

Transformational Leadership and Organizational Culture on Employee Performance: The Mediating Role of Employee Engagement

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Abstract

This study aims to analyze the influence of transformational leadership and organizational culture on employee performance, with employee engagement serving as a mediating variable. The study is motivated by the importance of employee performance as a strategic factor in maintaining organizational competitiveness, as well as by inconsistencies in empirical findings regarding the roles of leadership and employee engagement in enhancing performance. A quantitative approach with an explanatory research design was employed. Data were collected through an online questionnaire distributed to 85 employees working in service and manufacturing organizations in East Java Province, using purposive sampling based on specific criteria. The research instruments were tested for validity and reliability, and the results indicated that all indicators met the required measurement criteria. Data analysis was conducted using multiple linear regression to examine both direct and simultaneous effects among variables. The findings reveal that transformational leadership does not have a significant effect on employee performance. In contrast, organizational culture is proven to have a positive and significant effect on employee performance. Employee engagement does not show a significant effect on performance and does not function as a mediating variable in the relationship between transformational leadership and organizational culture with employee performance. Furthermore, the simultaneous test results indicate that the three independent variables do not collectively have a significant effect on employee performance. These findings suggest that employee performance is influenced by factors beyond the scope of the research model and highlight that organizational culture plays a more dominant role than transformational leadership and employee engagement within the organizational context examined. This study is expected to contribute both theoretically and practically to the development of more contextual and sustainable human resource management strategies.

Keywords: *Transformational Leadership; Organizational Culture; Employee Engagement; Employee Performance.*

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INTRODUCTION

In modern organizational environments, human resources are no longer viewed merely as factors of production but rather as strategic assets that determine organizational success and sustainability. Rapid, complex, and increasingly competitive changes in the business environment require organizations to continuously adapt (Marshoudi et al., 2023). Within this context, employee performance becomes a key indicator reflecting the extent to which organizations are able to manage their internal potential effectively. High-performing employees not only contribute to the achievement of short-term objectives but also play a crucial role in sustaining organizational competitiveness over the long term (Hikmah et al., 2025).

Nevertheless, efforts to enhance employee performance are far from simple. Many organizations continue to face persistent challenges related to low productivity, declining work commitment, and weak employee attachment to the organization. Such conditions are often triggered by a mismatch between employee expectations and the realities of the work environment they encounter. When employees feel undervalued, insufficiently involved in organizational processes, or unable to find meaning in their work, their resulting performance tends to be suboptimal. Therefore, organizations need to understand the psychological and contextual factors that influence employee behavior and performance.

One issue that has attracted increasing attention in the field of human resource management is the level of employee involvement in work and the organization, commonly referred to as employee engagement. Employee engagement describes a positive psychological state characterized by enthusiasm, dedication, and emotional attachment to one's work (Sucahyowati & Sutedjo, 2024; Udin, 2023). Engaged employees do not merely perform tasks according to their job descriptions; they also demonstrate initiative, commitment, and a willingness to contribute beyond formal requirements. Numerous studies have shown that employee engagement is positively associated with improved performance, job satisfaction, and employee loyalty (Fauzan et al., 2025).

Conversely, low levels of employee engagement can have detrimental effects on organizations. Employees who are not emotionally engaged tend to work mechanically, show low enthusiasm, and are more susceptible to work-related fatigue (Arifin et al., 2014; Rafia & Achmad Sudiro, 2020). This condition can potentially reduce the quality of work outcomes and increase employees' intentions to leave the organization. In the long term, low employee engagement may generate organizational losses, both in terms of costs and operational stability (Armilasari et al., 2023). Hence, employee engagement is not only relevant as a psychological concept but also carries significant strategic implications for organizational performance and sustainability.

To foster high levels of employee engagement, organizations cannot rely solely on compensation systems or formal policies. Leadership plays a critical role in shaping employees' work experiences. Leaders are central figures who interact directly with employees, provide direction, and shape the organizational climate (Virgiawan et al., 2021). The ways in which leaders communicate, make decisions, and treat their subordinates significantly influence employees' overall perceptions of

the organization. Accordingly, the leadership style adopted becomes a key determinant in building employee engagement (Basuki et al., 2023).

One leadership approach that is considered effective in enhancing employee engagement and performance is transformational leadership. Transformational leadership emphasizes a leader's ability to inspire, motivate, and encourage employees to develop beyond personal interests for the collective good (Dewi & Junaidi, 2025). Transformational leaders focus not only on achieving performance targets but also on fostering values, vision, and a sense of meaning in employees' work. Through this approach, employees are expected to experience a more meaningful connection with their work and the organization (Khobir et al., 2023).

