

An exploratory analysis for the influence of leadership style on psychological contracts and organisational value

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Abstract

The study investigates leadership style and behavior the impact on the psychological contracts of employees and their sense of values committed to the organization in India. Initially, the study sought to identify the effect of leadership styles on psychological contracts, then to determine the connection between leadership behaviours and employees' value commitment, and finally, to establish how leadership affects trust and value in the organization. Descriptive and exploratory designs along with a mixed methods approach were implemented. In the study, the questionnaires were administered to a total of 200 executives and senior managers who were randomly selected. The SPSS software was used for the data analysis, and regression models were employed for hypothesis testing. The findings reveal the relationships between leadership styles and psychological contracts to be significant ($\beta = .175, p = .013$), while leadership behaviors are the main drivers of employees' commitment to organizational values ($\beta = .495, p = .000$). In addition, leadership activities were identified as a source of organizational trust, thus, leading to value over time. The results of the study highlight the role of transformational and moral leadership in the 'task of employee commitment and, subsequently, organizational success.'

Keywords: Leadership style, Psychological contract, Organizational values, Employee commitment, Transformational leadership

1. Introduction

Leadership denotes the act of influencing and directing others towards the attainment of a shared objective or vision. Leadership is the ability to inspire, encourage, and empower individuals or groups to collaborate and function effectively. The leading style reflects the leader's attitude towards leading (Fischer & Sitkin 2023). It embodies the leader's preferences, attitudes, and convictions on successful leadership and influence over others. Various leadership styles may influence the dynamics, productivity, and culture within an organization or group in different ways (Bwalya 2023). Styles of leadership can be defined as the manner in which a leader introduces behavioral change on their followers and inspiration and how to get the followers to follow the direction taken. Leadership style is a way of making leaders polish plans and strategies in order to achieve specified tasks with considerations based on stakeholder anticipations and the welfare and healthiness of their members (Hassanzadeh Mohassel et al., 2024). Leadership is the process in which a single individual has the ability to influence the other individuals to voluntarily and actively harness their energies and abilities towards the attainment of a given group or organizational goals. It was following a positivist pattern which produced an objective reality in which the arguments were weighed and to which the truth was established (Qandeel & Kuráth 2025). Psychological contract (PC) as one of the sources of motivation and cooperation among the employees, when respected, is associated with assistance behaviours of the employees and employment relationships that are beneficial. But unmet or violated PCs generate myriad bad working consequences and reduce employee wellbeing (Özkul & Yildizbaşı 2025). It constructs compelling empirical proof that PCB is aware to a negative way of employees work involvement, affective devotion, execution of role and citizenship conduct of an organisation (Botha, & Steyn, 2023). The leadership role in companies has grown evermore necessary so as to be capable of crafting a coherent vision and mission as well as coming up with certain objectives. Good leadership involves a very vital role of organizing and processing organizational affairs besides crafting a strategy of developing organizational policies and procedures to achieve the objectives (Miller & Roberts, 2021). Managing the complexities of the modern business environment needs superior leadership skills, in a situation where there are challenges and changes, which occur rapidly (Thompson et al., 2023).

The current business environment involves a lot of challenges facing many firms such as low employee morale, high employee turnover, and poor financial performance. Such problems often stem due to the bad leadership skills hence the reason that competent leaders should be able to inspire and motivate their teams (Garcia, 2022). Although the value of leadership is recognized, most of the companies overlook the impact several leadership philosophies that have been adopted by managers. The psychological contracts are dynamic, and their development depends on the kind of employer-employee relationships with the passage of period. Leaders can be the focal point of forming and sustaining the contracts through their activities, communication and decision-making (Munawir, & Suseno, 2024). An example is transformational leaders who are credited with motivating the employees and building trust among employees, which improves the psychological contract and entrenches the shared organizational values that are cooperation, integrity, and creativity. Transactional leaders, in contrast (who pay more emphasis on formal contracts and reward on performance) can formulate psychological contracts premised on exchanges with low probability of matching the larger organizational values. These variations of leadership style have significant repercussions on the perceptions of the employees in regard to roles and relations with the organization (Kozhakhmet, et al., 2023).

