

Leadership styles, organizational behavior, and their impact on rational administrative decision-making: A systematic literature review and theoretical model in the Algerian context

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Abstract---This paper aims to provide a theoretical analysis of the relationship between leadership styles and organizational behavior and their impact on rational administrative decision-making through a systematic review of contemporary literature and a critical review of previous Algerian studies. The paper adopts a critical analytical approach in examining major theories, such as transformational and transactional leadership theory (Bass & Avolio, 1994), social exchange theory (Blau, 1964), and bounded rationality theory (Simon, 1997). The review concluded that there is a theoretical consensus that democratic and transformational leadership styles are positively associated with rational decision-making, while the autocratic style is negatively associated with it. Furthermore, the literature showed that organizational behavior plays a mediating role in this relationship. The critical review of Algerian studies revealed clear knowledge gaps, including the examination of variables in isolation, the absence of mediation tests, and the neglect of the concept of rational decision-making. In light of the specificities of the Algerian environment (bureaucratic legacy and rigid hierarchical structures), the potential implications of these theoretical findings were discussed. Accordingly, the paper presents an integrated theoretical model to guide researchers and practitioners in Algerian public institutions.

Keywords---Leadership styles, organizational behavior, rational administrative decision-making, transformational leadership, Algeria.

How to Cite:

Foudil, A., & Zohra, S. F. (2026). Leadership styles, organizational behavior, and their impact on rational administrative decision-making: A systematic literature review and theoretical model in the Algerian context. *The International Tax Journal*, 53(3), 1636–1644. Retrieved from <https://internationaltaxjournal.online/index.php/itj/article/view/677>

The International tax journal ISSN: 0097-7314 E-ISSN: 3066-2370 © 2026

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Submitted: 01 May 2025 | Revised: 12 January 2026 | Accepted: 26 March 2026

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Introduction

Decision-making constitutes the actual management of an organization, as it is the moment when intentions are transformed into actions and plans into tangible outcomes. Since modern organizations realized that their survival and continuity depend on the quality of the decisions they make, this topic has occupied a central position in contemporary management literature. Organizations that excel in making and rationalizing decisions are better able to overcome crises and seize opportunities, whereas those that neglect this process quickly find themselves trapped in a cycle of poorly conceived decisions that exacerbate problems rather than solve them. In the Algerian context in particular, where public institutions are undergoing a phase of transformation and structural reforms, there is an increasing need to understand the mechanisms of rational decision-making that enable these institutions to adapt to economic and social changes.

It is impossible to discuss administrative decision-making without considering the decision-maker himself, namely the leader or manager who possesses the authority and responsibility to choose among alternative courses of action. The leadership style adopted within an organization is not merely a way of dealing with subordinates; rather, it serves as a reference framework that guides the processes of information gathering, alternative analysis, and outcome evaluation. A leader who adopts a transformational leadership style based on participation and inspiration is likely to make decisions that differ significantly from those made by an autocratic leader who monopolizes decision-making and avoids consultation. Between these two extremes lies a range of leadership styles, including transactional, democratic, and laissez-faire leadership, which are practiced by Algerian managers in public institutions. This makes the study of leadership styles essential for understanding the reality of administrative decision-making in Algeria.

However, leadership alone cannot produce rational decisions. It requires an organizational environment capable of receiving and translating decisions into collective actions. Organizational behavior—defined as the set of actions, attitudes, and interactions displayed by employees within the organization—acts as a filter through which the leader's influence is transmitted. It determines whether decisions will be accepted or resisted and whether information will flow freely or remain confined within departments. When effective communication is absent, trust between management and employees is weak, and teamwork deteriorates, even analytically sound decisions are likely to fail during implementation. In Algerian institutions, which are generally characterized by rigid hierarchical structures, this dimension assumes particular importance because decisions often encounter behavioral barriers that have accumulated through years of bureaucratic practices.

The central concept around which all these elements revolve is the rationality of administrative decision-making. This refers to the characteristic that makes a decision an effective tool for solving problems rather than creating new ones. A rational decision is not an error-free decision—human beings are not infallible, and information is never complete—but rather one that is based on a sound diagnosis of the problem, accurate and objective information, systematic analysis of alternatives, and the selection of the most appropriate option given available resources and time constraints. Scholars in this field have distinguished between “economic rationality,” which seeks the optimal solution and remains largely unattainable in reality, and “administrative rationality,” which focuses on the most satisfactory solution under existing constraints. This perspective is reflected in Herbert Simon's concept of bounded rationality. In the context of Algerian institutions, where resources are limited and time pressures are often significant, this distinction becomes a practical necessity rather than merely an academic consideration.

