating variable linking leadership to performance and adaptability outcomes. Ozsahin et al. (2011) revealed that learning orientation mediates the relationship between leadership commitment and firm performance, highlighting that task- and relation-oriented leadership styles alone are insufficient without a strong learning foundation. Sahaya (2012) provided evidence that elements of a learning organization mediate the relationship between leadership style and financial performance, suggesting that learning is a conduit through which leadership manifests in measurable outcomes. Alegre and Chiva (2013) also emphasized that organizational learning culture mediates the link between entrepreneurial orientation and firm performance, while simultaneously serving as a foundation for innovation capability, another dimension of resilience.

Further, Khaki et al. (2017) found that the impact of talent management on employees' innovative behavior is mediated by a strong learning culture, while Zheng et al. (2017) confirmed that a knowledge-sharing culture mediates the relationship between leadership style and innovation performance. This body of work indicates that learning culture not only supports resilience but also amplifies leadership's influence on innovation and strategic renewal. Naqshbandi and Tabche (2018) provided a compelling argument that empowering leadership fosters open innovation through a mediating role of organizational learning culture, reinforcing the idea that learning cultures function as incubators for resilience, adaptation, and continuous improvement.

In line with the above empirical insights, it is reasonable to assert that both transformational and transactional leadership styles affect organizational resilience through their influence on organizational learning culture. While transformational leadership promotes a proactive and explorative learning environment, transactional leadership reinforces consistent learning practices through structured systems and performance feedback. Therefore, learning culture becomes the critical mechanism through which leadership styles exert their influence on resilience capabilities.

Thus, the following hypotheses are proposed:

H3: *Organizational learning culture mediates the relationship between transformational leadership style and organizational resilience.*

H4: *Organizational learning culture mediates the relationship between transactional leadership style and organizational resilience.*

Figure 1

Research Model

Research Methods

This study adopts an explanatory research design to examine the influence of leadership styles on organizational resilience, considering the mediating role of organizational learning culture. As per the Inland Revenue Department, there are 10.5 lakh registered firms in Nepal. This study aimed to incorporate diverse types of firms; however, sole proprietorships and unregistered firms were excluded from the population. Therefore, the study considered only the 2.5 lakh companies registered with the Office of the Company Registrar (OCR) as of May 2021. The alpha level for the study was set at 0.95, with a 3% error margin, as Cochran (1977) suggested. Using Cochran's formula, the required sample size was determined to be 384.

The study categorized firms into four major subcategories: trading, service, IT, and banking. Ten companies were selected from each subcategory, for a total of 40. The selection was based on a stratified sampling technique to ensure representation from different industries. The choice of 10 companies per subcategory was made to maintain a balanced distribution while ensuring feasibility in data collection. Given the study's resource and time constraints, this approach provided a manageable yet diverse sample, allowing for meaningful comparisons across industries. These categories were used solely for sampling purposes and descriptive analysis, not as moderators or control variables in the study.

The study surveyed entry-level and mid-level employees, who responded to questions related to leadership, organizational learning culture, and organizational resilience. Data collection was conducted using both printed questionnaires and Google Forms, which were distributed through HR managers of the respective companies. A total of 600 questionnaires were distributed with the expectation of obtaining at least 384 usable responses. In total, 432 responses were received, but 92 responses were discarded due to incompleteness or improper completion. Thus, the final sample size was 340. The response rate was 72%, but the usable response rate was only 57%.

To assess leadership style, the study used the Multifactor Leadership Questionnaire (MLQ), developed by Bass and Avolio (1995). The MLQ consists of 18 descriptive statements rated on a 5-point Likert scale (0 = Not at all to 4 = Frequently, if not always). Organizational learning culture was measured using the Dimensions of the Learning Organization Questionnaire (DLOQ), developed by Marsick et al. (2003). The original 6-point Likert scale (1 = Rarely true to 6 = Almost always true) was converted into a 5-point scale following established methodological guidelines in psychometric research. This adjustment aligns with recommendations from survey design literature, which suggests that a 5-point scale maintains response reliability while reducing respondent fatigue and improving clarity (Dawes, 2008; Revilla et al., 2014).

