

# THE MEDIATING ROLE OF ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN LEADERSHIP AND SOCIAL CAPITAL IN THE IRAQI SERVICE SECTOR

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## ABSTRACT

This research intended to examine how organizational culture mediates the relationship between leadership and social capital in Iraqi service enterprises. The research used a descriptive-analytical approach, collecting data from a sample of 341 managers working in service firms in Iraq using a questionnaire. Total of (341) suitable surveys were collected for statistical analysis; the study used SPSS and Amos software's to analyses the collected data and tests the hypotheses. The results of the study indicated that there is no impact of Authoritative and Facilitative leadership on the social capital of service companies in Iraq, there is an impact of Democratic and Situational leadership on the social capital of service companies in Iraq, and there is an impact of organizational culture on the relationship between leadership and social capital of service companies in Iraq. In light of these findings, the study recommended the need to pay attention to the quality of leaders who are appointed in service companies in Iraq due to the clear impact of the quality of leadership at the level of social capital practices of companies.

**Keywords:** Leadership, Social Capital, Organizational Culture, Service Industry, Iraq

## 1. INTRODUCTION

One of the essential principles in the performance of people and businesses in the third millennium is social capital. Social capital is the accumulations of resources based on such connections that may help an organization achieve its goals. A debate that has captivated behaviorists, sociologists, and psychologists over the last two decades is known as social capital behavior [Shin & Shin \(2022\)](#). Social capital can make it easier to gain access to knowledge and crucial resources in order to improve performance and take advantage of environmental chances. A robust social capital organization can rapidly access a wide range of information to develop an inventive

performance. This capital is an intangible asset for businesses, and successful firms may use it promptly and wisely [Johnson et al. \(2013\)](#).

With some components such as trust and collaboration, social capital exchanges information and enhances organizational learning, improving the organization's creative performance [Turkina & Thai \(2013\)](#). According to [Coleman \(1994\)](#), individual social capital is the capacity to mutually benefit via social networks or other social institutions. Individuals engaging in social networks exchange social capital via common cultural values, successful communication, trust, and personal connections [Alvani et al. \(2007\)](#).

According to social capital theory, social relations among organisation members along with external parties offer essential assets like data, guidance, social assistance, and relationships [Burt \(1997\)](#), all of which are required preconditions for information collaboration, creation of knowledge, taking risks, and creativity [Zhen & Peterson \(2011\)](#). Executives oversee and regulate a crucial aspect of organizational resources known as social capital, as highlighted by [Hitt & Ireland \(2002\)](#). However, few researches have explored the impact of leadership on social capital, as noted by [Bono & Anderson \(2005\)](#). Despite the fact that social capital is essential for nurturing creativity, the studies of social capital and leadership have mostly ignored how leaders use social capital to create innovation [Eklinder-Frick et al. \(2014\)](#).

For many years, organizational research has utilized a two-dimensional leadership paradigm that focuses on people and production [Blake & Mouton \(1982\)](#). Leadership research in the late 1970s concentrated on behavior in the context of organizational change and growth [Skogstad & Stasle \(1999\)](#). Leadership entails authority in the fullest sense, not only the ability to wield the stick [Lorentzon \(1992\)](#). It is based on objective variables such as management skill as well as more subjective aspects such as the leaders' personal attributes. With the present rising culture of the nurse with a clear and aggressive view of the nature of clinical practice [McCormack & Eileen \(1995\)](#), these elements are even more important.

When it comes to originating employees battling with corporate achievement, leadership has relevance in our modern day. According to [Mosadeghrad \(2003\)](#), a focus on the needs of employees is required for the organization's better efficiency. According to [Singh & Yadav \(2020\)](#), effective staff management in simple and complicated settings requires strong leadership. That is why, nowadays, well-structured firms are increasingly concerned with the essential part of leadership since it is a force of decorators that brings people together. Given the value that works teams have acquired inside businesses as a form of cohesive entity, understanding the influence of leadership on team success has grown in relevance. Both academics and managers recognize that the way businesses operate is increasingly centered on relationships, namely the Leader's interaction with their work team [Suwanti et al. \(2018\)](#), [Gaviria-Rivera et al. \(2019\)](#).

As a result, perceived leaders' or members' of the organization's self-sacrificing leadership will impact the creation of attitudes towards their tasks or organizations. It also has a substantial impact on social capital that is created via active mutual exchanges with other members. Additionally, whether the business has core capital [Carmeli & Tishler \(2004\)](#), and how successfully it uses its capital [Brooking \(1996\)](#), affects the employee's work performance. In other words, a company's capacity to use and convert intangible capital possessed by it or developed by its members is a vital aspect in enhancing and preserving its competitiveness [Watson & Hewett \(2006\)](#). As a result, the leadership and social capital are key criteria for hotel company performance creation.

Leadership studies have long caught the curiosity of numerous scholars [Yukl & Michel \(2019\)](#). Many theories and methods to successful leadership, particularly in organizational behavior and human management, have been offered. [Hughes et al. \(2006\)](#), for example, classified leadership into leaders, members, and circumstances. The majority of leadership studies identified three elements of the leadership process: leaders, members, and circumstances. Furthermore, many researchers have emphasized on successful leadership that inspires members to pursue organizational goals freely [Lowe & Gardner \(2000\)](#), with the leader's self-sacrifice being acknowledged as a desirable and necessary leadership characteristic [Avolio & Gardner \(2005\)](#), [Conger & Kanungo \(1987\)](#).