Building upon these considerations, it can be observed that previous studies, whether Arab or Algerian, have generally focused either on the relationship between leadership and organizational behavior or on

the relationship between leadership and decision quality. Few studies have integrated the three variables into a single model capable of explaining the mechanism through which leadership influences decision-making through the mediating role of organizational behavior. Moreover, the Algerian context has not yet received sufficient scholarly attention regarding the characteristics of its public institutions, the prevailing leadership styles within them, and their relationship with the rationality of daily administrative decisions. Therefore, this study seeks to contribute to filling this knowledge gap by addressing the following central research question:

How does the relationship between leadership styles and organizational behavior influence the achievement of rational administrative decision-making in Algerian public institutions?

From this central question, the following sub-questions emerge:

1. What are the dominant leadership styles in Algerian public institutions, and how are they distributed among transformational, transactional, and autocratic leadership styles?
2. How does organizational behavior, as a mediating variable, explain the relationship between leadership styles and the rationality of decision-making in Algerian public institutions?

3. Definition of Key Concepts

The present paper requires the clarification of the main concepts contained in its title and research problem, namely: *leadership styles*, *organizational behavior*, and *rational administrative decision-making*. Defining these concepts helps avoid ambiguity and establishes the theoretical framework upon which the study is based.

3.1 Leadership Styles

3.1.1 Linguistic Definition

The term *leadership* is derived from the Arabic verb *qada* (to lead), meaning to move ahead of others and provide guidance and direction. A leader is therefore a person who advances ahead of a group and directs others toward a specific goal. The term *style* refers to a method, approach, or pattern followed in performing a particular activity. Accordingly, leadership styles linguistically refer to the various methods and approaches used by leaders in directing their subordinates and managing their affairs (Ibn Manzur, 1290, p. 966).

3.1.2 Conceptual Definition

Successful administrative leadership is considered a rare and valuable asset in the contemporary era. The ability of organizations to attract competent leaders contributes significantly to achieving organizational goals and sustaining growth and development through the efficient utilization of organizational resources and the enhancement of their value. The greatest success of administrative leadership lies in securing employee cooperation and enabling them to function as a cohesive and unified team (Senani & Bouatit, 2017, p. 237).

Senani and Bouatit further argue that a leader's behavior, way of acting, and level of cooperation with organizational members play an important role in obtaining greater effort and commitment from employees. This is particularly achieved through the democratic leadership style, unlike the laissez-faire style, in which the leader's role is largely absent and management is characterized by indifference, or the dictatorial style, which is marked by rigidity and authoritarianism that restrict employees' efforts (Senani & Bouatit, 2017, p. 239).

3.2 Organizational Behavior

3.2.1 Linguistic Definition

The term *behavior* is derived from the Arabic verb *salaka*, meaning to proceed, follow a path, or act in a certain manner. Behavior refers to the way an individual or living organism responds to a particular stimulus. The term *organizational* relates to organization, which refers to the structure or system through which relationships and roles are arranged within a human group. Thus, organizational behavior

linguistically refers to the set of actions and behaviors exhibited by individuals within a specific organizational structure (Arabic Language Academy, 1970, p. 445).

3.2.2 Conceptual Definition

According to Al-Maghribi, the study of organizational behavior provides leaders with an opportunity to promote teamwork, acceptance of others, voluntary cooperation, creativity, and improved decision-making. Managers at all administrative levels cannot fully develop the qualities of successful administrative leadership unless they understand employees' motivations, needs, personality traits, attitudes, abilities, and tendencies (Al-Maghribi, 2016, p. 8).

3.3 Rational Administrative Decision-Making

3.3.1 Linguistic Definition

The term *rationality* refers to sound judgment, prudence, wisdom, and the ability to manage affairs based on reason and careful consideration. A rational decision is therefore one that is guided by logic, deliberation, and awareness of its potential consequences.