Values that an organization subscribes to are also vital since they influence decision-making, behavior, and are involved in the work culture. These values are affected directly by leadership style as they either support the overall ideals of the organization or question them (Masood, et al., 2024). An ethical boss who upholds the principles of transparency and open communication in an organization enhances the kind of organizational values such as honesty and accountability that are upheld in the organization (Hassanzadeh Mohassel et al., 2024). Conversely, a leader with a more authoritarian operation orientation may also focus more on control and compliance that do damage to the values of creativity and autonomous, as well as collaboration. The correlation between leadership style, psychological contracts and organizational values are cognitions that help leaders learn the ways of developing a good working culture with the workers being productive, energetic and willing to be loyal employees (Jamil, & Mashhady, 2022).

It is inevitable that leadership and organizational culture have some relationship, and in this case, it is important that the role of the psychological contract plays out in such relationships. Realizing the importance of leadership behaviors in influencing the expectations of the employees and organizations values enables companies to develop greater effective and supportive environments that ensure employee engagement and alignment of organizational tasks and goals (Kılıç & Bouchareb 2025). Because the workplace is currently under development, a leader should be keen on how his or her style will affect the psychological contracts which he or she cultivates and the organizational values which he or she upholds such that they result into long term success (Jehanzeb, & Bashir, 2025). The theoretical framework of this study is based on the Social Exchange Theory (Blau, 1964) and Leader-Member Exchange (LMX) Theory (Graen and UhlBien, 1995), which suppose that leadership actions do influence the mutual commitments and trust between leaders and subordinates. These relations constitute the core of psychological contracts, as they impact the organizational values of employees. The study has the following objectives :

- I. To examine the impact of different leadership styles on employees' psychological contracts.
- II. To analyze the impact of leadership behavior on employees' commitment to organizational values.
- III. To understand the role of leadership in shaping organizational trust and its subsequent impact on organizational value.

The relevance of the study is that it enlightens people on how leadership style influences some of the major elements such as psychological contracts and organizational values, which are very critical in establishing employee commitment and overall organizational success. The study presents opportunities through which organizations can improve and tailor leadership practices to include employee engagement, loyalty, and satisfaction, by studying the impacts patterns of leadership have on the expectations and alignment of the employees with company values. By learning about these dynamics, leaders can work to increase the positive and fruitful work environment to ultimately drive better organizational results.

2. Literature review

2.1. Leadership's Impact on Contracts

The relationship between the management approach and the mental agreement has been significantly explored through various publications. The idea that the different executives' manners can influence the employees' views about the kinds of expectations that they have between themselves is brought forward (Topa, G., et al., 2022). A good psychological contract is likely to be established when the leadership of a change nature, which is represented by the acts of motivation, vision and personal attention, is utilized (Yang, & Wei, 2024). These types of leaders create a feeling of trust and commitment and encourage greater employee satisfaction and engagement as well as alignment to the organizational values (Kang, J. Y., et al., 2020). Transactions leadership (allegedly reward and punishment oriented) are more characteristic of more contractual/exchange-based relationships. The article by Herrera, & De Las Heras-Rosas, (2021) has found that this form of leadership could restrict the emotional and social dimensions of psychological contract, which lowers the organizational commitment. Also, according to Mousa, (2020), studies focus on the idea of clear communication in leadership in which there is an emphasis on the correspondence between what leaders do and what they promise their organizations to ensure the psychological development of a contract. Weaker psychological contracts could be associated with less directive and less participatory styles of leadership, that is, laissez faire leadership which has been associated with organizational and employee uncertainty over their roles and engagement and expectation of the organization (Agarwal, U. A., et al., 2021). The dynamic aspects of psychological contracts during the career of an employee also take place under the framework of leadership (Ishaq, E., et al., 2022). At the same time, with frequent reinforcement of positive values in the organization, as well as the provision of consistent feedback, a positive contract is much more likely to be observed with minimal chances of a breach (Rogozińska-Pawelczyk, 2023). Indeed, a study conducted by Abu Orabi, T., et al., (2024) discovered that in the cases where leaders provide developmental opportunities, the psychological contract of employees is advanced in a positive way and as a result, the levels of motivation and organization alignment increase. Conversely, He, Z., et al., (2023) some misalignment forms in the leadership behavior, e.g. ignoring employee interests or not keeping any promises, may erode the psychological contract, leading to the psychological contract shift to dissatisfaction and disengagement (Mazumdar, B., et al., 2023). Leadership style in this sense will determine the way in which the employees will feel on the one hand reinforcing or weakening that contract over time. As Chan, X. W., et al., (2023) state, leaders, thereby, define not only an initial establishment, but also stability of psychological contracts in an organization in the long run (Lafuente, & Berbegal-Mirabent, 2019).