Additionally, studies on leadership assessment and organizational behavior frequently adopt 5-point Likert scales for consistency and comparability with existing research instruments (Podsakoff et al., 2012; Yukl, 2013). The conversion was carefully executed to preserve the original scale's meaning and measurement integrity, ensuring a valid assessment of leadership style, organizational resilience, and learning culture within the study framework. Organizational resilience was evaluated using the short-form version of the Benchmark

Resilience Tool (BRT-53), specifically the BRT-13B, developed by Whitman et al. (2013), which comprises 11 descriptive statements rated on a 5-point Likert scale (Strongly Agree to Strongly Disagree).

The questionnaires were manually screened to ensure completeness and eligibility of respondents. Statistical analyses were conducted using SPSS 20.0, including Cronbach's Alpha and composite reliability tests to assess instrument reliability and average variance explained. The Fornell-Larcker criterion test (Fornell & Larcker, 1981) was used to examine validity, and Harman's one-factor test (Harman, 1967) was applied to check for common method bias. SEM was performed using SMART PLS 4 to analyze the impact of transformational and transactional leadership styles on organizational resilience, with organizational learning culture as a mediator.

The study followed ethical research standards, ensuring voluntary participation, informed consent, and confidentiality. No personal identifiers were collected, and data were securely stored. Company approvals were obtained through HR managers, aligning with academic ethical guidelines.

Results and Analysis

This data analysis section showed a simple summary of gender, age group, and years of experience.

Demographic Profile of the Respondents

Table 1 shows the demographic profile of the respondents based on gender, age group, and years of experience. The data reveals that the majority of respondents were male, aged between 26–30 years, and had over 5 years of work experience.

Table 1

Demographic Profile

Demographic Variables	Category	Frequency	Percentage (%)
Gender	Male	194	57.1
	Female	146	42.9
Age Group	20-25	86	25.3
	26-30	151	44.4
	31-35	75	22.1
	36 and above	28	8.2
Years of Experience	1-3	106	31.2
	3-5	80	23.5
	5 and above	154	45.3

Note. Field Survey

Demographic Differences in Organizational Resilience

The analysis investigated the impact of demographic factors, i.e., gender, age, and work experience, on organizational resilience.

Table 2

Gender-Based Difference in Organizational Resilience

Variable		Gender Difference					
		N	Mean	SD	t-value	df	Sig
Organization Resilience	Female	194	3.5438	0.8	0.175	338	0.439
	Male	146	3.5283	0.83			

Table 2 shows the gender-based difference in organizational resilience. There was no significant relationship between male and female respondents towards organizational resilience.

Table 3

Age-Based Differences in Organizational Resilience

Factors	Age	N	Mean	SD		F-value	df	Sig.
Organizational Resilience	20 – 25	86	3.49	0.77	Between Groups		3	
	26 - 30	151	3.58	0.8	Within Groups		336	
	31- 35	74	3.42	0.92	Total	339	1.779	0.151
	Above 36	28	3.8	0.58				

Table 3 represents age-based differences in organizational resilience. It shows that respondents aged 26-30 were found to have shown higher organizational resilience as compared to other age groups. However, the age factor is not statistically significant towards organizational resilience.

Table 4

Experience-based Differences in Organizational Resilience

Factors	Experience	N	Mean	SD		F-value	df	Sig.
Organizational Resilience	1 – 3	106	3.51	0.83	Between Groups		2	
	3 – 5	80	3.53	0.75	Within Groups		337	
	Above 5	154	3.56	0.83	Total	339	0.117	0.889

Table 4 indicates that respondents with more than five years of work experience reported slightly higher levels of organizational resilience compared to those with fewer years of experience. However, this difference was not statistically significant ($p > 0.05$), suggesting that organizational resilience is not influenced by the length of work experience.

Tables 2, 3, and 4 collectively indicate that gender, age, and work experience do not have a statistically significant impact on organizational resilience. These findings suggest that resilience levels among respondents remain consistent regardless of demographic differences, highlighting that organizational resilience is likely shaped by other factors beyond basic demographic attributes.