3.3.2 Conceptual Definition

According to Morsi Mahmoud, the purpose of decision-making is not to maximize outcomes but rather to achieve satisfactory results, since the ideal decision rarely exists in reality. Consequently, settling for a satisfactory solution represents the selection of an alternative that provides an acceptable level of satisfaction for decision-makers. Decision-making is considered effective, rational, and purposeful when it is based on discernment, sound judgment, and awareness of consequences (Morsi Mahmoud, 2003, p. 60).

Similarly, Tu'mah argues that decisions based on facts and evidence that can be verified through the scientific method are more reliable, whereas decisions based primarily on subjective values encounter difficulties in terms of verification and validation (Tu'mah, 2010, p.45).

4. The Theoretical Foundations of Organizational Behavior and Its Mediating Role in the Relationship Between Leadership and Rational Decision-Making

Modern studies in organizational behavior rely on several theories that explain how and why employees behave the way they do. Among the most prominent of these theories is the following:

A. Social Exchange Theory (Blau, 1964)

Social exchange theory posits that relationships within organizations are based on intangible exchanges between management and employees, where employees provide their effort and commitment in return for the support, attention, and recognition provided by management. When an employee feels that the organization cares about their needs and supports them during crises, they develop a sense of commitment that goes beyond the formal obligations specified in their contract. Conversely, when employees feel marginalization, injustice, or managerial indifference, they respond with negative behaviors such as reduced productivity, increased absenteeism, low participation, and potentially leaving the organization at the first opportunity.

A study by Boubaker (2015) indicated that poor organizational behavior in Algerian public administrations is strongly associated with weak trust between management and employees and a lack of moral incentives, leading to negative behaviors such as indifference and reluctance to take responsibility. Al-Maghribi (2016, p. 9) adds that "a manager constantly faces human and technical problems, and in both cases needs theories that provide scientific foundations and principles enabling him to address and solve these problems." Similarly, Redif et al. (2019) found that the level of performance and organizational behavior in Algerian public institutions remains moderate, indicating a gap between current practices and the desired level of positive behavior supporting rational decision-making.

In this context, the dimensions of organizational behavior influencing rational decision-making can be summarized into three main aspects:

- The level of trust between management and employees.
- The quality of internal communication and transparency of information exchange.
- The degree of employee participation in decision-making processes that affect them.

5. Rational Administrative Decision-Making: From Bounded Rationality Theory to Administrative Rationality

The concept of “rational decision-making” has not received significant attention in Arab and Algerian administrative literature compared to concepts such as “decision quality” or “decision effectiveness.” However, at its core, it reflects the extent to which a decision is based on scientific and logical foundations while taking into account the real-world constraints surrounding the decision-making process.

A rational decision is not necessarily the “ideal” decision that maximizes outcomes at the lowest cost, but rather the “most appropriate” decision that fits available conditions, information, and time constraints. This distinction originates from Herbert Simon’s (1997) theoretical model of “bounded rationality,” which is one of the most important contributions to decision theory in the twentieth century.

Simon argues that the administrative individual, unlike the assumptions of classical models, does not have access to complete information, does not control all variables affecting decisions, and does not possess unlimited time for analysis and comparison. Therefore, instead of seeking the “optimal solution,” decision-makers settle for a “satisficing” or “appropriate” solution based on available information, time, and resources.

Arab scholars have translated this concept into what is known as “administrative rationality” in contrast to “economic rationality.” Economic rationality assumes complete information and absolute control over variables, which is not achievable in real-world practice. Administrative rationality, on the other hand, means that managers operate within the constraints affecting the organization and make decisions accordingly (Ahmed Maher, 2013, p. 159).

Studies in the Algerian context indicate that employees in public institutions face difficulties in applying administrative rationality due to centralized bureaucracy and rigid hierarchical structures. This limits their ability to analyze available alternatives and often results in decisions being made individually rather than through collective participation.

Morsi Mahmoud (2003, p. 60) emphasized that “the goal of decision-making is not to maximize results but to achieve satisfactory outcomes, because the ideal decision does not exist in reality. Therefore, settling for a good-enough solution is the selection of an alternative that provides acceptable satisfaction to decision-makers. Accordingly, decision-making becomes effective, rational, and purposeful when it is based on discernment and sound judgment.”

From this perspective, rational administrative decision-making can be defined through several practical characteristics: the accuracy of the information upon which the decision is based, the diversity of alternatives considered, the feasibility of implementation, and the degree of acceptance by affected employees. This concept serves as the theoretical framework of this paper and can be used in future studies—especially in the Algerian context—to evaluate the quality of decisions in public institutions.

