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Organisational Culture as a Mediator between Transformational/Transactional Leadership and Employee Well-Being

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ABSTRACT

Toxic work environments are perilous to both people and organizations- a problem that got worse and magnified during and after the COVID-19 pandemic. With sudden overnight shift to work from home, socially isolated, heightening workload, blurred work-life boundaries, and ineffective communication gap, flaring up issues messing up employees' body-mind. This study explores the intricate nature of toxic workplace culture like vilification, emotional coercion, prejudice, microaggressions and its correlation with counterproductive work behaviors including shirking, employee misconduct and resource misappropriation. Implementing a hybrid blend of methods, this research incorporates literature synthesis, case analysis, and empirical observation to identify primary factors of unhealthy workplace and evaluate the efficacy of HRM intervention. Focusing closely on how different leadership approaches - like transformational, transactional, or servant styles – affect shaping company culture as well as impact of emotional intelligence, inclusion initiative, constructive feedback framework, organizational commitment and team cohesion. Finding shows how vital the role of HRM is in cultivating a healthy workplace through transparent communication, integrity focused leadership, equitable practices and employee friendly policies -aiming to boost employee retention, sustainable organizational success and promoting job satisfaction.

Keywords: *Toxic Organizational Culture, Employee Health, HRM, Leadership, Workplace Behavior, Diversity, Emotional Intelligence, Post-Pandemic Work Dynamic*

1. INTRODUCTION

Despite extensive research on company behavior, we still have significant gaps in understanding how toxic workplace dynamics arise and impact employee well-being. Much of the current research focuses on Western corporate environments or large multinational corporations, overlooking the harmful cultures that can develop in smaller, family-owned businesses or local firms. In these settings, hierarchical systems and uneven workloads often affect workplace interactions. This perspective contributes to our understanding of management in smaller businesses, where weak HR systems and social norms can either worsen or lessen negative behavior.

Moreover, the pandemic and the shift to remote and hybrid work have greatly changed organizational culture, communication, and employee experiences. These changes have created both new opportunities and risks. Toxicity can emerge in subtle but harmful ways, such as emotional neglect and exclusion. While many employees have gained more flexibility and autonomy, new forms of toxicity have also arisen, including online rudeness, blurred boundaries between work and life, and excessive monitoring. These issues, alongside economic instability, have increased employee stress, mental fatigue, and other problems. The effects of these challenges can be seen in lower productivity, higher absenteeism, and increased healthcare costs. The complexities of remote work are still not fully understood.

This study proposes a framework to explore how organizational justice, HRM systems, and leadership styles influence unhealthy cultural environments and their effects on employee productivity and health.

We will measure contemporary markers of workplace toxicity through a self-administered questionnaire using Google Forms. This tool is adapted from established instruments such as the Indian Workplace Harassment Scale and the Oldenburg Burnout Inventory. Additionally, while many studies show a link between toxic leadership and increased turnover intentions, individual differences and potential moderating factors like organizational culture are often overlooked. Discussions frequently focus on the role of HRM. As a bridge between leaders and employees, HRM is responsible for spotting early signs of toxicity, developing preventative measures, and ensuring ethical leadership. Training programs, performance metrics, grievance procedures, and employee engagement surveys are examples of tools that can serve as both diagnostic and corrective measures. Furthermore, even though many studies confirm

that toxic leadership leads to higher turnover intentions, factors such as organizational culture and individual differences are rarely examined (Hughes, 2021).

2. LITERATURE REVIEW

The role of HRM is the centerpiece of these exchanges. Because it acts as the intermediary between both staff and management, while carrying out ethical leadership practices, identifying early warning signs of toxicity, and developing precautionary strategies. Such strategies like training regimens, performance statistics, grievances procedures, and employee engagement surveys can serve as, Evaluation and remedial. By understanding these moderators, one can glean why toxicity takes different forms in dissimilar settings and why some workers manage to bounce back from difficult situations. It is just as underrated how management and organizational culture may either facilitate or reduce toxicity. Rather than focusing on blaming alone, a more holistic framework for interventions that tackles problems at the core of workplace ecosystems can be provided by looking at the interaction between culture and leadership behaviors.