In practice, transformational leadership is reflected in leaders' behaviors that serve as role models, provide individualized support, and stimulate employees' creative thinking. Leaders who adopt a transformational style tend to encourage active employee participation in organizational processes, grant trust, and recognize individual contributions. The work environment created through such leadership can enhance employees' sense of appreciation and belonging, which ultimately contributes to higher levels of employee engagement and improved employee performance.

In addition to leadership, organizational culture represents another contextual factor that is equally important in influencing employee behavior and performance. Organizational culture encompasses the values, norms, beliefs, and practices that develop and are shared among organizational members (Fidyah & Setiawati, 2020). It functions as an unwritten guideline that directs how employees think, behave, and act in carrying out their work. A strong and positive organizational culture can foster behavioral consistency, improve coordination, and strengthen organizational identity (Subarkah et al., 2025).

An organizational culture that supports openness, collaboration, and recognition of individual contributions tends to encourage greater employee involvement in work. In a healthy cultural environment, employees feel safe to express ideas, innovate, and take responsibility for their assigned tasks (Permadi et al., 2018). Conversely, a rigid, unfair, or unsupportive organizational culture can create discomfort, reduce work motivation, and weaken employee engagement. Therefore, organizational culture plays a strategic role in shaping employees' psychological conditions, which in turn have implications for performance (Widasti & Mursid, 2022).

The relationship between transformational leadership, organizational culture, and employee performance is not always direct. In many cases, the influence of leadership and organizational culture on employee performance operates through certain psychological mechanisms, one of which is employee engagement (Nurimansjah et al., 2024). Transformational leadership and a positive organizational culture can create a work environment that fosters employees' emotional and cognitive engagement. This engagement then becomes a key driver encouraging employees to demonstrate higher levels of performance (Jalmav et al., 2025). Thus, employee engagement serves as a mediating variable that bridges the influence of leadership and organizational culture on employee performance.

Although numerous studies have examined the effects of transformational leadership and organizational culture on employee performance, existing findings

still show variations, particularly with regard to the role of employee engagement as a mediating variable. Moreover, differing organizational contexts may produce different relational dynamics. Consequently, further in-depth research is required to better understand how transformational leadership and organizational culture jointly influence employee performance through employee engagement.

Based on the foregoing discussion, this study is relevant in providing a more comprehensive understanding of the roles of transformational leadership and organizational culture in enhancing employee performance, with employee engagement serving as a mediating variable. Theoretically, this study is expected to enrich the literature on human resource management, particularly concerning the integration of leadership, organizational culture, and employee engagement. Practically, the findings of this study are anticipated to serve as a reference for organizations in designing more effective and sustainable human resource management strategies.

LITERATURE REVIEW

Transformational Leadership

Transformational leadership is understood as a leadership style that emphasizes a leader's ability to inspire and transform employees' values, attitudes, and behaviors so that they align with the organization's vision and objectives. Transformational leaders do not focus solely on achieving performance targets; rather, they also seek to build positive emotional relationships with employees. Through idealized influence, leaders act as role models who demonstrate integrity, consistency, and a strong commitment to organizational values, thereby fostering employees' respect and trust. The dimension of inspirational motivation is reflected in a leader's ability to communicate a clear, challenging, and meaningful vision to employees. A persuasively articulated vision can enhance work enthusiasm and provide clear direction in task execution. When employees understand the goals the organization seeks to achieve, they tend to develop stronger intrinsic motivation to contribute optimally. This indicates that transformational leadership plays a crucial role in shaping employees' work orientation (Fahlul Kristianto & Lahindah, 2025).

Furthermore, intellectual stimulation describes leaders' efforts to encourage employees to think critically, creatively, and innovatively. Transformational leaders provide opportunities for employees to express ideas, question existing work practices, and seek new solutions to organizational problems. A work environment that is open to new ways of thinking not only improves the quality of decision-making but also strengthens employees' self-confidence and engagement at work. The dimension of individualized consideration emphasizes leaders' concern for the needs, potential, and development of each employee. Transformational leaders act as mentors who provide personalized support, feedback, and development opportunities. This approach enables employees to feel valued as individuals rather than merely as task performers, thereby strengthening the psychological bond between employees and the organization (Putra et al., 2024).

