

Analysis Of The Influence Of Transactional And Transformational Leadership On Organizational Effectiveness Mediated By Organizational Culture

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Abstract

This study explores the influence of transactional and transformational leadership on organizational effectiveness, with organizational culture serving as a mediating variable, aiming to examine how leadership styles shape culture and subsequently impact effectiveness, particularly within public sector institutions. It offers a novel contribution by emphasizing the mediating role of organizational culture in the relationship between leadership styles and organizational effectiveness—an area that has been inconsistently addressed in previous research. By focusing on a governmental office (Office X), the study provides contextual insights into leadership dynamics in public administration. The findings reveal that transactional leadership has a positive and significant effect on organizational culture, which in turn enhances organizational effectiveness. In contrast, transformational leadership, while positively correlated with organizational effectiveness, does not significantly influence organizational culture directly. Furthermore, organizational culture significantly mediates the relationship between transactional leadership and organizational effectiveness, but this mediating role is not supported in the case of transformational leadership. The study concludes that transactional leadership is more effective within established organizational cultures, whereas transformational leadership is better suited to innovative and collaborative environments. Thus, organizational culture is crucial in enhancing leadership effectiveness, and future research should consider additional mediating factors such as employee motivation and job satisfaction.

Keywords: *Transactional Leadership, Transformational Leadership, Organizational Culture, Organizational Effectiveness.*

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INTRODUCTION

Organizational effectiveness is a crucial element in achieving objectives across both public and private sectors by optimizing available resources. In the public sector, effectiveness is closely linked to the quality of public services, efficient budget utilization, and adherence to regulations (Naqshbandi dkk., 2024). Office X, which handles population administration, licensing, and development supervision, faces significant challenges in ensuring the effectiveness of its services—particularly concerning employee motivation and a work culture that remains conventional (Utomo & Wahyuningtyas, 2023). Transactional leadership, which emphasizes goal achievement through rewards and punishments, has proven effective in the short term. However, transformational leadership, which prioritizes

inspiration and motivation, has greater potential to foster a positive work environment and improve long-term performance (Khoirotunnisa & Pujiyanto). This study aims to analyze the impact of both leadership styles on organizational effectiveness, with organizational culture serving as a mediating variable. This is based on the understanding that culture plays a critical role in supporting change and innovation within government organizations (Dartey-Baah dkk., 2021). The research is expected to provide both theoretical and practical contributions for public sector management in improving service quality and organizational performance (Erlianti & Fajrin, 2021).

LITERATURE REVIEW

Equifinality Theory Approach

The equifinality approach is the primary theoretical framework used in this study. This theory posits that organizations can achieve the same goals through different paths or methods, depending on their context and available resources (Sulaiman, 2021). The concept originates from open systems theory, which emphasizes the importance of organizational responsiveness to both external and internal environmental changes. In this context, organizational effectiveness is seen not merely as an end result but as an ongoing process involving adaptation, innovation, and synergy among various organizational elements such as technology, human resources, and organizational culture. This approach is particularly relevant for modern organizations that must navigate the complexities of interactions among individuals, technology, and external dynamics. According to Steers (1985), organizational effectiveness is multidimensional, encompassing efficiency, productivity, stability, and flexibility in responding to environmental changes. In the context of public administration, this approach facilitates the achievement of effective public services through a combination of transactional and transformational leadership styles, supported by a conducive organizational culture (Potnuru dkk., 2021).

Organizational Effectiveness

Organizational effectiveness refers to the extent to which an organization successfully achieves its objectives efficiently and effectively, both in the short and long term (Rudian & Apriyadi, 2023). Hasmawati (2020) defines effectiveness as the ability to select among various alternatives to reach desired goals. It also involves the comparison between outcomes and outputs—that is, the alignment between goal attainment and actual results. In government organizations, indicators of effectiveness include clarity of goals, adherence to core philosophies and values, well-defined organizational structures, appropriate utilization of technology, and supportive work environments (Komara dkk., 2024). Clear objectives ensure that organizational activities are focused and outcomes are aligned with intended targets. Organizational values and philosophies guide behavior and ethical conduct, while team composition and appropriate technological tools significantly support efficient and effective goal achievement.