Leadership encourages employees to be more imaginative and ambitious in their pursuit of organizational goals. Leaders must use current tactics to Favor employee appropriateness; present a clear vision and efficient communication along with individual concern are the essential elements of leadership style to promote organizational devotion after employee pleasure [Waqas et al. \(2017\)](#). It is one of the most investigated fields in recent decades, owing to its significance for organizational efficiency [Ng \(2017\)](#).

Our theoretical underpinning is the resource-based viewpoint [Barney \(1991\)](#), [Barney \(2001\)](#). Organizations can sustain competitive advantages by leveraging environmental opportunities and addressing threats through the use of valuable, scarce, difficult to imitate, and non-replaceable resources like human capital and social capital [Coff \(1997\)](#), [Dess & Sauerwald \(2014\)](#). Economic value is generated by the capacity to access and utilize employees' knowledge, skills, and capabilities [Barney \(1991\)](#). [Wright et al. \(2001\)](#) Leadership is a critical human capital resource related with organizational effectiveness. Individuals have social capital, which includes trust, cohesiveness, access to information and resources, exposure to new knowledge, and learning; and it assists businesses in designing or implementing a variety of tactics that increase efficiency and effectiveness [Adler, & Kwon \(2002\)](#), [Nahapiet & Ghoshal \(1998\)](#). Human capital and social capital combine to give a competitive advantage, according to the resource-based approach.

Leaders from the beginning of a company have a significant impact on the formation of organizational culture [Al-Ariss & Guo \(2016\)](#). Currently, they serve as culture's 'sense-givers' and 'providers,' creating the values, concepts, and ideas they deem essential and suitable for the company. Workers combine their own experience with the organization's development, establishing a culture that embodies the group's shared knowledge. This information is considered valuable in practice and contributes to the founders' original vision [Syafii et al. \(2015\)](#), [Wilderom et al. \(2012\)](#).

Members socially learn and transmit culture, which provides the guidelines for behavior inside groups [Tsai \(2011\)](#). Organisational culture refers to the set of practices, attitudes, and assumptions that guide workers on how to behave in their work environment [Staniland \(1985\)](#). A company's fundamental beliefs stem from its leadership, which will evolve into a distinct leadership style over time. Subordinates will follow these ideas and the leaders' actions to align the behaviour of both sides. A robust organisational culture is established by cohesive behaviour, values, and beliefs. Leaders must acknowledge their responsibility in maintaining an organization's culture. This, in turn, would promote consistent conduct among company members, eliminating disputes and establishing a good working environment for workers [Kane-Urrabazo \(2006\)](#).

Yet, anecdotal theory showed that organizational culture is formed from leadership and influences the future leadership-subordinates interaction [Bass &](#)

Avolio (1993). Schein (1991), Schein (1992) outlined the critical responsibilities of leadership in building and controlling organizational culture in entrepreneurial firms in his key work. He argued that throughout the establishment and early life of firms, executives or founders influence corporate culture by addressing external adaptation and internal integration issues. Because founders or leaders are often entrepreneurs with a high level of self-confidence and drive, they impose strong preconceptions on the businesses they start.

An examination of how leaders influence the development of a culture that encourages creativity should consider the values that people aspire to. Some authors suggest that a leader's vision for change and innovation directly impacts the organization's ability to innovate. Leaders enhance their approval among organizational members by promoting ideals that support risk-taking and creativity, hence influencing the organization's degree of innovativeness. When comparing leadership to corporate culture, it is important to evaluate the degree to which organizational values are shared by employees (cultural consensus). The acceptance of a leader's views on culture by workers is said to indicate the homogeneity or heterogeneity of the business culture. Employees are ready to collaborate with the employer as long as their ethical principles align and are deemed acceptable. If workers do not embrace the leader's desired principles, unique subcultures may develop inside the organization Silverthorne (2005).

Despite the importance of leadership and social capital, few studies have been conducted to apply and observe the link between leadership and social capital in the service industry, particularly in Iraq. The purpose of this study is to experimentally validate the impact of leadership style on organizational social capital. This study also investigates the role of organizational culture in moderating the link between social capital and leadership style. This empirical research will look at the role of leadership in influencing the building of social capital in the service industry. Furthermore, leadership-based implications for maximizing the effectiveness of organizational culture in the Iraqi service sector are given.

Depending on what has been discussed, the current study seeks to test the following hypotheses:

**H0<sub>1</sub>:** There is no impact of Authoritative leadership on social capital in the Iraqi service sector.

**H0<sub>2</sub>:** There is no impact of Democratic leadership on social capital in the Iraqi service sector.

**H0<sub>3</sub>:** There is no impact of Facilitative leadership on social capital in the Iraqi service sector.

**H0<sub>4</sub>:** There is no impact of Situational leadership on social capital in the Iraqi service sector.

**H0<sub>5</sub>:** There is significant effect of organizational culture on social capital in the Iraqi service sector.

**H0<sub>6</sub>:** There is no impact of Authoritative leadership on organizational culture in the Iraqi service sector.

**H0<sub>7</sub>:** There is no impact of Democratic leadership on organizational culture in the Iraqi service sector.

**H0<sub>8</sub>:** There is no impact of Facilitative leadership on organizational culture in the Iraqi service sector.

**H0<sub>9</sub>:** There is no impact of Situational leadership on organizational culture in the Iraqi service sector.

**H0<sub>10</sub>:** The organizational culture has mediating role on the relationship between Authoritative leadership and social capital in the Iraqi service sector.