Ethical leadership, the features being fairness, openness, and honesty, assists employees in experiencing that their company is just and reliable which in turn supports the relational aspects of the psychological contract (Malakyan & Ivanova 2024). In the same way, servant leadership that focuses on employee well-being as the first priority, leading to the empowerment and the personal growth of the employees, gives rise to the relational bonds and mutual obligations between leaders and followers (Mynbayeva et al., 2024). These leadership styles indeed do not only prevent the incidents of contract breaches but also inspire the employees' resilience during the crisis. Through the incorporation of such values as care, justice, and shared responsibility, ethical and servant leaders become the carriers of a more sustainable psychological contract, one that goes beyond transactional exchanges and thus, makes employees respond with higher commitment, discretionary effort, and long-term loyalty to the organization.

2.2. Psychological Contract Breach Impact

The breach of pecuniary contracts involves a violation by the employer of promised obligations, but a violation of the psychological contract when the employee feels that the employer has failed to supply the promised benefits, can have very significant impacts both on individuals and the organization. At the same time, Bravo, G. A., et al., (2019) have determined that when the employees perceive that their psychological contract has been broken, their trust, job satisfactory, and organizational commitment decline. Such violation usually results in having negative emotional consequences, i.e., frustration and disappointment affecting the motivation of workers and reducing the desire to put effort into the achievement of organizational objectives. The above authors also report that the breaches would cause a feeling of betrayal leading to a reduced organizational loyalty and turnover intentions are increased (Gulzar et al., 2024). A study by Yang, Y., & Chan, L. M. (2024) indicates that in the event of employees feeling unmet promise, a promise either expressed or implied, the employees are expected to respond with engagement or a decreased organization citizenship behavior. Furthermore, a recent study by Hayes, B. B., & Keyser, E. (2022) indicated that breaches are strongly correlated with a plummet in staff motivation and performance, which emphasizes the role of expectations management in the process of the employer-employee relationships management (Varma, C., & Chavan, C. 2020).

Ahmed, T., et al., (2020), violation of psychological contract does not merely result in the dissatisfaction of individuals; it rather becomes an activity of the whole organization. A survey published by Gazi, M. A. I., et al., (2025) claimed to have found that the breaching employees usually show a lower engagement leading to the adverse effect on team cooperation and the overall organisational performance. Moreover, according to Danilwan, Y., et al., (2020), the violation of psychological contracts may result in the deterioration of the trust not only between direct subordinates but also between an employee and the organization in general. Such inhibition of the effective communication, loss of willingness to take initiative and rise of a barrier to organizational change may be a consequence of this erosion of trust. Moreover, Santos, G. G., et al., (2024), the decrease of the innovation and the organisation citizenship behaviors can also become the consequences of the violation of the psychological contract and result in the failure of the competitiveness of the company. These negative outcomes should be minimized by effective leadership and timely resolve of the breaches so that the trust that needs to support long-term performance of an organization can be gained (Lu, J., et al., 2024).

Although the literature already deals with the influence of leadership style on the development and the violation of the psychological contract, there are still some gaps to fill in the research. All the analyses are oriented on the immediate impact, and little attention is paid to the role of leadership styles in the long-term processes involved in building psychological contracts or their interrelations with organizational culture (Kraak et al., 2024). Moreover, the level of study in considering moderating effects like the personality of the employees or cultural variations to determine the impact of leadership to employee performance is wanting. Moreover, despite the fact that leadership is a leading factor in improving the situation with violations of a psychological contact, leadership practices that enable the restoration of trust and commitment after a breach has been committed are not sufficiently studied. By filling these gaps, leadership in formation and maintenance of psychological contract over a period of time may well be understood (Ring & Hult 2025).

3. Conceptual framework and hypothesis development

The formulated relationships are based on Psychological Contract Theory that describes implicit expectations between employees and employers and Social Exchange Theory that focuses on the reciprocity in the relationships between the leader and the followers.

Transformational and ethical leadership promotes perceived organizational support under the form of trust and enhances the psychological contracts whereby the employees associate their values with company objectives.