Transactional Leadership

Transactional leadership focuses on achieving organizational goals through a clear system of rewards and punishments. Suwandi dkk. (2022) describe transactional leaders as those who motivate their followers by rewarding the achievement of predefined goals and ensuring that necessary resources are available to accomplish tasks (Avwokeni, 2024). Leadership style emphasizes task control, clarifying roles, and specifying job demands to achieve organizational objectives. Key indicators of transactional leadership include contingent rewards, active and passive management by exception, and the laissez-faire leadership style (Awan, 2020). This approach is more effective in situations that require

stability and measurable outcomes but tends to be less adaptable in contexts that demand innovation or responsiveness to change.

Transformational Leadership

Transformational leadership seeks to inspire and motivate followers to exceed expectations by building relationships based on trust, admiration, and loyalty. This leadership style is characterized by the ability to raise followers' motivation levels and inspire them to perform beyond standard requirements (Anandari dkk., 2023). Transformational leaders enhance self-confidence, pride, and loyalty among employees. This leadership model focuses on individual development and fosters intellectual stimulation to encourage novel approaches to problem-solving. Indicators of transformational leadership include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. This leadership style is effective in driving long-term organizational change and enhancing commitment to organizational goals (Uly dkk., 2023).

Organizational Culture

Organizational culture encompasses the values, norms, leadership styles, vision, mission, and practices shared by members of an organization, serving as behavioral guidelines. It plays a crucial role in shaping individual attitudes and behaviors toward achieving organizational goals (Rukmini dkk., 2024). Culture develops through the integration of individual cultural traits into collective norms and organizational philosophies (Nurhayati dkk., 2023). Key indicators of organizational culture include adherence to norms and values, trust, member-oriented practices, and work aggressiveness (Shidiq dkk., 2024). A culture that promotes innovation, collaboration, and efficiency is essential for ensuring organizational effectiveness. Conversely, rigid and bureaucratic cultures may hinder the achievement of organizational goals, particularly in dynamic external environments.

HYPOTHESIS DEVELOPMENT

Transactional Leadership and Organizational Effectiveness

Transactional leadership emphasizes a reward-and-punishment system based on individual performance (Avwokeni, 2024). It enhances organizational effectiveness by focusing on target achievement, rule compliance, and structured resource management (Dartey-Baah dkk., 2024). In public institutions such as Office X, this approach can foster clarity in task distribution and responsibility, thereby supporting efficient goal attainment. Meiryani dkk. (2022) found that transactional leadership effectively manages personnel through strict process control to achieve organizational targets.

H1: Transactional leadership has a positive effect on organizational effectiveness.

Transformational Leadership and Organizational Effectiveness

Transformational leadership is centered on inspiration, motivation, and the empowerment of individuals to achieve higher organizational goals. These leaders foster positive change by articulating a clear vision, building trust, and motivating employees to exceed expectations. Transformational leadership has been associated with enhanced innovation and employee performance (Mohammed & AL-Abrow, 2023). Transformational leadership in guiding organizational change, particularly in response to external challenges (Kyambade & Namatovu, 2025).

H2: Transformational leadership has a positive effect on organizational effectiveness.

Transactional Leadership and Organizational Culture

Transactional leadership influences the development of a disciplined, structured, and results-oriented organizational culture (Iswahyudi dkk., 2023). Such leaders establish clear organizational structures by setting explicit rules, responsibilities, and performance

expectations. Rashwan & Ghaly (2022) demonstrated that transactional leadership contributes to a culture of efficiency and compliance.

H3: Transactional leadership has a positive effect on organizational culture.

Transformational Leadership and Organizational Culture

Transformational leadership fosters organizational culture by instilling values such as innovation, collaboration, and goal orientation (Aprilinda & Budiman, 2021). Rather than solely focusing on outcomes, transformational leaders emphasize individual and team development, thereby cultivating adaptive and dynamic organizational cultures. Gomes et al. (2024) found that transformational leadership promotes a collaborative and empowering organizational environment.

H4: Transformational leadership has a positive effect on organizational culture.

Organizational Culture and Organizational Effectiveness

Organizational culture, encompassing shared values and norms, significantly influences how members work and interact (Lasrado & Kassem, 2021). A strong organizational culture fosters a conducive work environment, enhances collaboration, and boosts motivation toward achieving organizational objectives. Mohammed & AL-Abrow (2023) reported a significant relationship between a well-defined organizational culture and improved organizational performance, particularly in productivity and quality.

H5: Organizational culture has a positive effect on organizational effectiveness.