6. Previous Studies in the Algerian Context: A Critical Review

Despite the theoretical importance of the relationship between leadership styles, organizational behavior, and rational decision-making, empirical studies in the Algerian context remain limited and fragmented. This critical review aims to examine the most relevant Algerian studies that have addressed these variables either individually or in pairs, in order to identify the knowledge gaps that justify the proposed theoretical model in this paper.

6.1 Studies on Leadership Styles in Algerian Institutions

The study by Senani and Bouatit (2017) is among the most notable Algerian studies comparing democratic and authoritarian leadership styles in public institutions. It concluded that the democratic style is more effective in encouraging employees to exert exceptional effort, whereas the authoritarian style limits initiative and weakens employees' sense of engagement. The study also highlighted that effective recruitment of competent leaders contributes to organizational goal achievement and sustainability.

Another study by Qarza (2020) examined the impact of transformational leadership on organizational citizenship behavior in the National Land Transport Company (SNTR). It found a strong positive relationship between transformational leadership and organizational citizenship behavior, confirming that transformational leaders in Algerian institutions are capable of enhancing voluntary positive behaviors among employees. This finding is consistent with Bass and Avolio's (1994) research in Western contexts.

Meanwhile, the study by Thlajjia and Abadi (2021) explored the relationship between empowerment (as a natural outcome of transformational leadership) and organizational development in public economic institutions. The results showed that psychological and structural empowerment are effective mechanisms for enhancing organizational development, suggesting that participative leadership may lead to more rational decisions through employee empowerment.

6.2 Studies on Organizational Behavior in Algerian Institutions

In the field of organizational behavior, Al-Maghribi (2016) emphasized its importance for leaders in Arab institutions, stating that understanding organizational behavior enables leaders to foster teamwork and creativity, and that successful leadership cannot be achieved without understanding employees' motivations and needs.

Boubaker (2015) revealed the prevalence of poor organizational behavior in Algerian public administrations (Wilaya of El Oued as a case study), linked to weak trust and lack of moral incentives, resulting in negative behaviors such as indifference and reluctance to take responsibility.

In a more recent study, Redif et al. (2019) analyzed organizational behavior in Algerian public institutions (ENIE, Sidi Bel Abbès) and found that positive organizational behavior (commitment, satisfaction, citizenship behavior) remains moderate, indicating a gap between current practices and the desired level of performance and rational decision-making support.

From a psychological empowerment perspective, Zroukhi (2020) provided evidence that psychological empowerment enhances organizational citizenship behavior in Algerian universities, supporting Spreitzer's (1995) theory and confirming empowerment as a potential mediating mechanism between leadership and rational decision-making.

6.3 Studies on Rational Decision-Making in Algerian Institutions

The concept of "rational decision-making" has not been directly addressed in Algerian studies. However, Arab scholars such as Morsi Mahmoud (2003) and Ahmed Maher (2013) have provided important theoretical contributions distinguishing between economic rationality and administrative rationality, emphasizing that the ideal decision does not exist in reality and that administrative rationality represents the practical objective.

Nevertheless, and according to the researcher's knowledge, there are no Algerian empirical studies that measure the level of rational decision-making in public institutions or directly link it to leadership styles or organizational behaviour

6.4 Conclusion of the Review and Identification of the Research Gap

Through the review of Algerian studies, the following gaps can be identified:

Gap	Explanation
Fragmented studies	Previous studies addressed either leadership or organizational behavior separately, without integrating them into a single model

Absence of mediation role	No Algerian study tested organizational behavior as a mediating variable between leadership and decision quality
Neglect of rational decision-making	The concept of “rational decision-making” was not addressed in Algerian studies as a specific indicator of administrative decision quality
Lack of recent studies	Most available studies date back to before 2020, with only a few recent contributions

Source: Prepared by the researcher based on a critical review of previous studies.

7. Proposed Theoretical Model and Future Research Hypotheses

Based on the systematic review of the literature presented in the previous sections, and the theoretical grounding of the study variables (leadership styles, organizational behavior, and rational administrative decision-making), as well as the critical review of Algerian studies that revealed clear knowledge gaps (treatment of variables in isolation, absence of mediation testing, and neglect of the concept of rational decision-making), this paper proposes an integrated theoretical model aimed at explaining the mechanism through which leadership styles influence rational administrative decision-making via organizational behavior as a mediating variable. It also formulates hypotheses that can be empirically tested in future studies, particularly within Algerian public institutions.