2.1 Toxic Organizational Culture, Remote & Hybrid Work Contexts, and Health Outcomes

Culture of organization refers to the shared principles, standards, and values that shape the way a job gets done. Toxic cultures are defined by recurring patterns of belligerence, harassment, bullying, abuse of authority, prejudice, excessive workload, and inadequate legal protections. Experts define toxic workplaces are those in which hostility and animosity hurt people and permeate groups. These kinds of cultures are associated with poorer health outcomes, more turnover, and decreased job satisfaction. Reports indicate that remote work can intensify toxic patterns because collaboration, trust, and team cohesion are harder to sustain virtually (Bharadwaj, 2024). However, most studies in non-Western settings only examine psychological consequences-such as burnout-and fail to quantify healthcare costs or lost productivity. In India, cultural hierarchies and large power differences magnify the expression and reporting of toxicity. In post-epidemic remote and hybrid practices, culture has added a layer of complexity. There was more freedom when working remotely, but other risks also appeared, such as digital disconnects, social exclusion, blurred boundaries, and lack of mutual support. Toxic environments from a health-economics perspective include obvious as well as hidden costs, such as lower productivity, absenteeism, increased turnover, and medical coverage. Studies have found a significant correlation between incivility and burnout in organizations, yet longitudinal studies linking toxicity to **economic and physiological health outcomes** remain scarce (Schilpzand et al., 2016)

2.2 Leadership, Motivational Frameworks, and Organizational Justice in Non-MNCs and Diverse Workforces

Culture in organizations is heavily influenced by management's style. Transformational and servant leadership beats transactional leadership continuously through the promotion of involvement, inclusivity, and psychological safety. Indian studies confirm transformational leadership's strong correlation with employee motivation (Sharma & Sharma, 2022). However, little is known about how leadership works in smaller or family-run businesses where hierarchy and favoritism are prevalent since most studies focus on multinational corporations. This adds familial-authoritarian leadership to the theory of leadership, which is common in non-MNCs where loyalty and personal relationships take precedence over meritocracy. Biasness in these circumstances could erode the sense of equity, fuel hostility, and diminish cohesiveness in the team.

This issue is aggravated by the absence of official HR laws, which allow discrimination and centralized authority to go unchecked. Some motivational frameworks that explain toxic workplaces to reduce involvement are Self-Determination Theory, Maslow's hierarchy, and Herzberg's two-factor theory. Toxicology blocks the psychological demands of autonomy, competence, leading to disengagement, exhaustion, and ineffectual motion. While distributive, procedural, and interactional organizational justice lessen these impacts, perceived unfairness increases toxicity. However, its application in mixed work situations as propounded by Colquitt's justice metrics is not that widespread in Indian research. Equally, such effects can be minimized by emotionally intelligent leaders who have a way of commanding empathy and building trust, especially with remote or virtual teams.

2.3 Well-being and Performance through HRM Systems, Organizational Structure, and Culture Change

HRM also acts as the cultural representative of any organization regarding hiring, performance appraisal, conflict resolution, and whistleblowing. Studies show that HR policies aligned with well-being and fairness reduce deviant behaviors and enhance engagement (Albi, 2024). It is documented that incorporating equity and wellness within the HR processes leads to a reduction in deviant behavior and increased employee engagement. In most non-MNCs, standardized frameworks for the correct identification and control of toxicity are lacking.

Diagnostic tools rarely bring together quantitative information such as trends in absence, complaint rates, and NPS. This study addresses lacuna by proposing quantifiable markers for the timely detection of toxicity. There is an inherent interconnection between culture and organizational structure. Highly hierarchical structures facilitate the abuse of power and resistance to change, while flat organizations facilitate cooperation and empowerment of employees. Triadic interaction among structure, HRM, and culture is rarely studied, despite being very important, especially for workplaces that are adopting hybrid models.

CSR engagement, dispute resolution training, D&I programs, and mental wellness programs are examples of culture-change initiatives that appear to be very promising, but which have not been rigorously tested for long-term positive impact on retention and well-being in Indian contexts.

2.4 Work-life balance, diversity, innovation, and long-term outcomes

The organizational well-being now revolves around work-life balance. After the pandemic, reality showed that prevention of burnout needs mental security, adaptability, and autonomy. However, in toxic cultures, blurred boundaries and digital overreach increase stress and disengagement (Gupta & Chawla, 2024). Despite the advantages of discretion, working virtually usually results in excess workload, social isolation, and invisibility-all factors closely associated with mental exhaustion. conceived measures for diversity and inclusion may deepen inequality. Inadequate HR enforcement lets intergenerational prejudices, subtle assaults, and discriminatory workloads persist. On the other hand, inclusive societies spur innovation, trust, and creativity. The interaction of age

disparities in post-pandemic teams makes retention and motivation strategies more difficult. Last but not least, the financial cost of toxicity is yet underestimated. It is estimated by absenteeism, medical claims, turnover, and lost productivity. Along with low-income workers, professionals in middle and senior ranks also suffer from the systemic costs of toxicity. Prolonged stress can result in physical decline that manifests as human and economic losses.