Transactional Leadership, Organizational Culture, and Organizational Effectiveness

While transactional leadership enhances organizational effectiveness through structured performance management, its impact is moderated by the existing organizational culture. A strong, collaborative culture reinforces the positive influence of transactional leadership (Khaola & Rambe, 2021). Kusi et al. (2021) also found that an adaptive and collaborative organizational culture significantly mediates the relationship between transactional leadership and organizational performance.

H6: Organizational culture mediates the relationship between transactional leadership and organizational effectiveness.

Transformational Leadership, Organizational Culture, and Organizational Effectiveness

Transformational leadership emphasizes innovation, individual empowerment, and motivation to exceed expectations. Organizational culture plays a vital role in reinforcing this leadership style's influence on individual and team performance. Leaders who successfully embed organizational values create a supportive work environment that enhances effectiveness (Khoirotunnisa & Pujiyanto, 2024). Organizational culture strengthens the link between transformational leadership and organizational effectiveness (Praditya, 2022).

H7: Organizational culture mediates the relationship between transformational leadership and organizational effectiveness.

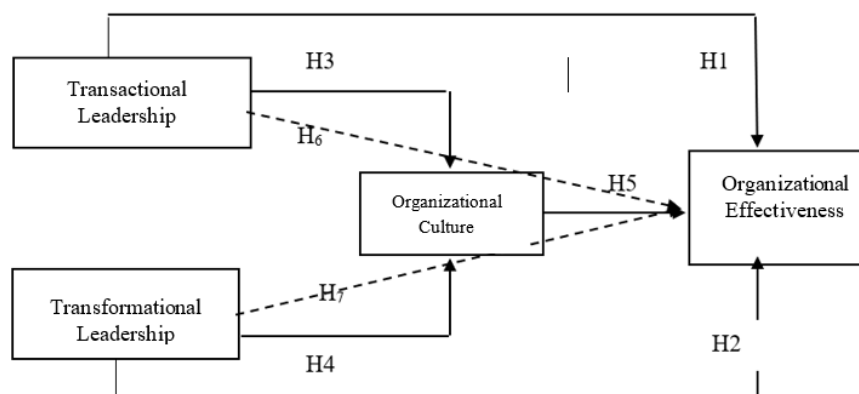


Figure 1. Research Framework

METHODOLOGY

The subjects of this study are all employees of Office X. The object of this research encompasses the variables of transactional leadership and transformational leadership, as well as their influence on organizational effectiveness mediated by organizational culture. The study population consists of all 63 employees at Office X. Given the relatively small population size, a census method is employed, whereby all employees are included as respondents. The research variables include independent variables (transactional leadership and transformational leadership), a dependent variable (organizational effectiveness), and a mediating variable (organizational culture). Primary data are collected directly through a structured questionnaire. The questionnaire consists of closed-ended statements with predetermined response options, measured using a 5-point Likert scale. Prior to data collection, the instrument undergoes validity and reliability testing to ensure the accuracy and consistency of the measurement. Data analysis is conducted using inferential statistical methods to examine the relationships among variables, as well as mediation analysis to explore the mediating role of organizational culture in the relationship between the independent and dependent variables. The analysis is performed using SmartPLS version 4.0. The instruments used in this study are outlined as follows.

Table 1. Research Instruments

Transactional Leadership	
Contingent Reward	My supervisor consistently provides guidance to help me achieve work targets. My supervisor ensures recognition for good work outcomes.
Active Management Exception	My supervisor actively monitors for any deviations in job performance. My supervisor promptly provides corrective guidance when mistakes occur
Passive Management Exception	My supervisor tends to take action only after problems arise. My supervisor responds and takes action after issues have emerged.
Laissez-Faire Leadership	My supervisor consistently provides the necessary guidance for task completion. My supervisor delegates full responsibility for the task to me, accompanied by clear instructions.
Transformational Leadership	

