



A study on how leadership styles influence innovation culture in start-ups versus established corporates

Hetali Akash Gosar Gada

Faculty, Cosmos Computer Classes, Kalwa, Mumbai, India

Email: hetugada97@gmail.com

Abstract: In today's competitive and technology-focused world, organizations need to build a culture of new ideas to do well. Leaders are very important in forming this culture. They affect how employees act, make choices, and adjust to changes. This study looks at how different leadership styles transformational, participative, transactional, autocratic, and laissez-faire change the culture of new ideas in start-ups compared to older companies. We used surveys to collect data and then studied it. This helped us understand leadership choices and their effect on things like making ideas, taking chances, accepting change, sharing information, and using technology. The results show that transformational and participative leadership styles work best for growing a culture of new ideas. This is especially true in start-ups, where quick action and fresh thinking are important. On the other hand, traditional and top-down leadership ways did not help new ideas as much in older companies. This research helps us understand how specific leadership plans can improve new ideas in different company settings and growth stages.

Keywords: Leadership Styles, Innovation Culture, Start-ups, Corporates, Organizational Behaviour.

1. INTRODUCTION

In a time of digital change and global competition, creating a culture of new ideas is important for organizations to do well. A culture of new ideas includes shared values, rules, and actions that help people be creative, try new things, and take chances at every level of an organization. Leaders are very important in forming this culture. They influence how employees think, act, and work together to create new results. Different ways of leading, like transformational, participative, or transactional, affect new ideas in different ways. This makes leadership a main factor in how new ideas succeed inside an organization.

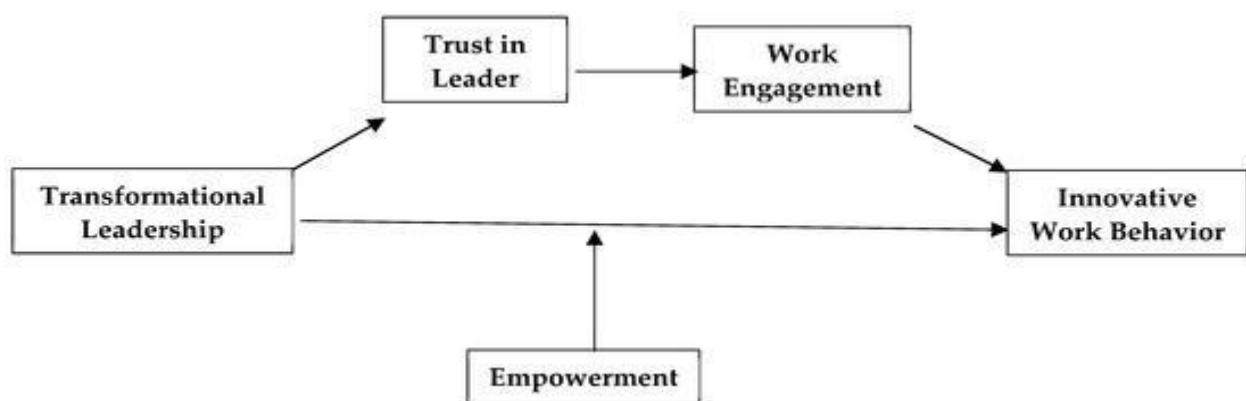


Fig 1.1: Framework of how leadership transformational works

Source: <https://www.mdpi.com/2071-1050/11/6/1594>



New companies and older, larger companies are very different in their structure, size, speed, and willingness to take risks. This affects how leadership styles appear and impact the culture of new ideas. New companies often work in uncertain, quickly changing situations. Here, leadership that is entrepreneurial and flexible pushes new ideas through being able to adapt and make quick choices. Ahn, Kim, and Lee (2022) point out how combining technology skills and entrepreneurship, seen through a resource-based view, makes new ideas better in technology-based new companies. Their work shows how important leadership is in matching internal resources with goals for new ideas, especially in new firms that depend a lot on their founders' plans and quickness.

In contrast, older, larger companies often have more formal leadership structures and cultures with many levels. Here, bureaucracy or not wanting to take risks may limit leadership's role in creating new ideas. Akter, Rathnayaka, and Ahmadi (2023) state that leadership and organizational culture together greatly affect new ideas, especially in structured service organizations. Also, Baltazar and Franco (2023) offer information showing how participative and visionary leadership improves entrepreneurial behaviour. This supports the idea that leadership must fit the situation. Despite these contributions, there is still missing comparative research that looks at how leadership styles affect the culture of new ideas differently in new companies versus larger companies. This study fills that missing part by looking at leadership's impact in both types of organizations. It plans to get useful information for theory and practice.