**H0<sub>11</sub>:** The organizational culture has mediating role on the relationship between Democratic leadership and social capital in the Iraqi service sector.

**H0<sub>12</sub>:** The organizational culture has mediating role on the relationship between Facilitative leadership and social capital in the Iraqi service sector.

**H0<sub>13</sub>:** The organizational culture has mediating role on the relationship between Situational leadership and social capital in the Iraqi service sector.

## 2. MATERIALS AND METHODS

Quantitative research refers to the detailed examination of social marvels using quantitative methodologies, or number-crunching. Quantitative research involves creating and using numerical models, theories, and inquiries related to miracles. The estimation process is crucial in quantitative research as it acts as a convincing connection between experimental data and the scientific representation of quantitative connections [Sekaran \(2010\)](#).

The research used a descriptive analytical approach, using theoretical literature relevant to the study's topic and creating a questionnaire as the primary tool to collect data from the study population.

### 2.1. RESEARCH RESPONDENTS

The present research's respondents are persons who work at the administrative level in service firms in Iraq, The selection of respondents is based on persons most impacted by the research. The researcher analyzed the vital data that could be obtained from this group of 3500 individuals.

### 2.2. SAMPLE OF THE RESEARCH

The required sample size for this study was determined to be 346, using the sample size determination methods outlined by [Krejcie and Morgan \(1970\)](#) as cited by [Cavana et al. \(2001\)](#). [Leveugle \(2009\)](#) conducted a research with a sample size of 363 individuals, using a 95% confidence level and a margin of error of +/-5%. However, some data was deemed unsuitable. Purposive judgmental sampling, sometimes referred to as judgmental, selective, or subjective sampling, is a kind of non-probability sampling when researchers pick community participants for their surveys based on their own evaluation [Zikmund et al. \(2013\)](#).

The researcher delivered 363 questionnaires to the respondents using Google Drive, utilizing an online strategy due to the impacts of the coronavirus epidemic. 341 accurate surveys were collected for statistical analysis, representing 93.93% of all distributed questionnaires, which is deemed suitable for scientific research.

The table below shows how the study sample is distributed according to demographic characteristics.

**Table 1**

Table 1 Frequency and Percentage of the Participant Characteristics			
Variable	Categories	Frequency	Percentage %
Gender	Male	202	59.23%
	Female	139	40.76%
	20-29 years	45	13.19%

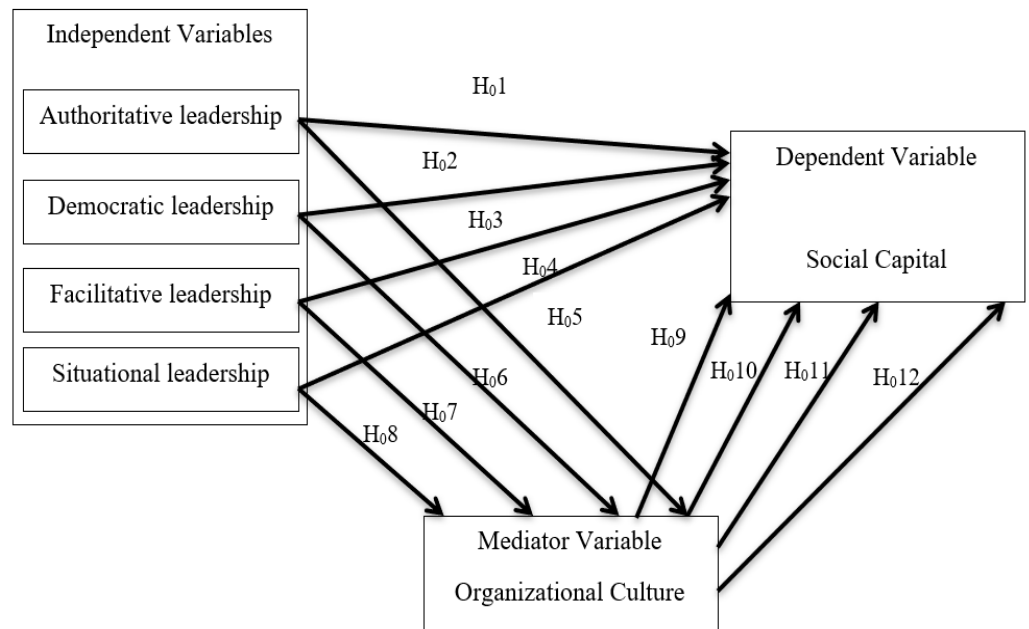


Age	30-39 years	139	40.76%
	40-49 years	109	31.96%
	50 and above	48	14.07%
Education Level	Diploma and Less	52	15.25%
	bachelor's degree	89	26.09%
	Master	127	37.24%
	PhD	73	21.40%
<b>Total</b>		<b>341</b>	<b>100%</b>

### 2.3. RESEARCH MODEL

The study variables contain three types, independent variables, dependent variables, and mediator variable, which can be describe in the following figure:

**Figure 1**



**Figure 1** Research Model, Prepared by Researcher Relied on the Previous Works

### 2.4. DATA SOURCE

The purpose of data gathering is to offer a baseline foundation for research or initiatives to reach their ultimate goal. The present research adhered to a series of procedures to collect the required data. The researcher in this study used two sources of data. **Primary sources are:** They are referred to as field sources since they are closely linked to the topic of the investigation. The questionnaire is used to gather data from the research population. The researcher used secondary materials such as periodicals, books, reports, master's theses, doctoral dissertations, and other reputable sources.