Idealized Influence	My supervisor inspires admiration through their personal integrity. My leader consistently serves as a trusted role model at work.
Inspirational Motivation	My supervisor clearly articulates the organization's future vision. My supervisor motivates me to understand the importance of the organization's vision and mission.
Intellectual Stimulation	My supervisor encourages me to find innovative solutions to job-related challenges. My supervisor guides me to better understand the problems I face.
Individualized Consideration	My supervisor pays attention to my individual needs. My supervisor provides facilities and training to support my performance development.
Organizational Culture	
Norm Implementation	I understand the behaviors deemed appropriate by the organization in various work situations. I consistently adhere to organizational norms in regulating behavior.
Values Implementation	I use organizational values as a guide when facing workplace situations. I uphold organizational values related to ethics and moral conduct.
Trust	I believe that the organization considers ethical aspects when making decisions. I work diligently to support the achievement of team goals.
Member-Oriented Focus	I ensure my tasks are completed effectively to assist others in meeting organizational targets. I work diligently to support the achievement of team goals.
Work Aggressiveness	I strive to improve productivity through strong discipline. I possess a strong drive to complete my tasks optimally.
Stability	I am committed to maintaining consistent job performance.
Maintenance	I continuously strive to sustain stable work outcomes.
Organizational Effectiveness	
Clarity of Purpose	I clearly understand the organization's vision and mission. The organization's strategic goals are clearly communicated and easy to comprehend.
Philosophy and Value Systems	The organization's core principles help me perform my duties correctly. The organization's value system provides clear guidance in achieving objectives.
Structure and Composition	Tasks are clearly allocated according to the organizational structure. Job descriptions in my workplace are easy to understand.
Organizational Technology	I find that the technology used by the organization enhances job efficiency. I am proficient in using the technologies implemented by the organization.
Organizational Environment	The work atmosphere supports my productivity. The office layout fosters comfort in completing tasks.

RESULTS AND DISCUSSION

Respondent Characteristics

This study classifies respondents into four groups based on gender, age, education level, and length of service. This classification aims to analyze the distribution of participants in each category.

Table 2. Respondent Characteristics

Category	Amount (n = 63)	Persentase (%)
<i>Gender</i>		
Male	29	46
Female	34	54
<i>Age</i>		
30 to 39	9	14
>40	54	86
<i>Education</i>		
Junior High School (SMP)	3	4
Senior High School (SMA)	22	35
D1/D2/D3	15	24
S1	21	33
S2	1	2
S3	1	2
<i>Length of Service</i>		
<1	2	3
1-5	16	26
6-10	7	11
>10	38	60

Source: Data Processing Results, 2025

The majority of respondents in this study were female (54%), with the dominant age group being over 40 years old (86%). In terms of educational background, most participants held a senior high school (SMA) diploma (35%), followed by bachelor's degree holders (33%), while other educational levels such as junior high school (SMP), diploma (D3 and D2), elementary school (SD), and master's degree (S2) were represented in smaller proportions. Regarding work experience, a significant portion of the respondents (60%) had more than 10 years of experience, reflecting a workforce dominated by seasoned professionals.

Indicator Test

Convergent Validity

Convergent validity is measured based on the correlation level between the indicator scores and the construct they represent. An indicator is considered valid if its correlation value exceeds 0.70. If this value is not met, the indicator needs to be eliminated. The results of the convergent validity test in this study are presented below.

Table 3. Convergent Validity Test

Ins.	KT1	KT2	BO	EO	Description
	X1	X2	Y1	Y2	
X1.1	0,846				Valid
X1.2	0,798				Valid
X1.3	0,714				Valid
X1.4	0,878				Valid
X2.1		0,891			Valid
X2.2		0,804			Valid
X2.3		0,905			Valid
X2.4		0,669			Valid
Y1.1			0,765		Valid
Y1.2			0,860		Valid
Y1.3			0,823		Valid

Ins.	KT1	KT2	BO	EO	Description
	X1	X2	Y1	Y2	
Y1.4			0,841		Valid
Y1.5			0,810		Valid
Y1.6			0,805		Valid
Y2.1				0,883	Valid
Y2.2				0,836	Valid
Y2.3				0,930	Valid
Y2.4				0,775	Valid
Y2.5				0,810	Valid

Note. KT1 = Transactional Leadership, KT2 = Transformational Leadership, BO = Organizational Culture, EO = Organizational Effectiveness

The results of the convergent validity test indicate that all indicators used in this study are valid in measuring their respective latent variables, with loading factor values exceeding 0.7. The indicators for the variables Transactional Leadership (X1), Transformational Leadership (X2), Organizational Culture (Y1), and Organizational Effectiveness (Y2) demonstrated strong correlations with their respective constructs, such as X1.1 (0.846), X2.2 (0.804), Y1.1 (0.765), and Y2.2 (0.836). These findings confirm that all indicators exhibit good convergent validity and are suitable for further analysis.

Discriminant Validity

Discriminant validity is evaluated by analyzing the cross-loading values between indicators and the constructs they are intended to measure. An indicator is considered valid if it has a higher cross-loading value with its own construct than with any other constructs.