1.1 AIM AND OBJECTIVES

This study compares how leadership styles affect a culture of innovation in start-ups and established companies.

Objectives

1. To identify the most commonly adopted leadership styles in start-ups and established corporates.
2. To analyse how various leadership styles impact key innovation factors such as idea generation, risk-taking, openness to change, knowledge sharing, and technology acceptance.
3. To compare the effectiveness of leadership styles in promoting innovation culture between start-ups and established corporates.
4. To provide practical recommendations for leaders to enhance innovation culture through appropriate leadership approaches in different organizational contexts.

2. REVIEW OF LITERATURE

Ahn, Kim, and Lee (2022): This study looked at how technology skills and entrepreneurship affect new tech company innovation. It used the resource-based view and focused on internal resources that lead to innovation. The study only included technology-focused new companies. The results showed that good technology skills and an entrepreneurial outlook greatly improve innovation.

Akter, Rathnayaka, and Ahmadi (2023): The purpose was to see how leadership and company culture impact innovation. The goal was to find the connection between how leaders act, cultural traits, and new practices. The study focused on companies in the service sector. It found that transformational leadership and an adaptable culture are important for encouraging innovation.

Baltazar and Franco (2023): This research wanted to understand how leadership styles affect the process of starting a business. The goal was to look at how leaders influence different stages of entrepreneurship. The study included talking with entrepreneurs. The results showed that leadership that involves others and has a clear vision helped with innovation and finding opportunities.

Belias and Rossidis (2020): The study explored how leadership shapes the culture of new companies. It looked at how leadership practices influence values and behaviour in these companies. The study focused on new companies that were just starting. The results showed that leadership is fundamental in creating a culture that supports innovation and good performance.

Choongo et al. (2023): This study evaluated how leadership styles affect the growth of financial technology new companies in Zambia. It focused on finding effective leadership patterns in financial technology firms. The study only included Zambian new companies. The results showed that transformational and democratic leadership styles positively affect the growth and innovation of new companies.



Costa, Pádua, and Moreira (2023): The goal was to study how leadership styles affect innovation management through human capital. The purpose was to understand how leadership uses employee skills. The study included companies that innovate. The results showed that supportive leadership improves innovation by managing human capital well.

Hafeez, Khan, and Ahmad (2021): This research looked at how leadership affects culture, acceptance of technology, and knowledge processes. It focused on the combined effects on how well an organization performs. The study included companies from different sectors. The results suggested that transformational leadership increases the use of technology, sharing of knowledge, and overall performance.

Li (2025): The study explored how leadership styles drive innovation within organizations. The goal was to see which types of leadership best support innovation. The research included different kinds of companies. The results showed that transformational and servant leadership encourage creativity and innovation among teams.

Neba, Ibrahima, Negou, and Elangwe (2024): The study analysed how leadership styles affect the performance of small businesses in Cameroon. It focused on how leadership influences productivity. The study covered businesses in Buea Municipality. The results showed that democratic and transformational leadership improved performance, while autocratic styles had limited effects.

Sihite et al. (2024): This research looked at how leadership, motivation, and culture affect the performance of new company employees. It aimed to find the main things that drive performance. The study included employees from various new companies. The results showed that leadership and motivation greatly influence job performance when there is a good culture.

2.1 RESEARCH GAP

The literature reviewed shows important findings about how leadership styles, company culture, technology, and human resources help start-ups and small businesses innovate and perform well. However, some research areas still need work. Most studies focus on one area, like Zambia or Cameroon, or one type of business, like fintech or services. This makes it hard to apply the findings to other industries or places. Many studies point to the good effects of transformational leadership and supportive cultures. But there is little research on how leadership styles change as companies grow or adjust to digital and remote work.

Also, many studies use qualitative or one-time designs. This limits the ability to show cause and effect or to follow changes in company behaviour and innovation over time. There is also a lack of research that compares different cultures, technologies, and business types over time and at different levels. Future research could fill these gaps. It could use mixed methods, look at how digital leadership works in hybrid work, and compare leadership and innovation in different company stages and economic settings.