Organizational Culture

Organizational culture refers to the system of shared values, norms, and beliefs held by organizational members that serves as a guide for behavior. It

functions as a framework that shapes patterns of interaction, ways of thinking, and employees' attitudes toward work. Core organizational values, such as professionalism, integrity, and performance orientation, form the foundation for building consistent work behaviors aligned with organizational goals. The aspects of norms and work rules within organizational culture play an important role in creating clarity regarding organizational expectations of employees. Consistently applied norms can enhance perceptions of fairness and job certainty. When employees understand the expected standards of behavior, they are more likely to adapt easily and work effectively. A clearly defined organizational culture also helps reduce conflict and role ambiguity within the organization (Arum et al., 2025).

Moreover, a culture of collaboration and open communication is a key indicator of a healthy organizational culture. A culture that encourages collaboration among employees and across work units strengthens organizational synergy. Employees who work in a collaborative environment tend to feel more engaged, as they have opportunities to contribute and learn from their colleagues. This positively affects the work atmosphere and the quality of performance outcomes. Organizational culture is also reflected in reward and recognition systems for employee performance. Organizations that fairly recognize achievements and individual contributions foster positive perceptions among employees. Rewards aligned with organizational values can reinforce desired work behaviors and enhance employee motivation and organizational commitment (Fachrurazi et al., 2022).

Employee Engagement

Employee engagement describes a positive psychological state characterized by employees' levels of energy, dedication, and involvement in their work. The vigor dimension reflects employees' enthusiasm, resilience, and energy in performing their tasks. Employees with high levels of vigor tend to demonstrate consistent work effort and are less likely to give up when facing work pressure or challenges (Kahfi et al., 2022). The dedication dimension relates to the sense of pride, enthusiasm, and meaning employees derive from their work. Highly dedicated employees perceive their work as important and valuable rather than merely an obligation. This sense of dedication encourages employees to work with strong commitment and to take responsibility for the outcomes they produce (Fauzan et al., 2025).

Meanwhile, absorption refers to the level of concentration and involvement in work that makes it difficult for employees to disengage from work activities. Employees experiencing absorption typically feel that time passes quickly while working and enjoy the work process itself. This condition reflects strong cognitive involvement and serves as an important indicator of high employee engagement.

Employee Performance

Employee performance represents the work outcomes achieved by individuals in accordance with the tasks and responsibilities assigned by the organization. From a quantitative perspective, performance is measured by the volume of work completed within a given period. Employees with high quantitative performance are able to complete tasks in line with predetermined targets (Ramadhi et al., 2023).

From a qualitative perspective, employee performance reflects the level of accuracy, precision, and conformity of work outcomes with organizational standards. High-quality performance indicates employees' ability to perform tasks professionally and responsibly. Timeliness is also an important indicator, reflecting employees' discipline and effectiveness in managing their work (Park et al., 2022).

Aspects of cooperation and responsibility are also integral to employee performance assessment. Employees who collaborate effectively, communicate well, and demonstrate initiative in completing tasks exhibit comprehensive performance. Thus, employee performance is assessed not only based on final results but also on the processes and work behaviors demonstrated during task execution (Chaudhary & Sisodia, 2022).

METHODS

This study employs a quantitative approach with an explanatory research design aimed at explaining the causal relationships between transformational leadership and organizational culture and employee performance, with employee engagement serving as a mediating variable. The quantitative approach was selected because it enables objective hypothesis testing through the measurement of research variables using numerical data. Through this approach, both direct and indirect effects among variables can be systematically analyzed based on the conceptual framework that has been formulated.

The object of this study comprises employees working in service and manufacturing sector organizations operating in the province of East Java. The selection of East Java as the research setting is based on the consideration that this province exhibits relatively high levels of economic and industrial activity, with diverse organizational characteristics, making it a relevant context for examining the dynamics of leadership, organizational culture, and employee engagement. The focus of the study is directed toward employees as the unit of analysis, as they are the parties who directly experience leadership practices and the prevailing organizational culture.

Research data were collected through the distribution of structured questionnaires administered online to respondents. The research instrument was designed to measure employees' perceptions of the transformational leadership style practiced by their supervisors, the organizational culture within the workplace, the level of employee engagement, and employee performance. Each item in the questionnaire was constructed using a five-point Likert scale, ranging from strongly disagree to strongly agree, to more accurately capture variations in respondents' attitudes and assessments of the research indicators.

The population of this study includes all employees working in organizations that constitute the research object in East Java. Given the limited access to the entire population, this study employs a sample as a representation of the population. The determination of sample size was conducted by considering data adequacy for quantitative analysis, thereby ensuring that the research findings possess a sufficient level of reliability to support empirical conclusions.