Table 4. Discriminant Validity Test

Ins.	KT1	KT2	BO	EO	Description
	X1	X2	Y1	Y2	
X1.1	0,846	0,695	0,620	0,612	Valid
X1.2	0,798	0,629	0,656	0,629	Valid
X1.3	0,714	0,600	0,620	0,560	Valid
X1.4	0,878	0,711	0,592	0,604	Valid
X2.1	0,746	0,891	0,611	0,680	Valid
X2.2	0,704	0,804	0,548	0,560	Valid
X2.3	0,749	0,905	0,588	0,690	Valid
X2.4	0,412	0,669	0,323	0,410	Valid
Y1.1	0,506	0,488	0,765	0,629	Valid
Y1.2	0,596	0,532	0,860	0,697	Valid
Y1.3	0,643	0,669	0,823	0,770	Valid
Y1.4	0,634	0,456	0,841	0,666	Valid
Y1.5	0,712	0,509	0,810	0,696	Valid
Y1.6	0,663	0,504	0,805	0,686	Valid
Y2.1	0,762	0,729	0,695	0,883	Valid
Y2.2	0,598	0,586	0,706	0,836	Valid
Y2.3	0,725	0,711	0,771	0,930	Valid
Y2.4	0,504	0,474	0,750	0,775	Valid
Y2.5	0,548	0,566	0,671	0,810	Valid

Note. KT1 = Transactional Leadership, KT2 = Transformational Leadership, BO = Organizational Culture, EO = Organizational Effectiveness

The discriminant validity test results reveal that each indicator has the highest correlation with its intended latent variable compared to other variables, thus fulfilling the criteria for discriminant validity. The indicators for Transactional Leadership (X1), Transformational Leadership (X2), Organizational Culture (Y1), and Organizational Effectiveness (Y2) showed higher loading values on their respective constructs, indicating that each indicator accurately represents its variable without significant cross-loading. Therefore, the measurement instruments in this study are proven to be valid and reliable for model testing.

Based on the model fit test results, the research model demonstrates a good level of fit. The SRMR value was 0.084, which is below the threshold of >0.10 , indicating a low level of residual error. The d_ULS and d_G indicators also met the required standards, with values of 1.330 and 1.250 respectively, suggesting a well-structured and consistent model. Furthermore, the Chi-square result of 352.042 exceeded the critical value of 82.529, supporting the statistical fit of the model. Although the NFI value of 0.688 does not approach 1 perfectly, it is still categorized as acceptable, suggesting the model sufficiently represents the data. Overall, these findings demonstrate that the proposed model is appropriate and capable of explaining the relationships among the studied variables.

Composite Reliability

Composite/construct reliability is used to assess the extent to which indicators of a variable consistently measure the construct. A variable is considered reliable if its composite reliability value exceeds 0.70.

Table 5. Composite Reliability Test

	<i>Composite Reliability</i>	Description
Transactional Leadership (X1)	0,884	Reliabel
Transformational Leadership (X2)	0,892	Reliabel
Organizational Culture (Y1)	0,924	Reliabel
Organizational Effectiveness (Y2)	0,928	Reliabel

Model Fit Test

The model fit test was conducted by evaluating the output estimates from SmartPLS version 4.0, compared against several criteria as explained in the table below:

Table 6. Model Fit Test Results

<i>Fit Summary</i>	<i>Cut off</i>	Estimasi	Explanation
SRMR	< 0.10	0,084	Good
d_ULS	CI > OS	1,330	Good
d_G	CI > OS	1,250	Good
Chi-Square	$X^2 \text{ statistik} < X^2 \text{ tabel}$	$352,042 \geq 82.529$	Good
NFI	Close to 1	0,688	Good
RMS Theta	$< 0,12$	0,084	Good

Based on the model fit test results, the research model demonstrates a good fit, with an SRMR value of 0.084, which is below the threshold of >0.10 , indicating low residual error. The d_ULS and d_G indicators also meet the criteria with values of 1.330 and 1.250, respectively, suggesting that the model has a well-defined and consistent structure. Additionally, the Chi-square statistic shows a result of 352.042, which exceeds the table value of 82.529, further supporting the statistical adequacy of the model. Meanwhile, the NFI value of 0.688, although not perfect, is still considered acceptable as it approaches 1, indicating that the model is fairly representative of the data. Overall, these results suggest that the model is viable and capable of explaining the relationships between variables in the study.