3.1 Leadership styles and psychological contracts

The connection between leadership styles and psychological contracts within organizations is an important aspect for the study because together, these aspects of humanity determine how the employees act, feel, and perceive the organization as a whole. Psychological contracts formation and support are affected by particular leadership styles, transformational, transactional, and laissez-faire (Gerck, 2018). Positive psychological contracts involving the natural trust and commitment are commonly created through transformational leadership as such that is highly focused on inspiration and individualized consideration (Donkor, & Zhou, 2020). Conversely, transactional leadership based on direct exchanges and rewards are likely to cause more transactional yet less flexible psychological contracts (Chan, S. 2021). Psychological contracts, in their turn, are essential to the value of organizations, because they directly influence the engagement, motivation, and retention of employees (Dong, 2023). In addition, close correspondence between leadership style and the expectations of psychological contracts can improve his or her organizational performance and decrease turnover rates (Samuel, & Engelbrecht, 2021). Thus, the knowledge of how leadership determines the role in creating and satisfying with the psychological contracts can contribute greatly to the effectiveness of an organization (Qurtubi, 2025). So, finally, it suggests adherence to both hypotheses.

Hypothesis 1: Different leadership styles significantly impact employees' psychological contracts.

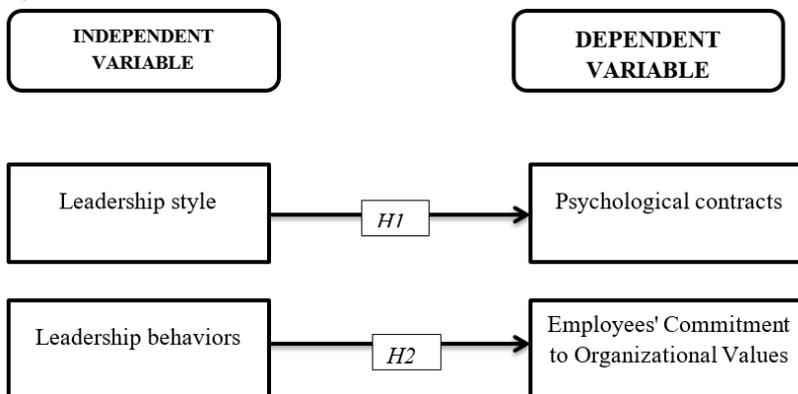
Hypothesis 3: Key organizational factors, including leadership style, communication, organizational culture, and employee expectations, significantly influence the formation of psychological contracts within organizations.

3.2 Leadership behaviour and organizational values

The study conducted by Ahmad, et al., (2020) articulates how closely linked leadership styles and aligning of employees with core organizational values turn out to be. The inspirational and customized style typical of transformational leaders is likely to bring a greater commitment and alignment of values of the employers (Khan, et al., 2022). On the contrary, the use of transactions as a major feature in leadership behavior, which is more focused on the idea of rewards and punishment, has a smaller impact on value integration (Nurlina, 2022). It has been disclosed that the trust and other organizational values are also enhanced by the presence of ethical leadership, which in turn, creates a culture of good practice in the organization concerned (Hieng, et al., 2024). The leadership styles are the main factor that determines the level of employee engagement (Mulievi, & Tsuma, 2021).

Additionally, transformational leadership does not just enrich the concordance of values but also facilitates the internalization of the organization's goals by generating a sense of shared purpose among the employees. When leaders convey a motivating vision and demonstrate it through their actions, employees are more likely to consider the values of the organization important and worthy of being practiced (Zhang, et al., 2023). This kind of synchronization lowers the incidence of value conflicts and promotes a deeper sense of belonging to the group, thus, leading to higher organizational citizenship behaviors and the organization's long-term commitment (Lee, & Chen, 2021). In this context, transformational leadership is thus a vehicle that connects individual aspirations and collective organizational values, thereby ensuring that employees do not just follow the formal expectations but also identify with and practice the core values which are the organization's uniqueness and sustainability. Consequently, it is recommended to test the following hypothesis.

Hypothesis 2: Leadership behaviors characterized by transformational leadership positively influence employees' commitment to organizational values.