The sampling technique used in this study is purposive sampling, which involves selecting samples based on specific criteria relevant to the research objectives. The established criteria for respondents include employees who have

worked for a minimum of one year in the organization, have a direct supervisor, and are actively involved in the organization's operational activities. These criteria were applied to ensure that respondents possess sufficient experience to assess leadership practices, organizational culture, and levels of work engagement that influence their performance.

Conceptually, this study is grounded in transformational leadership theory, which emphasizes the role of leaders in inspiring and empowering employees, as well as organizational culture theory, which explains how organizational values and norms influence work behavior. In addition, the concept of employee engagement is employed to explain the psychological mechanisms linking organizational factors to employee performance. The integration of these three concepts forms the theoretical foundation used to formulate the relationships among variables in this study.

Based on this conceptual framework, the study tests several hypotheses reflecting both direct and indirect relationships among variables. The hypotheses are formulated to examine the effects of transformational leadership and organizational culture on employee performance, the effects of these two variables on employee engagement, and the role of employee engagement in mediating the effects of transformational leadership and organizational culture on employee performance. The formulation of these hypotheses aims to achieve a more comprehensive understanding of the mechanisms underlying improvements in employee performance within organizational contexts in East Java.

Variable Operationalization

Variable operationalization is conducted to translate theoretical concepts into indicators that can be empirically measured. The indicators for each variable in this study are adapted from relevant prior research and adjusted to the organizational context in East Java to ensure both conceptual and empirical validity.

Transformational leadership is measured through indicators reflecting leaders' role modeling, ability to provide inspirational motivation, encouragement of creative thinking, and individualized consideration of employees. Organizational culture is measured through indicators encompassing work values and norms, clarity of organizational rules, patterns of cooperation and communication, and systems of reward and recognition for performance. Employee engagement is measured through the dimensions of vigor, dedication to work, and full absorption in work activities. Meanwhile, employee performance is measured through indicators of the quantity and quality of work output, timeliness in task completion, and the ability to collaborate and demonstrate responsibility within teams.

Data Analysis Procedures

The data obtained from the questionnaires were processed and analyzed through several stages of statistical analysis. The initial stage of analysis was conducted to describe the characteristics of the research respondents, including age, gender, tenure, and field of work, in order to provide an overview of the profiles of employees in East Java who participated in the study.

The subsequent stage focused on evaluating the quality of the research instrument to ensure that each indicator consistently measures the research variables.

This testing was intended to confirm that the data used possess an adequate level of reliability prior to conducting analyses of relationships among variables.

After the instrument was deemed appropriate, the analysis proceeded to test the effects among variables in accordance with the research model. The analysis was conducted to identify the direct effects of transformational leadership and organizational culture on employee performance, as well as indirect effects through employee engagement as a mediating variable. Through these stages, the study is expected to explain the extent to which employee engagement strengthens the relationship between organizational factors and employee performance within the organizational context of East Java.

RESULTS AND DISCUSSION

Overview of Research Respondents

This study involved employees working in various organizations located in East Java Province as respondents. The selection of respondents was conducted using a purposive approach by considering specific characteristics to ensure that the data obtained were highly relevant to the research objectives. These criteria were established to ensure that respondents possessed sufficient work experience to meaningfully perceive leadership practices, organizational culture values, and levels of work engagement that influence their performance.

The selected respondents were active employees within formal organizational structures and had direct supervisors, enabling them to evaluate the transformational leadership style applied in their respective workplaces. In addition, respondents were expected to have worked for a certain period to ensure an adequate understanding of organizational culture and ongoing work dynamics.

Research Sample Criteria

The criteria for respondents in this study were formulated based on theoretical and empirical considerations related to the research variables. The detailed sample criteria are presented in Table 1 below.

Table 1. Research Sample Criteria

No.	Respondent Criteria	Description
1	Employment status	Active employees (permanent or contract)
2	Work location	Employed in organizations located in East Java Province
3	Length of service	Minimum of 1 year
4	Organizational structure	Having a direct supervisor
5	Work system	Involved in routine work activities and performance evaluations
6	Respondent willingness	Willing to complete the questionnaire fully

The minimum tenure of one year was determined on the grounds that employees at this stage generally have passed the initial adaptation phase and begun to understand leadership patterns as well as organizational culture values. Consequently, respondents' assessments of transformational leadership, organizational culture, and employee engagement were based on relatively stable work experiences.