Hypothesis Testing

The Inner Model, or structural model, tests hypotheses by analyzing the relationships between latent variables based on substantive theory.

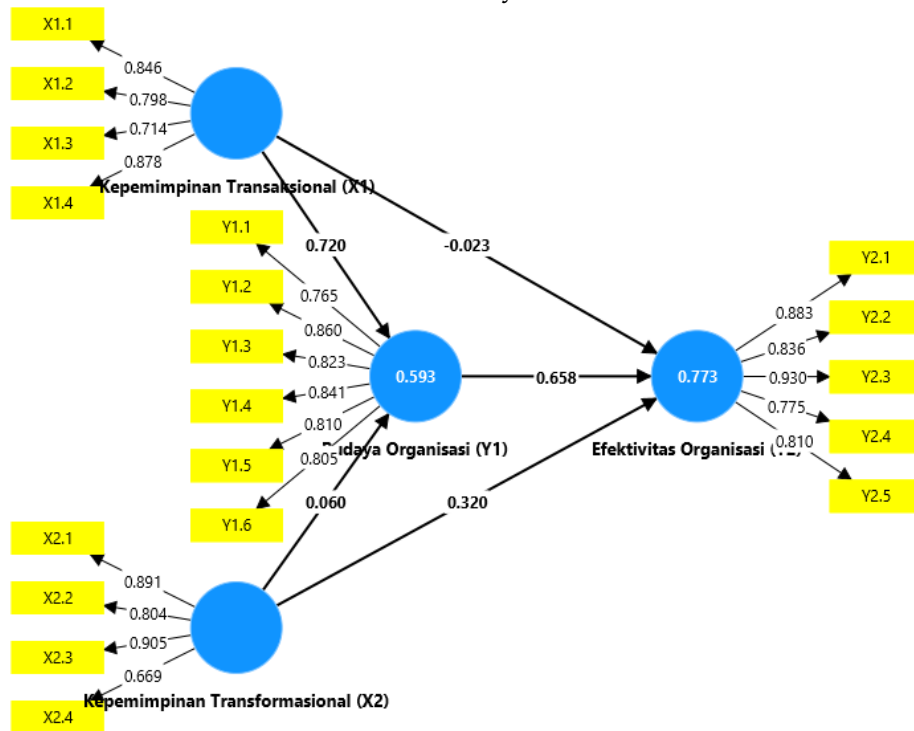


Figure 2. Inner Model

Table 7. Hypothesis Test Results

	Hypothesis	Sign	OS	t statistik	P value	Status
H1	Transactional Leadership Affects Organizational Effectiveness	(-)	0,023	0,138	0,890	Not Supported
H2	Transformational Leadership Affects Organizational Effectiveness	(+)	0,320	2,543	0,011	Supported
H3	Transactional Leadership Affects Organizational Culture	(+)	0,720	5,905	0,000	Supported
H4	Transformational Leadership Affects Organizational Culture	(-)	0,060	0,414	0,679	Not Supported
H5	Organizational Culture Affects Organizational Effectiveness	(+)	0,658	6,632	0,000	Supported

Source: Data Processing Results, 2025

Based on the hypothesis testing results in this study, the majority of the relationships between latent variables show significant effects. Transformational leadership has a positive and significant effect on organizational effectiveness, with a path coefficient of 0.320, a T-statistic of 2.543, and a p-value of 0.011, indicating a significant relationship. On the other

hand, transactional leadership does not have a significant effect on organizational effectiveness (path coefficient 0.023, T-statistic 0.138, p-value 0.890), suggesting that the transactional approach is insufficient to enhance organizational effectiveness in the long term. Transactional leadership, however, has a positive and significant effect on organizational culture (path coefficient 0.720, T-statistic 5.905, p-value 0.000), indicating that this leadership style can shape a disciplined and structured culture. Meanwhile, transformational leadership does not have a significant effect on organizational culture (path coefficient 0.060, T-statistic 0.414, p-value 0.679). Lastly, organizational culture has a positive and significant effect on organizational effectiveness, with a path coefficient of 0.658, a T-statistic of 6.632, and a p-value of 0.000, confirming that a culture that supports collaboration and innovation can effectively improve performance and achieve organizational goals.