### 2.5. STUDY INSTRUMENT

The questionnaire was the primary data collection technique used by the researcher in the current investigation. The questionnaire consists of a series of questions that are connected to one another in such a way that they fulfill the goal that the researcher seeks via the challenge provided by her investigation. The

questionnaire's quantity of questions should be sufficient and appropriate to meet the study objectives.

Also, questionnaire is a search tool, consisting of a set of questions and other information requests in order to collect information from the persons in question, and the questionnaires from the rest of the search tools are low cost and do not require much effort, the questionnaire often has standard answers that make it easy to collect and organize data.

To design the study questionnaire, the researcher will take the following steps:

- 1) Determining the objectives required from the work of the questionnaire in light of the research topic and problem, and then identifying the data and information required to be collected.
- 2) Convert objectives into a set of questions and inquiries.
- 3) Choose the questionnaire questions and make sure that they are true and consistent.
- 4) Design and wrote the questionnaire in its final form, and ensured its validity and reliability.
- 5) Distribute questionnaire to the study sample.
- 6) Collect of distributed questionnaires.

This study included a questionnaire with five responses ranging from highly agree to strongly disagree to a relative weight (5-1). The questionnaire was broken into four sections, which are as follows:

The first section is focused with the respondents' personal information.

**Second Section:** concerned with the independent variable (Leadership) with its all dimensions (Authoritative leadership, Democratic leadership, Facilitative leadership, and Situational leadership), the researcher relies on empirical review to create this instrument.

**Third Section:** concerned with the dependent variable (Social Capital).

Fourth Section: concerned with the mediation variable (Organizational Culture). As mention in the following table.

**Table 2**

Table 2 Develop the Questionnaire Items		
Variables	Dimensions	No of items
Leadership	Authoritative leadership	4
	Democratic leadership	4
	Facilitative leadership	4
	Situational leadership	4
Social Capital	Social Capital	7
Organizational Culture	Organizational Culture	7

### 2.5.1. VALIDITY OF THE STUDY INSTRUMENT

The research instrument's validity was assessed using the internal construction method. It was applied to an exploratory sample of 50 participants selected randomly from both within and outside the study community. The correlation coefficient was then calculated between each individual's score on the paragraph and their overall score on the tool, as presented in [Table 2](#).

**Table 3**

Table 3 shows the Correlation Coefficients Between the Instrument Items					
No.	Correlation coefficient	No.	Correlation coefficient	No.	Correlation coefficient
1.	0.476**	11.	0.413*	21.	0.399*
2.	0.434*	12.	0.449*	22.	0.462*
3.	0.542**	13.	0.544**	23.	0.348*
4.	0.465*	14.	0.602**	24.	0.568**
5.	0.604**	15.	0.379*	25.	0.593**
6.	0.375*	16.	0.443*	26.	0.611**
7.	0.456*	17.	0.374*	27.	0.436*
8.	0.567**	18.	0.432*	28.	0.387*
9.	0.423*	19.	0.572**	29.	0.543*
10.	0.436*	20.	0.542**	30.	0.544**

According to [Table 3](#), appropriate scale indices for the study instrumentation were obtained, as correlation coefficients varied between (.611-.348), every one of those being statistically significant at the level (0.05).

### 2.5.2. RELIABILITY OF THE STUDY INSTRUMENT

To assess the consistency of the research instrument, the internal consistency coefficient based on Cronbach's Alpha will be employed. The internal consistency coefficient of the study instrument will be determined by picking (50) respondents at random. The Cronbach Alpha reliability coefficient for the research instrument characteristics is shown in [Table 4](#).

**Table 4**

Table 4 Cronbach's Alpha for the Research Instrument		
Variable	Dimensions	Cronbach alpha coefficient
Influencing Factors	Authoritative leadership	0.82
	Democratic leadership	0.81
	Facilitative leadership	0.80
	Situational leadership	0.82
Social Capital	Social Capital	0.81
Organizational Culture	Organizational Culture	0.80

The table displays Cronbach's Alpha coefficients for the independent variable parameters ranging from 0.80 to 0.82, for the dependent variable at 0.81, and for the mediator variable at 0.80. These coefficients are deemed suitable for scientific research.

### 2.6. ANALYSIS TECHNIQUES

Data for the study analyzed using Statistical Package for the Social Sciences software (SPSS. 25) and Amos software via:

- 1) Descriptive statistics (frequency, percentage, arithmetic mean, and standard deviation).
- 2) Amos software's Structural Equation Modelling (SEM).



### 3. RESULTS AND DISCUSSIONS

This section provides a summary of the data analysis results utilised to address research questions and accomplish research goals by conducting hypothesis testing. The data was analysed using Statistical Package for Social Science Version 25 (SPSS 25.0) and AMOS programme version 21.0 (AMOS 21). The chapter begins with a descriptive analysis. This section focuses on using Confirmatory Factor Analysis (CFA) to assess the unidimensionality of the measurement model. The structural model was then examined in order to assess the primary hypothesis, which included the mediating variable and its impact magnitude.

#### 3.1. DESCRIPTIVE ANALYSIS

The following part presents a descriptive examination of the construct under consideration in the current investigation. The Minimum, Maximum, Mean, and Standard Deviation scores on the 30 questions in this study were determined based on the aspects of leadership, social capital, and organizational culture, as stated below.