Conceptual Model

Figure 1: Conceptual framework
Source: Authors own compilation

4. Methodology

The systematic approach and method used to gather, examine and interpret the data collected in a research study to provide solutions to the research questions or to verify the hypothesis is what is known in research methodology. It entails the determination of research design, samplings, collection and analysis tools used to ascertain that the study is systematically, valid and reliable. The study is both quantitative and qualitative and seeks to find out how leaders are influencing psychological contracts and organizational values in India. The participants were 200 executives and senior managers. Simple random sampling was done using employee lists that were accessed in participating organizations. All the participants were given a numerical code, and random numbers were created with the help of computerized randomizer so that each eligible person had the equal chance of being picked. Stratification was upheld within sectors (manufacturing, IT, BFSI, healthcare, education, and government) in order to be representativeness.

Even though the selection bias was reduced through randomization, the possibility of confounding factors e.g. organizational hierarchy, sectoral differences, tenure etc were statistically controlled by incorporating them as covariates in the regression analyses. Response bias was minimized by assuring anonymity and piloting of questionnaire.

The research methodology is a descriptive and exploratory research design; whose major data collection instrument is a questionnaire. The questionnaire was created in 32 closed-ended questions that were categorized into three sections. The former section elicited demographic information, whereas the latter evaluated leadership style and behavior. The third section involved the measurement of psychological contracts and commitment of the employees. The rating of all items was done on the 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The independent variables included in the study are leadership style and leadership behaviors and the dependent ones include effects of the independent variables in terms of impacting psychological contracts and the commitment of employees towards organizational values. The data at both primary and secondary levels is gathered, and the analysis is done on MS Excel and SPSS with respect to techniques like the mean

value, standard deviation, and regression analysis in determining the relationships between the organizational practices of leadership and the engagement of the employees in organizational values.

5. Results and Interpretations

Table 1: Demographic respondent's profile

S.NO.	Demographic Characteristics		N	%
1	Gender	Male	113	56.50%
		Female	87	43.50%
2	Age Group	25–34 years	51	25.50%
		35–44 years	50	25%
		45–54 years	55	27.50%
		55 years and above	44	22%
3	Designation	Executive	43	21.50%
		Senior Executive	49	24.50%
		Manager	43	21.50%
		Director	65	32.50%
4	Industry Sector	Manufacturing	33	16.50%
		IT Services	33	16.50%
		BFSI	37	18.50%
		Healthcare	30	15%
		Education	36	18%
		Government	31	15.50%
5	Type of Organization	Public Sector	42	21%
		Private Sector	43	21.50%
		Multinational Corporation	54	27%
		Non-Governmental Organization	61	30.50%

The demographic profile depicts the distribution of the characteristics is not far from even in many categories and thus, it provides a varied sample for the examination. As to the gender, males (56.50%) are just a bit more than females (43.50%) (and thus, the workforce composition is to a small extent, male dominated), which means that the difference between the two is not significant. The age distribution is quite balanced with the highest share belonging to the 45–54 years group (27.50%) followed by 25–34 years (25.50%) and 35–44 years (25%), while 22% are 55 years and above, indicating a combination of both middle career and senior professionals. Employees with the rank of director make up the biggest portion (32.50%) of the organization, indicating and emphasizing the leadership positions' high percentage of the total, while senior executives (24.50%), executives (21.50%), and managers (21.50%) alone present even easy access to the viewpoints of other hierarchical levels in the organizational structure. The data reflects that the company's staff employed in various sectors, is largely varied/non-diverse. BFSI (18.50%) and education (18%) are the highest, while the rest of the list like IT services and manufacturing (both 16.50%) are coming in second and third closely, healthcare (15%) and government (15.50%) are fourth and fifth, respectively, indicating that no sector is left behind. NGOs rank the highest in the chart of organizational types with a share of 30.50%, followed by multinational corporations, MNCs (27%), private sector (21.50%), and public sector (21%), thus, participation occurring across institutional setups. To sum up, the sample exhibits a very non-homogeneous mix in terms of gender, age, designation, sector, and organizational type, which contributes positively to the interpretations' validity.

Objective 1: To examine the impact of different leadership styles on employees' psychological contracts.

Hypothesis 1: Different leadership styles significantly impact employees' psychological contracts.