3. METHODOLOGY

3.1 Systematic Framework

The study employs a mixed-method approach, but not in a conventional textbook manner. The objective is simply to examine how different management styles, HR practices, and day-to-day fairness at work shape people's health in environments that are already tense or unhealthy. Toxicity in workplaces is rarely a single issue; it's usually several problems piling up, so relying only on numbers did not make sense. The quantitative part helps spot broad trends, but the qualitative conversations ended up revealing the things people don't usually say in surveys: the uncomfortable cultural habits, interpersonal frictions, and small behaviors that slowly wear people down.

The study is grounded in India's post-pandemic work culture, which looks very different depending on where you work. Employees came from SMEs, family-run firms, and bigger local companies, and their experiences often contrasted with those working in MNCs that follow stricter policy frameworks. That mix helped show how uneven organizational cultures in India are.

Basic demographics, including age, gender, years in the job, and even an individual's position in the hierarchy, were also considered. Not for formality, but because these factors genuinely influence how people experience exhaustion, motivation, or fairness at work. Some groups feel the stress more intensely than others, and the study aimed to understand those differences instead of assuming everyone is affected in the same way.

3.2 Research Design

This research investigates the correlations between the efficiency of workers and their general wellness on one side, and the unhealthy management, HRM methodologies, and cultures on the other, by using a cross-sectional descriptive methodology. Semi-structured interviews were used to gather qualitative insights and a self-administered Google Form survey for quantitative data. This dual approach strategy ensures strong triangulation and contextual consciousness. Purposive and convenience sampling were used to guarantee that both traditional and hybrid workplaces would be represented in the study. This approach enabled the measurement of toxic dynamics and the analysis of their cultural and psychological expressions, especially in India's hierarchical and corporate non-MNC workplaces.

3.3 Data Collection and Analysis

The tool was distributed across professional networks, email lists, and social media platforms. All respondents provided informed consent; participation was completely voluntary, and anonymization of the data ensured that no one was identified in the results. Sample bias was further reduced with follow-up reminders for completion, which encouraged more participants to take part. In a subset of participants, semi-structured interviews probed deeper into the concepts of prejudice, abuse of authority, isolation, and communication failures. Quantitative data were analyzed to find relationships between executive management, HR practices, toxic workplace characteristics, and outcomes like burnout, engagement, and turnover intentions, using multiple logistic regression models, statistical tests, and correlations. Moderation analyses by demographic variables, such as company size and hierarchy, were also considered. Internal validity was enhanced through methodological triangulation, integrating both data sets into a comprehensive understanding of workplace toxicity and its performance and health consequences.

3.4 Bridging the Gaps through Methodological Integration

The identified substantial gaps in the existing body of literature have been adequately addressed, including the following: inadequate quantitative data linking toxicity with negative health and economic consequences. There is a scarcity of research on leadership and culture in family-run and non-MNC companies. Inadequate knowledge of toxicity in distant and mixed work environments. The study offers a context-sensitive diagnosis strategy by fusing established international measures with cultural modifications from India. A qualitative study also demonstrated a connection between mental stress, physical decline, and reduced efficiency, further supporting the link between organisational misconduct and health repercussions. A combination of these methods will contribute to useful insights for scholars and corporate policymakers who want to build healthier and more sustainable workplaces, thereby correlating theory to practice.

3.5 Instrumentation

Quantitative data were collected using a theoretically conceived, newly developed self-administered survey tool through Google Forms. Given its functionality, accessibility, and reach to a regionally diversified workforce in the hybrid and post-pandemic context of India, this medium was chosen. Both methodological rigor and respondent anonymity were assured by automatic data export, branching logic, and organized architecture of the tool. The clarity and cultural fit of every instrument were examined. Adequate factor loadings and Cronbach's alpha values above 0.80 were obtained through pilot research that has given validity to the construct, understanding, and reliability. Triangulation of quantitative and qualitative data helped further enhance accuracy and depth of interpretation. The survey used various globally tested and Indian-adapted measures to guarantee conceptual reliability. Burnout was measured using the **Maslach Burnout Inventory (MBI)**, **Oldenburg Burnout Inventory (OLBI)**, and **Copenhagen Burnout Inventory (CBI)**. Workplace toxicity was assessed using the **Negative Acts Questionnaire–Revised (NAQ-R)**, the **Indian Workplace Harassment Scale**, and the **Adapted Workplace Bullying Scale**, incorporating **Shrivastava & Purang's Indian adaptation**. **Colquitt's Organizational Justice Scale** captured distributive, procedural, and interactional justice, while the **Employee Engagement Scale for Indian Organizations** and the **Workplace Stress Scale (WSS–Indian version)** measured motivation and stress outcomes.