##### 3.1.1. LEADERSHIP

Table 5

Table 5 Descriptive Analysis for Leadership Variable						
Rank	No.	Dimensions	Min	Max	Mean	SD
3	1	Authoritative leadership	1.00	5.00	3.65	.779
1	2	Democratic leadership	1.00	5.00	3.68	.787
2	3	Facilitative leadership	1.00	5.00	3.67	.707
4	4	Situational leadership	1.00	5.00	3.58	.744
Average mean score of leadership					3.65	.578

Table 5 illustrates the descriptive analysis results for the leadership variable; respondents indicate a moderate level of agreement for influence factors with mean (3.65) and standard deviation (.578), while at the level of the dimensions, (Democratic leadership) came first with mean (3.68) and at high level, followed by (Facilitative leadership) with mean (3.67) and at moderate level, and (Authoritative leadership) came third with mean (3.65) and at moderate level.

##### 3.1.2. SOCIAL CAPITAL

Table 6

Table 6 Descriptive Analysis for Social Capital				
Rank	No.	Items	Mean	SD
1	1	Employees are alert and loyal to new ways of working, such as systems and technologies, in collaboration with others.	3.75	1.002
2	2	There is agreement among the employees about the general goals of the company and everyone works to achieve them.	3.67	1.001
5	3	Administrative leaders are keen to lead employees to achieve the company's goals.	3.60	1.059
6	4	Employees understand their roles and what it is like to work within the defined frameworks.	3.58	1.045

3	5	There is stability in the membership of working individuals and their affiliation with groups.	3.65	.998
4	6	Senior management is logically involved and interacts with weaknesses and high performance cases.	3.63	1.010
7	7	Employees show a willingness to be involved in events related to the company.	3.54	1.031
Average mean score of Social Capital			3.63	.779

Table 6 presents the results of the social capital descriptive analysis. Respondents showed a moderate level of agreement regarding ease of use, with a mean of 3.63 and a standard deviation of 0.779. At the item level, item 1, which describes employees being alert and loyal to new ways of working in collaboration with others, had the highest mean of 3.75 and a standard deviation of 1.002.

### 3.1.3. ORGANIZATIONAL CULTURE

Table 7

Table 7 Descriptive Analysis for Organizational Culture				
Rank	No.	Items	Mean	SD
2	1	Members of management work together effectively as a team	3.63	1.010
6	2	A major focus in this organization is on work team development.	3.49	1.031
5	3	Management wants to know about my ideas and suggestions.	3.51	1.007
7	4	Management encourages employees to be innovative and creative.	3.46	.988
1	5	I have reasonable opportunities to try my own ideas on the job.	3.81	.888
3	6	Employees of all cultures are made to feel welcome.	3.52	.953
4	7	Management is sensitive to the needs and concerns of women employees.	3.51	.986
Average mean score of Organizational Culture			3.56	.879

Table 7 displays the results of the descriptive analysis of Organisational Culture. Respondents showed a moderate level of agreement regarding ease of use, with a mean of 3.56 and a standard deviation of 0.879. At the item level, item 5, which pertains to having reasonable opportunities to implement personal ideas at work, had the highest mean of 3.81 and a standard deviation of 0.888. Conversely, item 4, which relates to management encouraging creativity, had the lowest mean of 3.46 and a standard deviation of 0.988, indicating a moderate level of agreement.

### 3.2. MEASUREMENT MODEL

This research intends to validate the main construct namely leadership, social capital, and organizational culture using pooled CFA procedure. The Pooled-CFA technique was selected for its efficiency, comprehensiveness, and lack of model identification difficulties Awang et al. (2015), Awang (2014). All constructions are combined and linked with double-headed arrows in Figure 2 to examine the association between them. The model fit was assessed by comparing the fitness indexes of this structural model to the predefined threshold indexes from the literature, as shown in Table 8.

Figure 2

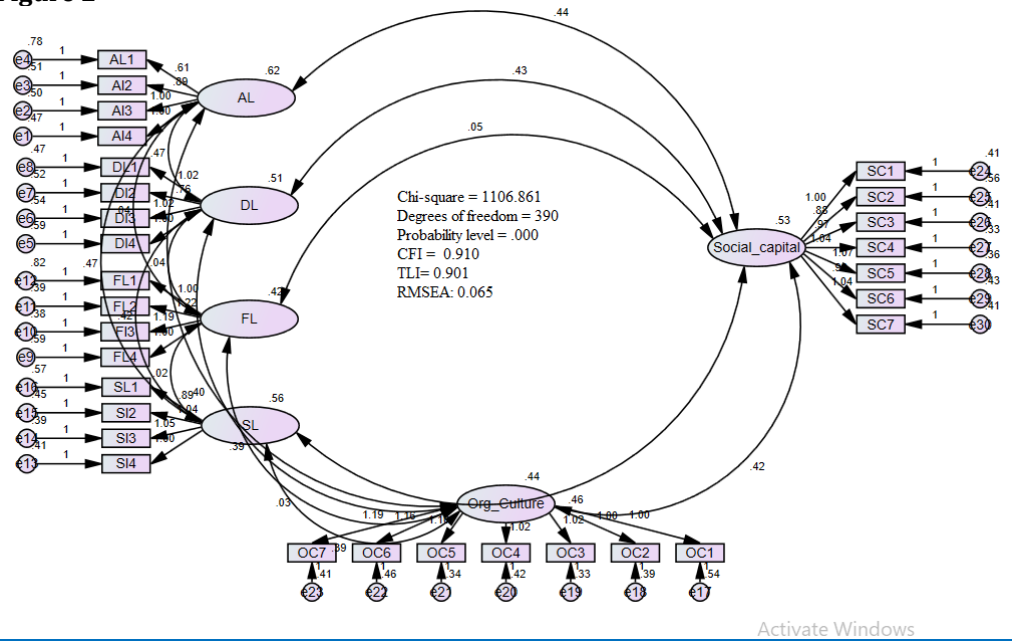


Figure 2 Pooled Confirmatory Factor Analysis Measurement Model.