Model Diagnostics

The study employed a reflective measurement model in which all constructs (i.e., leadership style, organizational resilience, and organizational learning culture) were measured reflectively. In this model, the indicators are treated as manifestations of their respective latent variables. This approach aligns with established guidelines (Chin, 1998; Jarvis et al., 2003) and is appropriate for analyzing causal relationships within the Partial Least Squares (PLS) - SEM framework.

To assess the causal relationships among leadership styles, organizational resilience, and organizational learning culture, PLS analysis was employed following the approach of Ken and Kay (2013), which is suitable for testing theoretically supported, linear, and additive causal models. PLS was chosen for its effectiveness in analyzing predictive research models, particularly those in the early stages of theoretical development (Benjamin et al., 2014). Exploratory factor analysis using SPSS and confirmatory factor analysis via PLS led to the removal of six measurement items. The model fit indices, standardized root mean square residual (SRMR = 0.055) and normed fit index (NFI = 0.842), indicate an acceptable model fit (Hair et al., 2017).

Table 5 presents the reliability and validity measures for the measurement model, including factor loadings, Cronbach's alpha, composite reliability, and Average Variance Extracted (AVE). Cronbach's alpha values for all constructs exceed 0.7, and composite reliability ranges from 0.86 to 0.93, demonstrating strong internal consistency (Wong, 2013). Convergent validity is confirmed as AVE values for all constructs fall between 0.57 and 0.61, surpassing the recommended threshold of 0.5 (Fornell & Larcker, 1981).

Discriminant validity was assessed using the Fornell-Larcker criterion and cross-loadings. As shown in Table 6, the square root of the AVE for each construct exceeds its correlations with other constructs, confirming adequate discriminant validity (Fornell & Larcker, 1981). Additionally, all indicator loadings are higher on their respective constructs than on others, further supporting the distinctiveness of the measures.

Table 5

Model Diagnostic

Model Construct	Measurement Item	Loading	Cronbach's Alpha	Composite Reliability	AVE
Transformational Leadership	Idea 1	0.808	0.922	0.935	0.593
	Idea 2	0.845			
	Idea 3	0.866			
	Ind 1	0.827			
	Ind 2	0.615			
	Insp 1	0.684			
	Insp 2	0.742			
	Intel 1	0.677			
	Intel 2	0.797			
	Intel 3	0.801			
Transactional Leadership	Manage 1	0.75	0.788	0.863	0.611
	Manage 3	0.8			
	Conti 2	0.832			
	Conti 3	0.741			
Organizational Learning Culture	OLC 2	0.748	0.894	0.917	0.612
	OLC 3	0.707			
	OLC 4	0.803			
	OLC 5	0.781			
	OLC 6	0.795			
	OLC 7	0.809			
	OLC 8	0.829			
Organizational Resiliency	OR 1	0.711	0.894	0.915	0.574
	OR 3	0.735			
	OR 4	0.804			
	OR 5	0.762			
	OR 6	0.765			
	OR 7	0.77			
	OR 8	0.745			
	OR 9	0.763			

Table 6

Model 1: Discriminant Validity (Fornell & Larcker Criterion)

	OrgCulture	OrgResillence	Transactional	Transformational
OrgCulture	0.783			
OrgResillence	0.755	0.757		
Transactional	0.696	0.568	0.782	
Transformational	0.685	0.55	0.764	0.77

Structural Equation Modeling

The study employed a non-parametric bootstrapping technique with a sample size of 340 to test the hypothesized relationships using SEM in SmartPLS, as recommended by Hair et al. (2014). The model included organizational learning culture (OrgCulture) as a mediating variable between leadership styles (transformational and transactional) and organizational resilience (OrgResilience).

Bootstrapping with 5000 resamples was used to assess the path coefficients and t-values. First, the direct paths were examined for significance using the bootstrap t-statistics. The transformational leadership style had a significant direct effect on OrgCulture (β = 0.370), while transactional leadership had a slightly stronger direct effect (β = 0.413). However, only the indirect effect from transformational leadership to OrgResilience via OrgCulture was statistically significant (β = 0.691), supporting the presence of mediation.