Table 2: Regression Table

Hypothesis	Regression Weights	Beta Coefficient	R2	F	t-value	p-value	Hypothesis Result
H1	Leadership styles > Psychological contracts.	.175	.175	6.221	7.927	.013	Supported

Besides that, the regression analysis infers that the leadership actions substantially raise the psychological contracts, the here mentioned beta coefficient of .175 being indicative of the moderate influence. The R² value of .175 reveals that the leadership types explain 17.5% of the variations in psychological contracts, thus showing a considerable interaction. The computed value of F at 6.221 and the corresponding t at 7.927 both qualify as the signals of the extent of that linkage. Besides, the p-value of .013, which is far below the standard cut-off point, .05, is the main point in the discussion of the statistical significance of the results. Hence, the first hypothesis stating that leadership styles have a positive effect on psychological contracts is endorsed. Consequently, the findings signify that leaders' ways of handling, communicating and interacting employees have a vital place in the shaping of the unspoken agreements and shared anticipations between employees and their organizations.

Objective 2: To analyze the impact of leadership behavior on employees' commitment to organizational values.

Hypothesis 2: Leadership behaviors characterized by transformational leadership positively influence employees' commitment to organizational values.

Table 3: Regression Table

Hypothesis	Regression Weights	Beta Coefficient	R2	F	t-value	p-value	Hypothesis Result
H2	Leadership behaviors > Employees' Commitment to Organizational Values	.495	.495	64.151	7.416	.000	Supported

Leadership behaviors have been found to be the main factor that decides whether employees will be committed to the values of the organization. It is brought out through the regression analysis that the correlation between leadership and employees' commitment is strong, positive, and statistically significantly so. Leadership has the greatest impact of about 49 percent on the change of employee commitment to values (beta = .495). The R² of .495 shows that the leadership behaviors explain 49.5% of the changes in employees' commitment, which is a very large share. The model is supported by the F-statistic of 64.151, and the t-value of 7.416. Also, the p-value of .000 makes it almost certain that the relationship will not occur by chance in the population. So, the proposal becomes reality showing that the leadership style and behavior of the leaders such as giving guidance, being supportive and using values in decision-making are among the factors which facilitate employee's journey towards aligning and committing to organizational values.

Objective 3: To understand the role of leadership in shaping organizational trust and its subsequent impact on organizational value.
Hypothesis 3: Key organizational factors, including leadership style, communication, organizational culture, and employee expectations, significantly influence the formation of psychological contracts within organizations

Leadership is the main factor in developing organizational trust through credibility, fairness, and transparency in any decision-making. Consistency of leaders in their actions and words results in a base of reliability, which is critical in the creation of trust in the organization. (Cao & Le 2024). Once built, trust becomes a pillar of building the relational relations between the employer and the employee hence shaping up the organizational value on the basis of increasing loyalty, commitment, and performance. Leadership style is the main variable that can shape psychological contracts as revealed in the hypothesis. Transformational and participative leaders are, for instance, those that develop open communication and shared vision, which is the understanding that becomes deeper between the leadership and employees. (Ismail et al., 2023) On the other hand, the use of authoritarian or transactional methods may lead to the setting of rigid expectations and lowering the chances of trust-building, which further results in breaking the psychological contract. It indicates that the leadership style is not only the characteristic of behavior, which is attributed to the personality, but also the way by which trust and value are established. (Malla & Malla 2023)

Communication is another important organizational variable, which has a significant influence on trust and psychological contracts. Open and polite communication greatly reduces uncertainty and misunderstandings, provides employees with a better view of their duties and makes them feel like they are part of a group. On the other hand, non-coherent or ambiguous communication may encourage ambiguity and violation of the psychological contract with employees, leading to dissatisfaction and lack of engagement (Khairy et al., 2023). Effective communication is, therefore, a binding force that builds trust and guarantees stability of organizational value. Trust and psychological contracts are fostered within a very strong organizational culture. An organization that is based on a culture of fairness, inclusiveness and respect will make the employees feel satisfied, thus they will feel obligated to honor their commitment towards the organization. On the contrary, a culture that is characterized with inequity or favoritism may cause disillusionment which destroy trust and decrease the value of an organization. Culture is therefore a context of leadership and a product of leadership and shows how these values and practices fit together to create relationships over time within the organization (Krishna et al., 2025). The last artifact in the determination of the strength of psychological contracts is the employee expectations. The employees expect equality in terms of rewards, chances of development and reward of merit. When met, trust increases, and there is a greater chance that the employees will return it in increased motivation and performance (Molloy-Martinez 2023). Nevertheless, when the expectations are not met, a perceived violation may occur in the psychological contracts, and this will erode trust and reduce organizational value. Leadership is very important in fulfilling these expectations by matching the organizational promises to the real achievable results. Finally, the combination of leadership, communication, culture, and employee expectations unveils the fact that trust is not a solitary construct but an interactive relationship that is affected by organizational activity (Bashir et al., 2023). Effective leadership supports the development of psychological contracts, which leads to mutual trust to establish sustainable competitive advantage through talent retention, performance enhancement, and development of organizational reputation. Therefore, the goal and hypothesis are combined to state that the trust-driven leadership can impact long-term organizational value significantly (Hariyani 2023).