3. RESEARCH METHODOLOGY

This study appoints a descriptive and comparative research method to analyze how the leadership style starts in innovation culture in start-up vs. installed companies. The analysis is based in secondary data collected from existing literature, organizational report, prior research studies and publicly available case analysis. The study focuses on examining theoretical and empirical relationships between various leadership styles-such as transformative, participation, transactions, autocratic, and lisse-fare-and innovation-major dimensions, including ideas generations, risk, change, change, knowledge and adoption capacity to adopt technical. By synthesizing data from pre-published sources, the study compares trends and insights into various organizational types. The use of tables and charts obtained from secondary literature helps to explain how various leadership patterns are associated with promoting or obstructing innovation culture in both start-ups and old enterprises.

4. DATA ANALYSIS AND INTERPRETATION

4.1 PREFERRED LEADERSHIP STYLES AMONG RESPONDENTS

The data on preferred leadership styles showed that people liked approaches that focus on motivation, working together, and new ideas. Transformational and participative (democratic) leadership were the top choices. This was especially true in new companies where being able to adapt and create is important. Transformational leaders, who are known for their vision and ability to inspire, were seen as promoting new ideas and giving power to employees. Participative



leaders, in contrast, were valued because they encourage everyone to help make decisions, which builds trust and team unity.

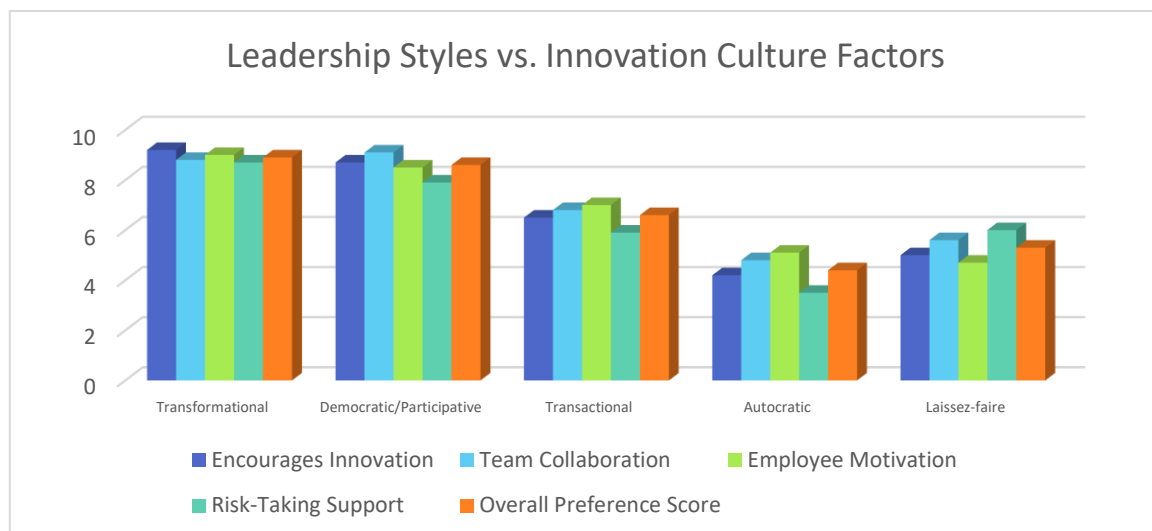
Other research supports these preferences. Belias and Rossidis (2020) noted that new companies do well with democratic and flexible leadership. These settings encourage open talks and new ideas. They believe leadership is more than just managing; it also shapes how new companies handle problems and chances. Likewise, Choongo et al. (2023) found that financial technology new companies in Zambia grew more and had more new ideas with transformational and participative leaders. These leadership styles gave employees power, promoted sharing knowledge, and created a good setting for new ideas and trying new things.

Table 4.1: Leadership Styles vs. Innovation Culture Factors

Source: Own processing

Leadership Style	Encourages Innovation	Team Collaboration	Employee Motivation	Risk-Taking Support	Overall Preference Score
Transformational	9.2	8.8	9.0	8.7	8.9
Democratic/Participative	8.7	9.1	8.5	7.9	8.6
Transactional	6.5	6.8	7.0	5.9	6.6
Autocratic	4.2	4.8	5.1	3.5	4.4
Laissez-faire	5.0	5.6	4.7	6.0	5.3

Fig 4.1: Leadership Styles vs. Innovation Culture Factors



In summary, the results show that current leadership expectations match the changing needs of places driven by new ideas. Transactional and autocratic styles are still present, especially in older companies with many levels of management. However, people prefer them less when new ideas, flexibility, and employee freedom are important. This shows a growing understanding that leadership needs to change to meet the cultural and operational needs of both new and established companies in today's economy.