Mediation Analysis

Table 8. Mediation Analysis

Variable	<i>Direct Effect</i>	<i>Indirect Effect</i>	<i>Total Effect</i>	<i>Mediation Effect</i>
	X1 → Y2	X1 → Y1 → Y2	DI + IE	TE - DE
	X2 → Y2	X2 → Y1 → Y2		
X1	0,474(0,000)	0,474(0,000)	0,474(0,000)	0,474-0,474= 0,000
X2	0,040(0,688)	0,688 (0,000)	0,688 (0,000)	0,648-0,040= 0,648

Mediation analysis results. Show that organizational culture mediates the relationship between transactional and transformational leadership and organizational effectiveness. In the case of transactional leadership, the direct effect (DE) is 0.474 ($p = 0.000$), and the indirect effect (IE) through organizational culture is also 0.474 ($p = 0.000$), resulting in a total effect (TE) of 0.474. Since the IE is significant and $TE = DE$, organizational culture fully mediates this relationship. Conversely, in the case of transformational leadership, the DE is only 0.040 ($p = 0.688$), which is not significant, while the IE is 0.688 ($p = 0.000$), which is significant, resulting in a TE of 0.688. Although there is a mediation effect, because the DE is not significant, organizational culture does not statistically mediate this relationship. Based on these results, it can be concluded that organizational culture mediates the effect of transactional leadership on organizational effectiveness but does not mediate the relationship between transformational leadership and organizational effectiveness. supported.

DISCUSSION

Transactional Leadership Has a Positive but Not Significant Effect on Organizational Effectiveness

Transactional leadership has a positive but not significant effect on organizational effectiveness at Office X, as indicated by a path coefficient of 0.023, T-statistic of 0.138 (<1.669), and a p-value of 0.890 (>0.05). Although the direction of the relationship suggests a tendency to increase effectiveness through this leadership style, statistically, its influence is not strong enough to be considered a key factor in driving organizational performance. The transactional approach, which focuses on contingent rewards and active management by exception, is seen as mechanical and reactive, making it less capable of fostering long-term motivation and a collaborative work culture. This finding contradicts Avwokeni (2024) ongoing research, which asserts that both transactional and transformational leadership can significantly influence organizational performance without mediation, though this may be influenced by differences in organizational context and work culture structure. Additionally, passive laissez-faire leadership further weakens effectiveness due to the lack of leadership initiative in addressing issues. Therefore, to enhance organizational effectiveness in bureaucratic environments like sub-district offices, leaders must not only rely on

transactional work relationships but also be capable of fostering emotional engagement and a participative, long-term work culture (Dartey-Baah dkk., 2024; Meiryani dkk., 2022).

Transformational Leadership Has a Positive and Significant Effect on Organizational Effectiveness

Transformational leadership has a positive and significant effect on organizational effectiveness at Office X, with a path coefficient of 0.320, T-statistic of 2.543 (>1.669), and p-value of 0.011 (<0.05), indicating that the higher the application of transformational leadership, the higher the organizational effectiveness. This leadership style is considered capable of building trust, loyalty, and employee motivation through idealized influence, inspirational motivation, and individualized attention to the needs and development of subordinates. Leaders who model exemplary behavior, communicate a clear vision, and offer personalized attention play a crucial role in creating a collaborative work culture focused on long-term organizational goals. This is supported by Kyambade & Namatovu (2025), who found that transformational leadership is effective in guiding organizational change, especially in responding to external challenges, and reinforced by Mohammed & AL-Abrow (2023), who emphasize that this leadership style forms the foundation for individual development and overall work effectiveness.

Transactional Leadership Has a Positive and Significant Effect on Organizational Culture

Transactional leadership has a positive and significant effect on organizational culture at Office X, with a path coefficient of 0.720, T-statistic of 5.905, and p-value of 0.000. This affirms that the application of contingent rewards and active management by exception contributes to forming a more disciplined, competitive, and efficient work culture. Leaders who reward employee achievements and take firm actions against violations help clarify the values and norms of the organization, thus creating a structured work environment oriented toward goal achievement. This finding aligns with Dunger, (2023), who stated that transactional leadership creates an efficient, rule-abiding organizational culture, and is supported by Rashwan & Ghaly, (2022), who assert that this leadership style helps build a stable and productive organizational culture.

Transformational Leadership Has a Positive but Not Significant Effect on Organizational Culture

Transformational leadership has a positive but not significant effect on organizational culture at Office X, with a path coefficient of 0.060, T-statistic of 0.414 (<1.669), and p-value of 0.679 (>0.05). This suggests that, although transformational leadership tends to promote a better organizational culture, its influence is not strong enough to create a significant change. In other words, leaders who strive to inspire, provide intellectual stimulation, and offer individualized attention have not yet been fully able to shape a strong and consistent organizational culture in the sub-district office. This result is supported by research from Simha, (2022), which states that transformational leadership does not have an effect on organizational culture. Cultural transformation through a transformational approach requires a longer period and an environment that is more open to changes in values and organizational norms (Stenmark, 2024).