6. Discussion

The study shows that the style of leadership also plays a significant role in shaping psychological contracts of employees, as it is consistent with the claims of Yang and Wei (2024) who stated that transformational leadership shapes loyalty and more intensive engagement based on personalized thought and motivation. The regression analysis showed that the type of leadership styles was a positive and moderate predictor of the psychological contracts, which possessed a saying that leaders do not merely influence the formation of the unwritten agreements but other organizational processes may also help in the creation of such contracts. This can be related to the research by Topa et al. (2022), who emphasized that the transparency of communication and the stability of the behavior of leaders directly influences the stability of psychological contracts. When the leaders in question embrace the transformational approach, the employees will feel that their roles are meaningful hence more motivation and trust. Nevertheless, transactional practices, as the assumptions made by Herrera and De Las Heras-Rosas (2021) imply, can inhibit the social and emotional aspects of the psychological contract, which hinders employee satisfaction. Thus, this research highlights the delicate effect of leadership in shaping the development of psychological contracts into positive facilitators of organizational value or disengaging and dissatisfying forces.

The study has shown that the behavior of leadership, especially the transformational and ethical leadership, positively affect the organizational commitment of employees to organizational values. In the previous article, Ahmad et al. (2020) stressed that inspirational and innovative leadership practices help to align with the organizational objectives that are well justified by the current regression analysis, as the results indicate that a leadership behavior has a significant positive influence on value commitment. Further, Zhang et al. (2023) posit that transformational leaders reduce the disparity between personal aspirations and shared targets by creating a sense of shared purpose, thus reducing the value conflict to a minimum and increasing the long-term organizational citizenship practices. Conversely, Nurlina (2022) observes that transactional leaders are inclined to pay closer attention to compliance and performance rewards and thereby restrict greater integration of value. The current results prove this opposition, the significance of leaders that are fair, open, and moral in their actions, which is also emphasized by Hieng et al. (2024). Such leaders not only reinforce trust by entrenching organizational values in day-to-day leadership activities, but they support employee commitment, which will create resilience and competitiveness in the organization.

7. Conclusion

In conclusion, the study conveys the message very well that the leadership behavior and styles are the core factors temporally in psychological contracts formation and in raising employee commitment to the values of the organization. The result of the regression indicated that leadership styles had significance in the psychological contracts ($t=175, p=.013$), and this showed that leadership approaches, styles, and methods of communication and motivation of employees significantly influence their understanding and performance of the psychological contract in the organization. Along this line, leadership behavior was found to have a major impact on employee commitment to organizational values ($F(2, 495) = 4.95, p = .000$) which is a reflection of the transformational effect of the charismatic and moral leader's behavior in the rapprochement between individual aspirations and other organizational objectives. Furthermore, the study gave a nod not only to leadership having the direct and indirect effects on these dimensions via the creation of organizational trust which is identified as the main source of long-term value, but also that leadership has the direct role in these dimensions. The results of the leadership are beyond the role of the manager which is a leadership phenomenon that is a culture and relationship makes employees loyal, perform and lead to a long-term organizational success.

The study verifies that only through the energetic leadership, in particular, the transformational and ethical, will the positive psychological contracts and the successful translation of the organizational values be realized in practice. The findings indicate all three hypotheses to be true which means leadership has an influence on the both the observable and non-observable aspects of the organizational life such as trust and engagement among employees and the observance of core values. The results also reveal that, for instance, the use of transactional inflexibility or authoritarianism may run the risk of relational contracts being disrupted so that organizational trust is lowered. The organizations, thus, ought to make executive officer training as their priority which themselves characterize the emphasis on openness, justice, and enthusiasm

issues that make the employees feel valued, involved, and in tune with the organization's greater objective. In this way, employee commitment to the organization is elevated and the organizations reap the benefits of a trust-based competitive advantage, resilience, and shared values and leadership is undoubtedly the cogs of sustainable organizational development.

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