To ensure conceptual robustness, the survey incorporated a blend of internationally validated and Indian-adapted instruments, including:

Table-1: Common International Tools and Indian Adaptations [caption needed - confirm title]

Concept	International Tool	Common Indian Alternative / Adaptation	Why Used
Burnout	Maslach Burnout Inventory (MBI)	Oldenburg Burnout Inventory (OLBI); Copenhagen Burnout Inventory (CBI)	Freely available, culturally neutral
Bullying / Toxic Culture	Negative Acts Questionnaire (NAQ-R)	Indian Workplace Harassment Scale; Adapted Workplace Bullying Scale	Reflects hierarchical Indian workplace
Organizational Justice	Colquitt's Organizational Justice Scale	Shrivastava & Purang's Indian Adaptation	Validated with Indian workforce data

4. RESULTS

The combined quantitative and qualitative findings show that managerial conduct, structural inflexibility, and insufficient HRM interventions all contribute to the multifaceted construct of toxic company culture. Empirical analysis confirms perceived unfairness, an excessive workload, favoritism, and poor communication highly predict Fatigue and psychological strain. Workplace toxicity has indeed been found to have a direct impact on mental and physical health, for the respondents scored well on modified versions of the Oldenburg Burnout Inventory (OLBI), the Copenhagen Burnout Inventory (CBI), and the Indian Workplace Harassment Scales. These results are consistent with international studies, but they add to our understanding since they place the concept of toxicity in Indian hybrid and non-MNC settings in context.

4.1 Quantitative findings

In total, 1,143 valid responses from various industries, organizational levels, and geographical locations were received. Descriptive analysis indicated that 58% of the participants had symptoms of physical exhaustion that were considered associated with sustained stress, whereas 64% felt moderately to very emotionally exhausted. The Indian Workplace Harassment Scale and modified NAQ-R indicated frequent experiences of verbal assault, partiality, microaggressions, and overburdening. Employee well-being related significantly to leadership style; servant and transformational leadership were related to lower burnout and more engagement, while the hierarchical or familial authoritarian one was positively associated with perceived injustice and intentions to leave. Toxicity was appreciably lower in organizations with proactive human resource interventions, including wellness programs. While automated systems guaranteed compliance, employees indicated that human HR involvement with empathy was essential for real culture change. This points to a need for relationship-based therapies rather than pure procedure-based ones for sustained health.

4.2 Qualitative findings

Semi-structured interviews supported these findings. The participants indicated that the most helpful approaches in managing stress involved organizational justice, sincerity, and emotional competence. On the other hand, AI-based control and a lack of personal digital interaction exacerbated alienation. Burnout, according to workers, was characterized by a physical and psychological condition that often resulted in lower motivation and absenteeism. Toxicity in the workplace is both a social and economic issue, as shown by the perceived cost, which went beyond health to include inefficiency within organizations.

5. DISCUSSION

5.1 Re-interpreting Toxicity in the Evolving Workplace

The findings demonstrate that remote and hybrid work arrangements have transformed, but not eliminated, toxic dynamics (Sharma, 2018). Exclusion, digital micromanaging, and the blurring of boundaries between work and private life are emerging as stressors. As noted in earlier research, home working can reinstate existing hierarchies, which this finding corroborates. The study also establishes that burnout levels are no different from those working in physical workplaces due to emotional neglect, exclusion from digital decision-making, and always-expected availability. While the digital workplace reshapes how toxicity manifests, its roots often lie deeper - in the leadership structures and cultural hierarchies that govern organizational behavior (Gupta & Chawla, 2024). Therefore, HR systems designed for traditional settings must evolve to include digital civility norms, structured "disconnection rights," and fair virtual collaboration practices.