Organizational Culture Has a Positive and Significant Effect on Organizational Effectiveness

Organizational culture has a positive and significant effect on organizational effectiveness at Office X, with a path coefficient of 0.658, T-statistic of 6.632 (>1.669), and p-value of 0.000 (<0.05). This indicates that the better the organizational culture that is established, the higher the organizational effectiveness will be. A strong and positive organizational culture creates a conducive work environment, supports goal achievement,

and strengthens employee commitment in carrying out their tasks and responsibilities. This result is supported by Potnuru dkk. (2021), which shows that a strong and directed organizational culture has a significant relationship with increased organizational effectiveness, particularly in terms of productivity and work quality. Maintaining work stability, where structured and stable routines allow the organization to maintain performance and better meet service targets (Gomes dkk., 2024).

Organizational Culture Mediates the Effect of Transactional Leadership on Organizational Effectiveness

Organizational culture mediates the effect of transactional leadership on organizational effectiveness with a path coefficient of 0.474, T-statistic of 4.097 (>1.669), and p-value of 0.000 (<0.05). This shows that transactional leadership becomes more effective in enhancing organizational effectiveness when accompanied by a strong and positive organizational culture. In other words, organizational culture plays a critical role as a bridge that strengthens the impact of transactional leadership in achieving more effective work outcomes at Office X. This finding is supported by research by (Naqshbandi dkk., 2024), which states that transactional leadership becomes more effective in driving organizational performance when applied in a work culture that supports it. The reinforcing productivity cycle—leaders provide clear direction and rewards, organizational culture strengthens norms and motivation, and the result is increased organizational effectiveness that is more stable and sustainable (Kusi dkk., 2021).

Organizational Culture Does Not Mediate the Effect of Transformational Leadership on Organizational Effectiveness

The results show that organizational culture does not mediate the effect of transformational leadership on organizational effectiveness, with a path coefficient of 0.040, T-statistic of 0.402 (<1.669), and p-value of 0.688 (>0.05). This indicates that, although transformational leadership seeks to build a positive influence, organizational culture at Office X has not been able to significantly strengthen this influence in improving organizational effectiveness. This suggests that the existing organizational culture may not be aligned with the transformational leadership style or is not sufficiently developed to serve as an effective mediator. Although leaders exhibit motivation and individualized attention, the organizational culture has not been able to accommodate more progressive changes. This points to the need for strengthening a more adaptive and innovative culture so that transformational leadership can optimally contribute to organizational effectiveness (Praditya (2022).

CONCLUSION

Based on the results of the conducted research, it can be concluded that while transactional leadership has a positive effect on organizational effectiveness, its impact is not significant without the involvement of other factors such as organizational culture. In contrast, transformational leadership has a significant positive effect on organizational effectiveness, with leaders who are able to provide motivation, vision, and build trust successfully driving employee performance. Transactional leadership also has a significant impact on organizational culture, fostering a more structured and disciplined culture, while transformational leadership, despite providing inspiration and individualized attention, shows a lesser impact on organizational culture. Furthermore, organizational culture is shown to have a significant effect on organizational effectiveness, serving as a key factor in improving performance. Transactional leadership becomes more effective in enhancing organizational effectiveness when supported by a strong organizational culture, while

organizational culture does not strengthen the influence of transformational leadership on organizational effectiveness, as this leadership style already exhibits a dominant direct influence. In conclusion, the success of improving organizational effectiveness highly depends on the combination of the appropriate leadership style and a supportive organizational culture.

This study has several limitations that need to be considered. First, the sample used in this research is limited to a specific organization, which means the findings may not be fully generalizable to all types of organizations or industry sectors. Second, the study is cross-sectional, meaning the data collected only reflects the conditions at a single point in time, and therefore cannot capture long-term changes or dynamics in the relationships between the variables studied. Third, while several factors influencing organizational effectiveness have been measured, the study did not consider other potential variables, such as external factors or organizational policies, that may also affect the results obtained. Lastly, although the mediation model has been tested, factors related to motivation or competence have not been fully explored, which could be a direction for future research.

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