Table 8

Table 8 The Assessment of Fit for the Structural Model

Name of category	Name of index	Fit Criteria	Level of acceptance	Comments
Absolute fit	RMSEA	=0.08	0.065	Meet the required level $\leq 0.8$
1. Incremental fit	CFL	0.90 or greater	0.910	Meet the required level $\geq 0.8$
	TLI	0.90 or greater	0.901	Meet the required level $> 0.8$
2. Parsimonious fit	Chisq/df	$1.0 = \chi^2/df = 5$	2.838	Meet the required level $\leq 0.8$

Figure 2 displays the final evaluation framework for 30 items, with fitness indices (RMSEA, TLI, CFI, and Chisq/df) meeting the necessary criteria.

### 3.2.1. THE STANDARDISED REGRESSION WEIGHTS (STANDARDIZED ESTIMATE)

Figure 3 illustrates the relationship between overall influence factors, user satisfaction and techno trust. To begin, the overall fit of the model was evaluated using three model fit categories: absolute fit (Chi-square, RMSEA, and GFI), incremental fit (CFI), and parsimonious fit (Chi-square/df) to ensure that it adequately represented the whole collection of casual relationships.

Figure 3

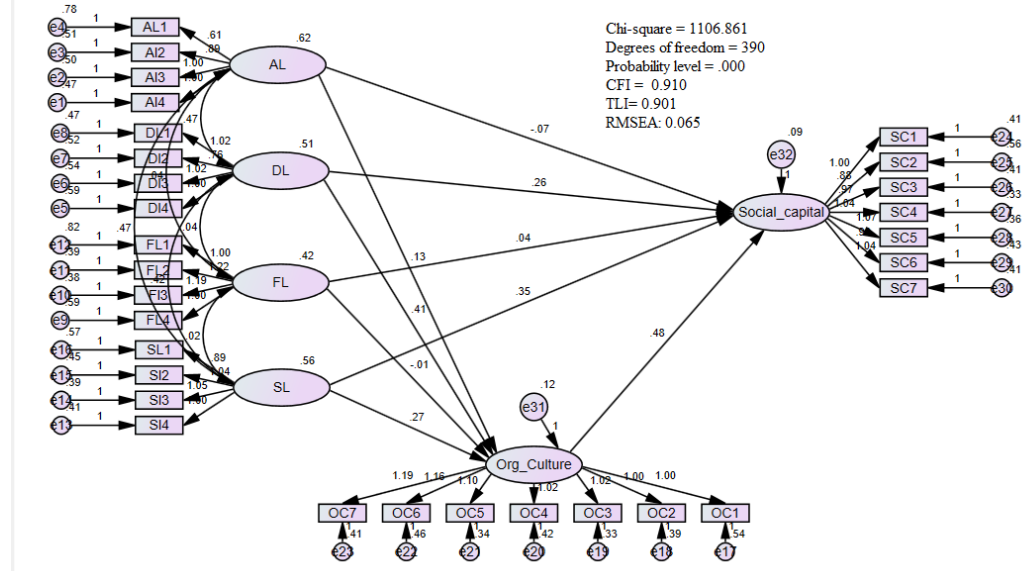


Figure 3 The Standardized Path Coefficient between Constructs in Model

This study offered 13 hypotheses, nine of which are direct hypotheses and four of which are indirect hypotheses.

Table 9

Table 9 The Standardised Regression Weights of Constructs Regression Path							
Construct	Path	Construct2	Beta Estimate	Standard Error	Critical Region	P-Value	Result
Social Capital	<---	Authoritative leadership	-0.075	.084	-0.892	.372	Not Significant
Social Capital	<---	Democratic leadership	.263	.098	2.668	.008	Significant
Social Capital	<---	Facilitative leadership	.045	.035	1.278	.201	Not Significant
Social Capital	<---	Situational leadership	.354	.073	4.843	***	Significant
Social Capital	<---	Organizational Culture	.477	.082	5.837	***	Significant
Organizational Culture	<---	Authoritative leadership	.133	.089	1.484	.138	Not Significant
Organizational Culture	<---	Democratic leadership	.410	.099	4.128	***	Significant
Organizational Culture	<---	Facilitative leadership	-0.007	.038	-1.189	.850	Not Significant
Organizational Culture	<---	Situational leadership	.268	.074	3.622	***	Significant

The first hypothesis suggested that Authoritative leadership did not have an impact on social capital in the Iraqi service sector, as shown by the results in Table 9 ( $\beta = -0.075$ ,  $p = 0.372$ ). Put simply, an increase of 1 in Authoritative leadership led to a decrease of 0.075 in social capital. The study hypothesis stated above is confirmed.

The second hypothesis suggested that Democratic leadership had a beneficial impact on social capital in the Iraqi service sector, as shown by the results in [Table 9](#) ( $\beta=0.263$ ,  $p=0.008$ ). When Democratic leadership increased by 1 unit, social capital increased by 0.263 units. The research hypothesis stated above is not corroborated.

According to the third hypothesis and the data in [Table 9](#), Facilitative leadership was determined to have no significant impact on social capital in the Iraqi service sector ( $\beta=0.045$ ,  $p=0.201$ ). Put simply, a 1-unit increase in Facilitative leadership resulted in a 0.045 increase in social capital. The study hypothesis stated above is confirmed.