7.1 Development of the Theoretical Model

The proposed model is based on Herbert Simon’s concept of “bounded rationality,” which holds that administrative decisions do not aim at achieving the optimal solution but rather the most satisfactory one, given informational, temporal, and material constraints. The model also draws on Social Exchange Theory, which posits that relationships between leaders and subordinates are based on intangible exchanges: when leaders provide employees with trust and respect, employees reciprocate with positive behaviors. These behaviors, in turn, create a conducive environment for rational decision-making. Furthermore, the model incorporates Psychological Empowerment Theory, which suggests that psychologically empowered employees become active participants in decision-making, thereby improving its quality.

7.2 Mechanism of the Model

The model involves the following steps:

Step 1: Measuring dominant leadership styles in the organization using the MLQ scale (Bass & Avolio) or a locally adapted questionnaire.

Step 2: Measuring organizational behavior across its dimensions using validated scales, including trust, communication, participation, commitment, satisfaction, and citizenship behavior.

Step 3: Measuring rational administrative decision-making through four dimensions, based on Simon’s bounded rationality indicators, potentially using a specifically developed scale.

Step 4: Testing the direct effect (leadership → rationality) using simple regression analysis.

Step 5: Testing the indirect effect (mediation) using Structural Equation Modeling (SEM), path analysis, or the Sobel test.

Step 6: Comparing the strength of direct versus indirect effects to determine whether the mediation is partial or full.

8. Conclusion

Based on the systematic review of the literature conducted in this paper on the relationship between leadership styles, organizational behavior, and their impact on rational administrative decision-making, and drawing on the critical analysis of previous studies in the Algerian context, as well as the proposed theoretical model and its hypotheses, a set of theoretical findings and recommendations can be derived.

There is a general theoretical consensus in Western and Arab literature that democratic and transformational leadership styles are positively associated with the quality and rationality of decision-making, whereas the autocratic leadership style is negatively associated with it. Furthermore, Social Exchange Theory (Blau, 1964) and Psychological Empowerment Theory (Spreitzer, 1995) confirm that organizational behavior, through its dimensions (trust, communication, participation, commitment, satisfaction, and citizenship behavior), is not merely a secondary outcome of leadership, but rather a fundamental mediating mechanism that explains how leadership practices are translated into more rational decisions in practice.

The critical review of previous Algerian studies (Senani & Bouatit, 2017; Boubaker, 2015; Redif et al., 2019; Qarza, 2020; Zroukhi, 2020; Thlajja & Abadi, 2021) revealed clear knowledge gaps, most notably: the isolated treatment of variables, the absence of testing for the mediating role of organizational behavior, the neglect of the concept of “rational decision-making” as a specific indicator of decision quality, and the scarcity of recent studies that integrate the three variables within a single explanatory model. These gaps justify the need for the theoretical model proposed in this paper.

The study proposed an integrated theoretical model that combines the three variables (leadership styles as an independent variable, organizational behavior as a mediating variable, and rational decision-making as a dependent variable), along with three main hypotheses that can be empirically tested in future research. The model assumes that the effect of leadership styles on rational decision-making operates through two pathways: a direct effect and an indirect effect mediated by organizational behavior. It is further assumed that the indirect effect is stronger in the case of transformational and democratic leadership, and weaker or negligible in the case of autocratic leadership.

9. Recommendations

The paper recommends the following:

- A gradual transition from autocratic leadership styles toward participative and transformational leadership, with the involvement of employees in decisions that affect them.
- Investing in building organizational trust, improving internal communication channels, and strengthening organizational citizenship behavior.
- Reconsidering excessive bureaucracy and rigid hierarchical structures that restrict initiative and weaken the impact of effective leadership.
- Empirically testing the proposed theoretical model in real Algerian institutions using both quantitative methods (standardized questionnaires) and qualitative methods (interviews) to uncover the precise mechanisms of the mediating role.
- Expanding the scope of future studies to include different sectors (industrial, service, financial) and comparing results between public and private institutions.
- Developing locally adapted measurement scales for rational administrative decision-making that reflect the specificities of the Algerian context.

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