Sample Size and Sampling Technique

A total of 85 respondents were successfully collected in this study, which was considered sufficient to meet the requirements of statistical analysis for examining the relationships among variables in the research model. The sampling technique employed was purposive sampling, as the study required respondents with specific characteristics relevant to the context of leadership and organizational performance. The purposive sampling approach was deemed appropriate because not all employees possess adequate experience and understanding to evaluate transformational leadership practices or organizational culture. Through criteria-based selection, the data obtained were expected to provide a more accurate empirical representation of the mechanisms through which independent variables influence employee performance via employee engagement.

Implications of Sample Criteria for Data Quality

The implementation of structured sample criteria had positive implications for the quality of the research data. Respondents who met the criteria had relevant work experience and direct involvement in organizational activities, enabling them to provide more objective and reflective assessments. This was evident from the consistency of respondents' answers and the minimal occurrence of irregular response patterns in the questionnaire. Given these respondent characteristics, the data obtained were considered representative of the empirical conditions of leadership, organizational culture, employee engagement, and employee performance in East Java. Therefore, the subsequent analysis is expected to provide meaningful contributions both theoretically and practically.

Validity Test

Table 2. Validity Test

Indicators	r count	Sig.	r Table $\alpha = 0.05$	Information
X1.1	0.867	0.00	0.177	Valid
X1.2	0.780	0.00	0.177	Valid
X1.3	0.883	0.00	0.177	Valid
X1.4	0.791	0.00	0.177	Valid
X1.5	0.860	0.00	0.177	Valid
X2.1	0.780	0.00	0.177	Valid
X2.2	0.863	0.00	0.177	Valid

X2.3	0.839	0.00	0.177	Valid
X2.4	0.830	0.00	0.177	Valid
X2.5	0.828	0.00	0.177	Valid
X3.1	0.833	0.00	0.177	Valid
X3.2	0.794	0.00	0.177	Valid
X3.3	0.873	0.00	0.177	Valid
X3.4	0.747	0.00	0.177	Valid
X3.5	0.815	0.00	0.177	Valid
Y.1	0.846	0.00	0.177	Valid
Y.2	0.775	0.00	0.177	Valid
Y.3	0.873	0.00	0.177	Valid
Y.4	0.897	0.00	0.177	Valid
Y.5	0.787	0.00	0.177	Valid

The results of the validity testing presented in Table 2 indicate that all questionnaire items employed in this study meet the validity criteria. Each indicator of Transformational Leadership (X1), Organizational Culture (X2), Employee Engagement (X3), and Employee Performance (Y) exhibits a correlation coefficient (r count) greater than the critical r -table value of 0.177 at the 5 percent significance level. In addition, all items demonstrate a significance value of 0.00, which is below the acceptable threshold of 0.05.

These findings indicate a strong and positive relationship between each indicator and the construct it measures. In other words, each item is able to adequately represent the theoretical concept underlying the research variables. This condition reflects the consistency of respondents' answers across indicators, suggesting that the data accurately capture the phenomena under investigation.

Furthermore, the validity test results provide strong empirical evidence that the research instrument was appropriately designed and aligned with the measurement objectives. The absence of any invalid items indicates that all statements in the questionnaire are relevant and clearly understood by respondents. Therefore, the instrument is deemed suitable for subsequent stages of analysis, including inter-variable relationship testing and overall hypothesis testing.

Reliability Test

Table 3. Reliability Test

Variable	Cronbach's Alpha (α)	Information
Transformational Leadership (X1)	0.892	Reliable
Organizational Culture (X2)	0.885	Reliable
Employee Engagement (X3)	0.870	Reliable
Employee Performance (Y)	0.893	Reliable

Based on the reliability test results presented in Table 3, all variables in this study demonstrate an adequate level of instrument reliability. This is evidenced by the Cronbach's Alpha values for each variable, all of which exceed the minimum threshold of 0.70. Accordingly, the instrument is considered to have good internal consistency in measuring the constructs under study.

The Transformational Leadership variable yields a Cronbach's Alpha of 0.892, while Organizational Culture records a value of 0.885. These values indicate strong inter-item correlations and consistent measurement of the same underlying concepts. A similar pattern is observed for Employee Engagement and Employee Performance, with Cronbach's Alpha values of 0.870 and 0.893, respectively, reflecting relatively stable responses across all indicators.

Overall, the reliability test results confirm that the research instrument has a high degree of dependability and can be used repeatedly without producing significant measurement discrepancies. Consequently, the questionnaire data can be considered reliable and appropriate for further analyses, including regression analysis and hypothesis testing. The robustness of the instrument also reinforces confidence that the research findings accurately reflect empirical conditions.