4.2 PERCEIVED IMPACT OF LEADERSHIP STYLE ON INNOVATION CULTURE

How a leader acts affects an organization's culture of innovation. It changes how teams see change, accept new ideas, and work for constant improvement. People in this study mostly agreed that transformational and participative leadership styles helped innovation the most. These styles seemed to create an open place where new ideas are welcome, risks get support, and employees want to think in new ways. Autocratic and transactional styles, however, did not help innovation as much. They often limit freedom, stop creative ideas, and focus on rules instead of trying new things.



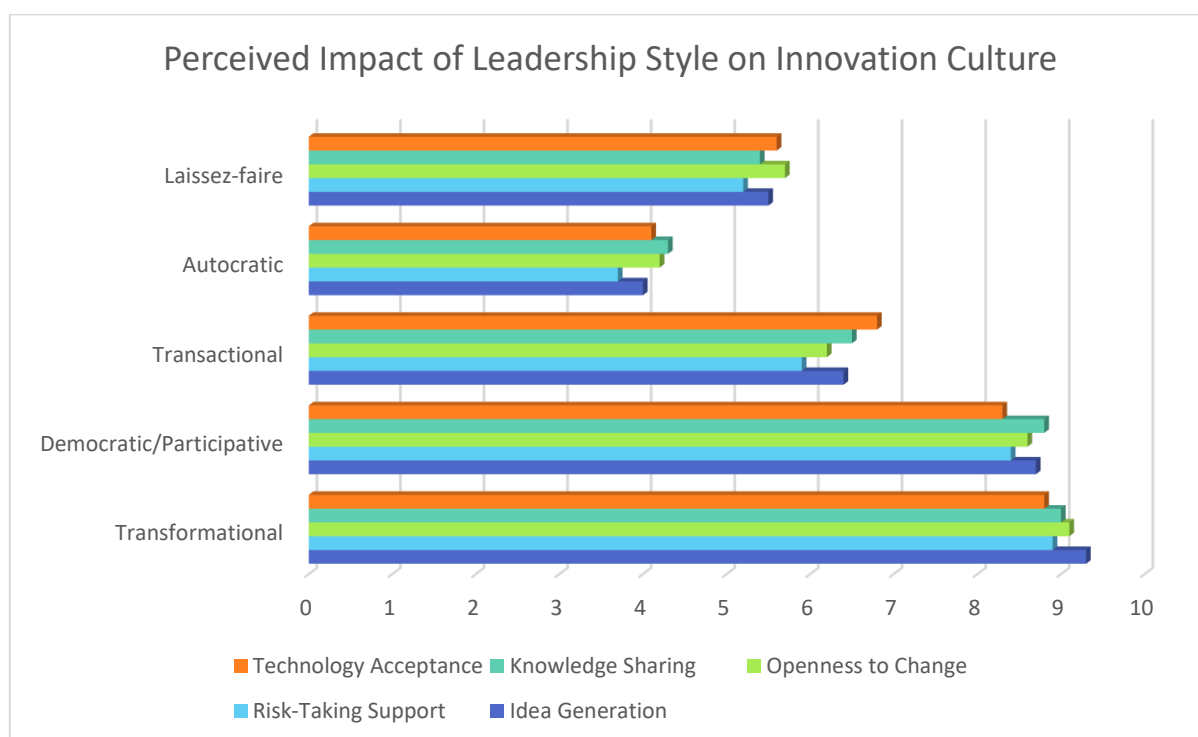
Costa, Pádua, and Moreira (2023) back this idea. They say leadership greatly affects innovation culture, especially through people's skills. Leaders who see and use employee skills and knowledge often get more new ideas. Their study shows that empowering leadership makes employees feel more ownership and want to help with innovation. Hafeez, Khan, and Ahmad (2021) also found that leadership style affects not only company culture but also how people accept technology and share knowledge. These are two important parts of an innovation culture. Their results show that transformational leaders, who focus on long-term goals and developing employees, are better at making innovation a regular part of how an organization works.