The model explains 57.4% of the variance in organizational resilience ($R^2 = 0.574$), indicating a strong explanatory power of the proposed model. This suggests that the combination of transformational and transactional leadership, mediated through a strong learning culture, significantly contributes to fostering resilience within organizations.

The study analyzed the complete model by incorporating organizational learning culture as a mediating variable. The path coefficient and t-value were estimated using the 5000 bootstrapping resampling technique in Smart PLS, following the recommendations of Hair et al. (2014). The first step involved assessing the significance of the direct path by evaluating the statistical significance in the bootstrap results. If the direct effect was found to be significant, the next step was to examine the significance of the indirect effect. If the indirect relationship was also significant, it confirmed the presence of mediation.

Table 7

Combined Effects of Leadership Styles on Organizational Resilience: Direct and Indirect Pathways

Leadership Pathway	Type of Effect	Original Sample (O)	Mean (M)	(TD	t-value	p-value	Supported
Transformational → OrgResilience	Direct	0.023	—	0.072	0.314	0.754	No
Transactional → OrgResilience	Direct	0.070	—	0.070	1.012	0.312	No
Transformational → OrgResilience	Total Indirect	0.256	—	0.047	5.478	0.000	Yes
Transactional → OrgResilience	Total Indirect	0.285	—	0.047	6.071	0.000	Yes
Transformational → OrgCulture → OrgResilience	Specific Indirect	0.256	0.255	0.047	5.478	0.000	Yes
Transactional → OrgCulture → OrgResilience	Specific Indirect	0.285	0.286	0.047	6.071	0.000	Yes

Figure 2

Structural Equation Modeling

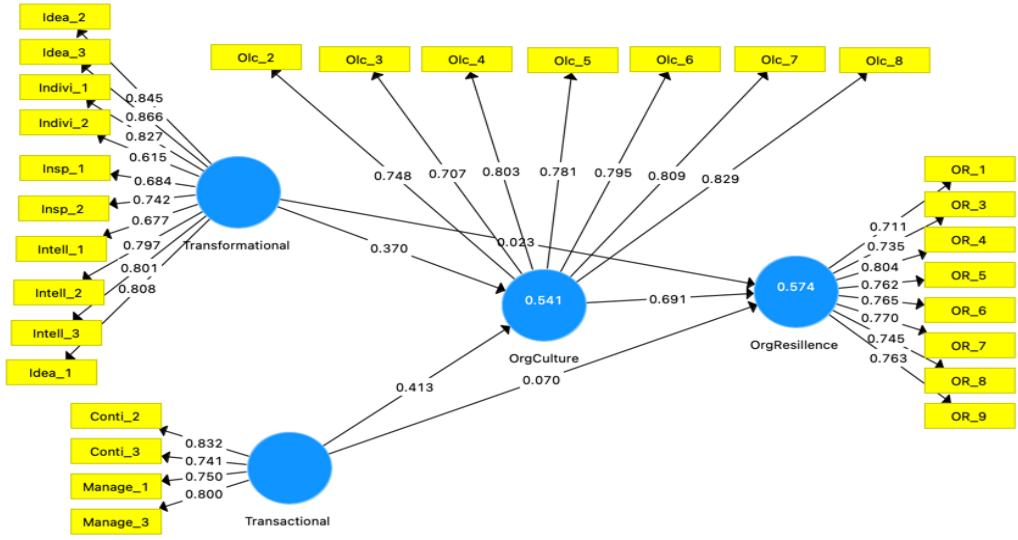

Table 7 summarizes the direct, total indirect, and specific indirect effects of transformational and transactional leadership on organizational resilience, highlighting the significant role of organizational culture as a mediating factor. It shows the direct relationship between leadership style and organizational resilience. It shows that transformational leadership does not have direct influence on organizational resilience (t = 0.671, p=0.754). Similarly, there is no direct influence of transactional leadership on organizational resilience (t = 1.012, p = 0.314). Finding revealed that the indirect effect relationship. The table shows that both leadership style has an indirect relationship with organizational resilience. Similarly, the specific indirect relationship shows that organizational culture has a positive indirect relationship among transformation leadership, organizational culture, and resilience (t = 5.478, p<0.01) and transactional leadership, organizational culture, and resilience (t = 6.071, p<0.01)