The fourth hypothesis is that Situational leadership has a positive influence on social capital in the Iraqi service sector, as seen by the results in [Table 9](#) ( $\beta=0.354$ ,  $p=0.000$ ). Put simply, a one-unit increase in Situational leadership resulted in a 0.354 increase in social capital. The research hypothesis stated above is not substantiated.

The fifth hypothesis indicated that organisational culture did not have an impact on social capital in the Iraqi service industry, as shown in [Table 9](#) ( $\beta=0.477$ ,  $p=0.000$ ). Put simply, an increase of 1 in Authoritative leadership resulted in a 0.477 increase in social capital. The research hypothesis stated above is not confirmed.

According to the sixth hypothesis and the data in [Table 9](#), Authoritative leadership was determined to have no impact on organisational culture in the Iraqi service sector ( $\beta=0.133$ ,  $p=0.138$ ). Simply put, an increase of 1 in Authoritative leadership resulted in a decrease of 0.133 in organisational culture. The study hypothesis stated above is confirmed.

According to the seventh hypothesis, Democratic leadership had a beneficial impact on organisational culture in the Iraqi service sector as shown in [Table 9](#) ( $\beta=0.410$ ,  $p=0.000$ ). Put simply, an increase of 1 in Democratic leadership corresponded to a 0.410 increase in organisational culture. The research hypothesis stated above is not confirmed.

According to the eighth hypothesis and the data in [Table 9](#), Facilitative leadership was determined to have no impact on organisational culture in the Iraqi service sector ( $\beta=0.007$ ,  $p=0.850$ ). Simply put, a 1-unit increase in Facilitative leadership corresponded to a 0.007 decrease in organisational culture. The study hypothesis stated above is confirmed.

According to the ninth hypothesis, Situational leadership was shown to have a beneficial influence on organisational culture in the Iraqi service sector based on the results presented in [Table 9](#) ( $\beta=0.268$ ,  $p=0.000$ ). When Situational leadership increased by 1 unit, organisational culture increased by 0.268 units. Therefore, the study hypothesis mentioned above is not confirmed.

### 3.2.2. MEDIATION HYPOTHESES

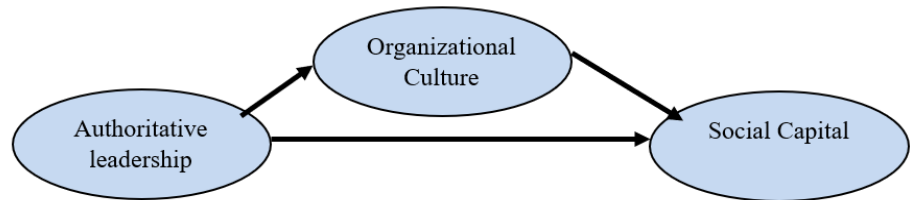
The mediation hypothesis posited that organizational culture mediates the relationship between different leadership styles (Authoritative, Democratic, Facilitative, and Situational) and social capital in the Iraqi service sector. The researcher evaluated both the direct and indirect impact of influencing variables on user satisfaction in this study. If the direct impact of leadership on social capital is substantial, the researcher might investigate if organizational culture (OC) mediates the connection between Authoritative leadership (AL), Democratic leadership (DL), Facilitative leadership (FL), and Situational leadership (SL). A mediator's function is

to facilitate an indirect impact of leadership on social capital. The researcher examined the mediation effect by bootstrapping, as described later.

### 3.2.3. MEDIATION EFFECT USING BOOTSTRAP APPROACH

The research used the bootstrapping indirect effect approach by Preacher and Hayes (2008) to determine whether there was a mediation effect. Mediation was considered present when the lower limit (LB) and upper bound (UB) values of the indirect effect did not include 0.

In the Iraqi service sector, organizational culture moderates the relationship between authoritarian leadership and social capital.

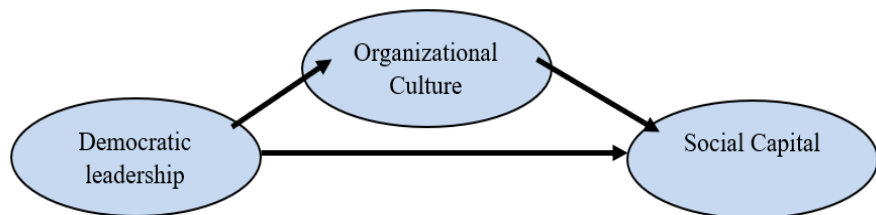


**Table 10**

Table 10 Bootstrapped for Indirect Effect			
Mediator	Standardised Indirect Estimate	95% Confidence Interval (CI)	
		Lower Bound (LB)	Upper Bound (UB)
AL → OC → SC	0.398	0.333	0.464
Standardised Direct Estimate			
AL → OC → SC	0.256	0.185	0.320

The study found that the lower limit was 0.333 and the higher limit was 0.464, both falling inside the positive range, as shown in Table 10. The organisational culture mediates the relationship between authoritarian leadership and social capital in the Iraqi service sector.

**H0<sub>11</sub>:** The organizational culture has mediating role on the relationship between Democratic leadership and social capital in the Iraqi service sector.