5.2 Leadership, Favoritism, and Cultural Hierarchies

The preservation of hierarchical and familial leadership systems, especially in smaller or family-run businesses, is striking. Such leadership often places loyalty and emotional commitment above merit and silences the employee's voice while fostering a partiality. Data indicated that employees at these firms reported higher levels of perceived unjust treatment and burnout compared with those from policy-driven businesses. While culturally acceptable, this familial-authoritarian leadership perpetuates injustice and psychological stress, whereas transformational and servant leadership tend to enhance engagement. These findings reinforce the need for leadership development courses focused on emotional intelligence, ethical justice, and collaborative decision-making. Traditional Indian companies may be enabled to move away from a paternalistic culture toward a trust-based one by institutionalizing such behaviors.

5.3 HRM as a Cultural Moderator and Preventive System

Findings highlight HRM's dual role as diagnostic and preventive infrastructure (Rustiawan et al., 2023). Organizations with wellness programs, open assessments, and proactive dispute resolution showed quantifiable decreases in toxicity indicators, while poisonous practices continued unchecked due to symbolic or nonexistent HR duties. Based on the study of existing measures of burnout, as well as Shrivastava and Purang's Indian Justice Scales, the tool modified for this study on a Google Form is a scalable diagnostic framework for HR professionals. It offers the facility for constant monitoring of organizational health on quantifiable variables

related to the perception of fairness, level of tiredness, and absenteeism. Even smaller businesses can move away from reactive management to proactive culture creation by integrating such data-driven diagnoses.

5.4 Economic and Health Dimensions: From Psychological Distress to Organizational Loss

Probably the most significant contribution of this study is measuring the negative effects of a toxic culture on economic and health outcomes. The findings indicate that long-term psychological stress leads to physical symptoms such as fatigue, insomnia, and heart problems. This, in turn, results in lost productivity, absenteeism, and employee turnover (Kathirvelraja et al., 2022). Even mid-level employees reported reduced performance and disengagement due to ongoing stress and a lack of recognition. Thus, the combined economic impact is a serious issue. This shows that toxic workplaces are both a financial burden and a mental health concern. By demonstrating that untreated toxicity drains both organizational and individual resources, mental trauma sets the stage for economic difficulties. Therefore, businesses have a moral and economic responsibility to promote equity, inclusive leadership, and well-being.

This study also explains how hierarchical leadership creates unfairness, how organizational toxicity operates in hybrid settings, and how HRM can monitor and help improve culture. The paper brings these ideas together and addresses important gaps in theory and research. It advocates for a multi-level intervention framework:

- Micro-level: Enhancing resiliency, psychological training, and flexible work schedules can reduce burnout.
- Meso-level: Leadership development programs emphasizing compassion, equity, and candid conversations should be instituted.
- Macro-level: Formalization of rules of workplace justice and institutionalization of HRM processes will help maintain cultures of fairness.

It is theoretically deep while providing practical suggestions on how businesses could identify, cease, and transform toxicity within the ever-evolving workplace.

6. CONCLUSION

The presented research shows that, rather than being a single concept, toxic workplace culture is a complex, multidimensional force that poses a threat to the wellbeing of individuals as well as entities. Incorporating information from 1,143 individuals in different Indian organizations. The study demonstrates how governance, HRM systems, and work area designs all impact worker engagement, health, and long-term sustainability. Results revealed that while AI-enabled policy structures and tracking tools improved structural governance, these were still insufficient to create change. It required a human element-moral leadership, compassionate HR involvement, and trust-based communication-to achieve long-term cultural change. Compliance can be achieved through technology, but change can only be executed by people. This study also identifies the leadership style as an important factor in forming the culture of a business. Leadership style-often of the hierarchical or familial-authoritarian type-fosters favoritism, injustice, and fatigue, persistent in non-MNC and traditional Indian businesses.

Meanwhile, servant and transformational leadership foster equality, mental health, and inclusion. Toxicity assumes new digital forms of micromanagement, blurring boundaries, and isolation in post-pandemic hybrid workplaces. Therefore, HR procedures need to be flexible enough to strike a balance between interpersonal assistance and technological supervision. Additionally, it offers a reproducible empirical paradigm for the early detection of burnout and toxicity using traditional diagnostic tools like the OLBI, CBI, and NAQ-R together with culturally relevant Indian justice measures. HRM may now serve as a proactive cultural steward rather than a reactive administrative body because of these quantitative findings that are backed by qualitative accounts.

It concludes that, besides financial costs, toxicity has psychological and physiological effects and leads to absenteeism, turnover, and poor performance. The empirical investigation emphasizes the critical role that human-centered leadership and HRM play in establishing resilient, equitable, and productive work environments in India's shifting socioeconomic setting by integrating these components to close theoretical and contextual gaps in the literature on organizational behavior.

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