The path coefficient between transformational leadership style and organizational resilience is 0.023 and not statistically significant at a 5% significance level. Hence, H1 is not supported. It shows that organizational resilience is not affected by transformational leadership style. The path coefficient between transactional leadership style and organizational resilience is 0.07 and not statistically significant at a 5% significance level. Hence, H2 is not supported. It shows that organizational resilience is not affected by transactional leadership style. The path coefficient indicates that both direct and indirect effects are significant because both the values of t-statistics 5.478) are greater than the threshold value 1.96, and the p-value is 0.01, which is less than 0.05.

Hence, the mediation exists where learning organizational culture mediates the relationship between transformational leadership style and organizational resilience. The path coefficient indicates that both direct and indirect effects are significant because both the values of t-statistics 6.071) are greater than the threshold value, 1.96 p-value is 0.01, which is less than 0.05. Hence, the mediation exists where learning organizational culture mediates the relationship between transactional leadership style and organizational resilience.

Discussions

This study investigated the direct impact of transformational and transactional leadership styles on organizational resilience and the mediating role of organizational learning culture within Nepalese manufacturing and service industries. The findings regarding Hypotheses 1 and 2 revealed a non-significant direct relationship between both transformational and transactional leadership styles and organizational resilience. This outcome necessitates a more nuanced exploration, particularly given existing literature that often supports a direct positive influence of these leadership styles on organizational robustness (Shuja & Abbasi, 2016). Conversely, our findings align with studies by Branche (2014) and Harland et al. (2005), which also reported a lack of direct association.

Several contextual factors specific to the Nepalese organizational landscape may account for this unexpected result. Firstly, the effective enactment of transformational leadership characterized by idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration might be constrained by prevalent socio-cultural norms within Nepalese organizations. For instance, deeply ingrained hierarchical structures and a potential

reluctance toward challenging established norms could impede the intellectual stimulation and individualized consideration aspects. Leaders may face challenges in empowering employees to think critically and take initiative, thus limiting the direct impact of a transformational approach on resilience. Furthermore, the long-term vision and proactive adaptation often associated with transformational leadership might be overshadowed by more immediate operational challenges and resource constraints common in the Nepali business environment. Secondly, while transactional leadership emphasizes clear roles, responsibilities, and contingent rewards, providing structure and predictability, its direct contribution to resilience may be limited. In the face of infrastructure challenges, political volatility, and frequent natural disasters in Nepal, this approach may not provide the agility needed. A leadership style focused on preserving the status quo may lack the flexibility, improvisation, and intrinsic motivation necessary to foster organizational adaptability and long-term resilience (Burns, 1978; Bass & Avolio, 1994).

These findings suggest that leadership may influence resilience not directly, but through a mediating mechanism, organizational learning culture. This aligns with dynamic capability theory (Teece et al., 1997), which emphasizes that organizations build resilience by sensing, seizing, and transforming in response to environmental changes. Leadership behaviors contribute to this capability indirectly by shaping learning norms, fostering knowledge exchange, and encouraging reflection, all components of a learning culture.

Indeed, our findings on Hypotheses 3 and 4 highlight the significant mediating role of organizational learning culture. This culture appears to serve as the transmission belt between leadership and resilience. For transformational leadership, the emphasis on intellectual stimulation and individualized consideration may encourage experimentation, openness to feedback, and collective learning attributes essential for resilience. Similarly, transactional leadership, though more structured, may still support a learning culture by reinforcing routines and consistent performance expectations that create a base for adaptive learning.

Importantly, theorizing the mediation mechanism reveals that resilience is not a direct consequence of leadership styles but an emergent property of the organizational system shaped by learning behaviors. As Senge's (1990) concept of the learning organization suggests, when learning becomes institutionalized, organizations become more capable of adapting and evolving. This reinforces the idea that leadership is effective in enhancing resilience only when embedded in a culture that promotes continuous learning, adaptability, and knowledge integration.