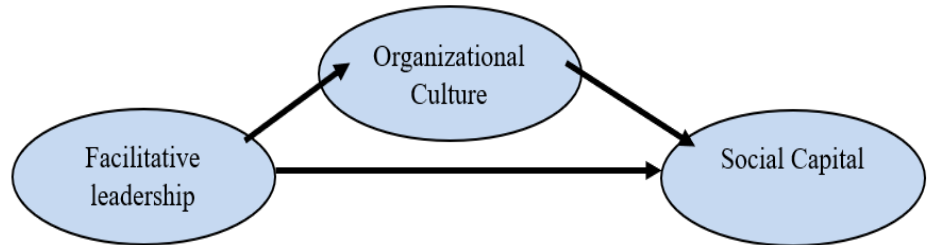
**Table 11**

Table 11 Indirect Effect Bootstrapped			
Mediator	Standardised Indirect Estimate	95% Confidence Interval (CI)	
		Lower Bound (LB)	Upper Bound (UB)
DL → OC → SC	0.567	0.494	0.640
Standardised Direct Estimate			
DL → OC → SC	0.320	0.246	0.415



The study found that the lower boundary was 0.494 and the higher boundary was 0.640, both falling inside the positive range, as shown in Table 11. The organisational culture has a mediating role in the relationship between Democratic leadership and social capital in the Iraqi service sector.

**H0<sub>12</sub>:** The organizational culture has mediating role on the relationship between Facilitative leadership and social capital in the Iraqi service sector.

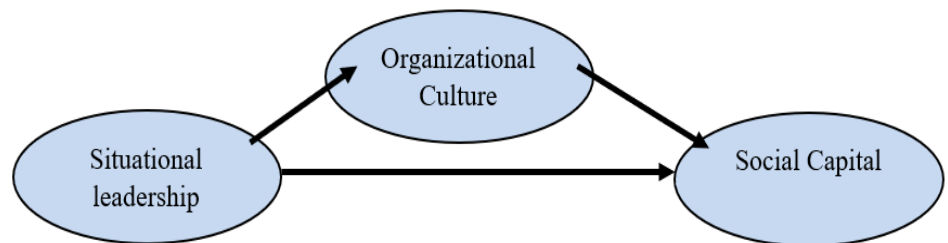


**Table 12**

Table 12 Indirect Effect Bootstrapped			
Mediator	Standardised Indirect Estimate	95% Confidence Interval (CI)	
		Lower Bound (LB)	Upper Bound (UB)
FL → OC → SC	0.174	0.086	0.267
Standardised Direct Estimate			
FL → OC → SC	0.077	0.025	0.132

The study found that the lower limit was 0.086 and the maximum limit was 0.267, both falling within the positive range, as shown in Table 12. The organizational culture mediates the relationship between Facilitative leadership and social capital in the Iraqi service industry.

**H0<sub>13</sub>:** The organizational culture has mediating role on the relationship between Situational leadership and social capital in the Iraqi service sector.



**Table 13**

Table 13 Indirect Effect Bootstrapped			
Mediator	Standardised Indirect Estimate	95% Confidence Interval (CI)	
		Lower Bound (LB)	Upper Bound (UB)
SL → OC → SC	0.391	0.322	0.475
Standardised Direct Estimate			
SL → OC → SC	0.388	0.284	0.485

The study found that the lower boundary was 0.391 and the higher boundary was 0.475, both falling inside the positive range, as shown in [Table 13](#). Organizational culture has a mediating function in the relationship between situational leadership and social capital in the Iraqi service sector.

#### **4. CONCLUSIONS AND RECOMMENDATIONS**

This research aimed to examine how organizational culture influences the relationship between leadership and social capital. The results of the structural equation model analysis indicate that organizational culture acts as a mediator in the relationship between leadership and social capital. Leadership can anticipate social capital processes and understand the perspectives of the leader and other staff. Leadership is the primary factor in constructing social capital and is seen as the most crucial element of human resources. Leadership is the most essential instrument for guiding and optimizing organizations. Individuals in organizations with strong social capital and shared identity engage in reciprocal learning and teaching via their educational networks and communication channels, resulting in a high-level organizational culture.

For enterprises to thrive and progress, they need to enhance their environmental ethos and implement significant organizational transformations. Leaders have a crucial role in directing organizations, detecting environmental needs, and supporting appropriate progress, which is increasingly significant. Organizations are established to achieve certain goals. Organizational efficiency is crucial and depends on goal attainment. The results of a well-organized entity's efforts meet or exceed the organization's objectives [Miskel & Hoy \(2012\)](#).

In his research, [Lussier \(2006\)](#) contends that leadership style comprises a set of traits, talents, and behaviors that managers use to interact with their employees. Leaders that foster innovation via introducing fresh perspectives, generating insights, inspiring, and motivating their followers, and entrusting them with responsibility and dedication will guarantee the organization's sustainability and expansion. These leaders possess the ability to handle risky situations, address challenges and opportunities, motivate their team members to dedicate themselves, cooperate voluntarily, and put in significant effort by being accountable and imaginative. Ultimately, they can turn organizations into knowledgeable entities [Mortazavi et al. \(2005\)](#).

Leadership may enhance social capital and facilitate the achievement of an organization's objectives. A leader may enhance an organization's culture and social capital by using various leadership styles and promoting self-confidence, creativity, and intellectual stimulation within the team. The research suggested focusing on the quality of leaders hired in service organizations in Iraq because of the significant influence of leadership quality on the social capital practices of companies. Future research should examine many aspects of organizational culture under diverse organizational frameworks and contexts.

#### **CONFLICT OF INTERESTS**

None.

#### **ACKNOWLEDGMENTS**

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