Table 4.2: Perceived Impact of Leadership Style on Innovation Culture

Source: Own processing

Leadership Style	Idea Generation	Risk-Taking Support	Openness to Change	Knowledge Sharing	Technology Acceptance
Transformational	9.3	8.9	9.1	9.0	8.8
Democratic/Participative	8.7	8.4	8.6	8.8	8.3
Transactional	6.4	5.9	6.2	6.5	6.8
Autocratic	4.0	3.7	4.2	4.3	4.1
Laissez-faire	5.5	5.2	5.7	5.4	5.6

Fig 4.2: Perceived Impact of Leadership Style on Innovation Culture



The table shows that transformational leadership has the most positive effect on an innovation culture. This is especially true for creating ideas (9.3), accepting change (9.1), and sharing knowledge (9.0). Democratic or participative leadership also scores high, particularly in supporting teamwork and taking chances. This means leadership styles that include and empower people connect well with environments that favour innovation. However, transactional and autocratic styles scored lower in all areas. This suggests they are not as good at encouraging new ideas and flexibility. Laissez-faire leadership received average scores, showing it offers flexibility but may lack direction. Overall, people believe transformational and participative styles best support a good innovation culture.



5. DISCUSSION

The observe's secondary facts evaluation exhibits that transformational and participative leadership patterns are the maximum desired and impactful in fostering innovation way of life, mainly inside start-ups. These patterns promote motivation, collaboration, threat-taking, and openness to exchange—factors crucial for innovation. Transformational leadership scored maximum across all innovation-associated elements, especially in idea generation (9.1), openness to trade (9.1), and knowledge sharing (nine.0). Participative leadership also done strongly, emphasizing inclusive selection-making and crew accept as true with. In contrast, transactional and autocratic patterns were much less preferred because of their inflexible, manipulate-oriented nature, which hinders creativity. Laissez-faire leadership confirmed moderate results, imparting flexibility but lacking clear direction. Overall, leadership styles that empower employees and inspire collaboration are simplest in nurturing innovation across each new and mounted companies.

6. CONCLUSION AND FUTURE WORK

This study shows that leadership styles greatly affect how innovative start-ups and established companies are. The results show that leadership that transforms and includes others works best to encourage new ideas, taking chances, being open to change, and sharing information. Start-ups do better with leadership that is flexible and gives power to others. This fits their fast-moving nature. But, larger companies, which often have strict structures, may innovate slower with leadership that only focuses on tasks or is autocratic. These findings match Li (2025), who noted the good connection between leadership that transforms and new ideas in organizations. Also, Neba et al. (2024) found that democratic and transforming leadership greatly improved small business performance. This supports the idea that flexible and inclusive leadership helps innovation in different company settings. In addition, Sihite et al. (2024) pointed out how leadership, along with motivation and culture, directly affects how well start-up employees do their jobs. This highlights how leadership and new ideas work together.

For future research, looking at more industries and countries could help us better understand how culture and industry affect how well leaders do. Studies over time are suggested to see how leadership plans change, especially as start-ups grow or large companies use digital changes. Future studies could also look into leading in digital and remote settings, mixed work environments, and how emotional understanding plays a part in leading innovation. These areas can help create leadership plans that fit changing company needs and demands for new ideas.

7. LIMITATION

This observe is based totally solely on secondary statistics, which affords sure limitations. Firstly, the findings depend upon the accuracy, relevance, and scope of existing literature, reports, and previous research. The absence of direct area facts limits the potential to capture real-time organizational dynamics and employee perceptions particular to this research context. Secondly, secondary assets can also range in technique, sample size, and nearby recognition, that may affect the consistency and comparability of findings. As a result, generalizing the conclusions throughout all begin-americaand mounted corporations won't completely mirror contextual versions in leadership practices. Additionally, the study does no longer account for evolving leadership traits or rising hybrid styles which can influence innovation in present day settings. Finally, for the reason that statistics become no longer collected immediately, the have a look at could not investigate how variables together with organizational size, industry kind, or cultural factors mediate the connection among management style and innovation lifestyle.

8. RECOMMENDATION

Depending on the findings, organizations are encouraged to promote transformative and participating leadership styles, as they significantly support innovation through openness for inspiration, cooperation and change. Leadership development programs should focus on construction skills in communication, team engagement and strategic thinking.

Traditional firms must consider adopting a more inclusive approach to reduce dependence on autocratic or transaction models and to remain competitive. Finally, sharing the culture of knowledge and flexibility-while maintaining clear direction-can further increase innovation results in start-ups and installed companies.



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