Thus, the lack of a direct significant impact of both transformational and transactional leadership on organizational resilience in our study emphasizes the importance of considering the specific contextual nuances of the Nepali business environment. While these leadership styles may lay the groundwork, their influence on resilience appears to be contingent upon the cultivation of a strong organizational learning culture. This culture, characterized by continuous learning, knowledge sharing, and adaptability, acts as the critical mechanism through which leadership is translated into resilience. Future research could further explore

cultural moderators (e.g., power distance, collectivism) that may shape this mediation process and investigate how different industries in Nepal institutionalize learning in response to leadership behaviors.

Conclusion and Implications

The findings of this study challenge conventional wisdom regarding the direct influence of leadership styles on organizational resilience. While transformational and transactional leadership have been widely studied for their potential impact on organizational outcomes, this study reveals that neither leadership style directly enhances resilience in Nepalese organizations. Instead, the research highlights the pivotal role of organizational learning culture as a mediating factor.

When a strong learning culture is embedded within an organization, leadership, regardless of its style, becomes more effective in cultivating resilience. This suggests that resilience is not merely a function of leadership traits but is significantly shaped by the organization's capacity to learn, adapt, and innovate. These insights enphasizes the need for organizations to shift their focus from merely adopting leadership frameworks to actively cultivating an environment where continuous learning is encouraged, enabling employees to navigate uncertainties with agility and confidence.

From a theoretical standpoint, this study contributes to leadership and resilience literature by emphasizing the mediating role of learning culture. It extends existing research by demonstrating that leadership alone may not guarantee resilience unless accompanied by a culture that facilitates knowledge-sharing and adaptability. This supports the sensemaking and social exchange theories, which suggest that employees reciprocate organizational support through increased commitment and problem-solving capacities.

Practically, the findings provide actionable insights for managers and policymakers. Instead of solely focusing on leadership training programs, organizations should invest in mechanisms that foster learning, such as mentorship programs, knowledge-sharing platforms, and adaptive decision-making frameworks. Especially in volatile environments like Nepal's, where external disruptions are frequent, building an organizational learning culture can be a more effective resilience strategy than relying on specific leadership styles. Future research should explore industry-specific variations and the long-term impact of learning culture on resilience across different economic contexts.

Limitations and Future Research

This study has several limitations that future research can address to enhance the generalizability and depth of findings. First, the use of a purposive sampling method within a cross-sectional study design limits the ability to establish causal relationships between leadership styles, organizational resilience, and learning culture. Since data was collected at a single point in time, it does not capture how these relationships evolve, particularly in response to external shocks such as political instability, economic downturns, or natural disasters.

Future research could adopt a longitudinal design to track these dynamics over time, offering a more comprehensive understanding of how leadership and learning culture interact to shape resilience in different organizational contexts. Additionally, given the study's reliance on self-reported data from employees rating their immediate supervisors, responses might have been influenced by subjective factors such as personal biases, recent conflicts, or mood at the time of the survey. To mitigate this, future studies could incorporate multi-source data collection methods, including peer reviews, leadership self-assessments, and objective performance indicators, to improve data reliability.

Future research can also build on this study by refining the research model and incorporating additional variables to deepen insights. While this study established the mediating role of organizational learning culture, future studies could explore other mediating or moderating variables such as psychological safety, innovation climate, or organizational agility, which may further explain the relationship between leadership and resilience. Moreover, moderating variables like environmental turbulence or crisis preparedness could be examined to assess under what conditions leadership styles become more or less effective in fostering resilience. Researchers could also extend the theoretical framework by integrating alternative theories, such as the resource-based view (RBV), to examine how leadership impacts resilience through strategic resource allocation, or institutional theory to understand how external pressures shape leadership effectiveness. Lastly, expanding the sample beyond Nepalese organizations to different cultural and economic contexts could offer comparative insights and enhance the generalizability of findings across diverse industries and regions.

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