Multiple Linear Regression Analysis

Table 4. Results of Multiple Linear Regression Analysis

	Type	Unstandardized Coefficients		Std Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	12.602	3.617		3.484	.001
1	X1	-.037	.105	-.038	-.357	.722
	X2	.234	.111	.226	2.104	.038
	X3	.143	.115	.134	1.250	.215

The multiple linear regression analysis presented in Table 4 was conducted to examine the direction and magnitude of the effects of Transformational Leadership (X1), Organizational Culture (X2), and Employee Engagement (X3) on Employee Performance (Y). This analysis also illustrates the relative contribution of each independent variable in explaining variations in the dependent variable while controlling for the others.

Based on the unstandardized coefficients, the constant is 12.602, indicating that when Transformational Leadership, Organizational Culture, and Employee Engagement are assumed to be zero, Employee Performance retains a baseline value of 12.602. This constant suggests the presence of other factors outside the research model that also influence employee performance.

Transformational Leadership (X1) has a regression coefficient of -0.037 with a significance value of 0.722. Although the coefficient indicates a negative relationship,

the effect is not statistically significant because the significance value exceeds 0.05. Thus, changes in Transformational Leadership are not proven to have a meaningful effect on Employee Performance within this regression model.

Organizational Culture (X₂) exhibits a positive regression coefficient of 0.234 with a significance value of 0.038, indicating a positive and statistically significant effect on Employee Performance. This finding implies that improvements in organizational culture tend to be followed by increases in employee performance, assuming other variables remain constant.

Meanwhile, Employee Engagement (X₃) shows a regression coefficient of 0.143 with a significance value of 0.215. Although the relationship is positive, the effect is not statistically significant. This suggests that employee engagement has not yet become a key determinant in explaining variations in employee performance within the context of this study. Based on these coefficients, the multiple linear regression equation is formulated as follows:

$$Y = 12.602 - 0.037X_1 + 0.234X_2 + 0.143X_3 + e$$

The equation indicates that Organizational Culture is the variable making the most substantial contribution to Employee Performance compared to the other variables. This finding implies that strengthening organizational values, norms, and practices plays a more dominant role in enhancing employee performance than transformational leadership and employee engagement within the research model.

Coefficient of Determination (R²)

Table 5. Results of the Coefficient of Determination

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.261	0.068	0.034	2.681

The coefficient of determination results presented in Table 5 show an Adjusted R Square value of 0.034. This indicates that the combined variables of Transformational Leadership, Organizational Culture, and Employee Engagement explain only a small proportion of the variance in Employee Performance. Specifically, these variables jointly account for 3.4 percent of the variation in employee performance, while the remaining variance is influenced by other factors not included in the research model.

The relatively low coefficient of determination suggests that employee performance is a complex phenomenon influenced by various other aspects, such as reward systems, workload, work environment, and individual employee characteristics. Nevertheless, the R² value provides important insight into the

model's limitations and highlights opportunities for future research to develop more comprehensive models by incorporating additional relevant variables.

F-Test

Table 6. Results of the F-Test

	Type	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.688	3	14.229	1.979	.124 ^b
	Residual	582.323	81	7.189		
	Total	625.012	84			

Based on the results of the F-test presented in Table 6, the significance value obtained is 0.124, which exceeds the significance threshold of 0.05. This finding indicates that, simultaneously, Transformational Leadership, Organizational Culture, and Employee Engagement do not have a statistically significant effect on Employee Performance. In other words, the three independent variables are not able to jointly explain variations in employee performance within the regression model employed.

These results also suggest that the relationships among the examined variables are not sufficiently strong when tested collectively. This condition is consistent with the relatively low coefficient of determination obtained previously. Therefore, although certain variables may exert a partial influence, the overall regression model cannot yet be considered robust in explaining variations in employee performance.

T-Test

Table 7. Results of the t-Test

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	
	B	Std. Error				
1	(Constant)	12.602	3.617	3.484	.001	
	X1	-.037	.105	-.357	.722	
	X2	.234	.111	.226	2.104	.038
	X3	.143	.115	.134	1.250	.215

The t-test results shown in Table 7 are used to assess the partial effect of each independent variable on Employee Performance. This analysis provides a more detailed understanding of the role of each variable within the established regression model.

Based on the test results, Transformational Leadership exhibits a significance value of 0.722, which is greater than the 0.05 significance level. Accordingly, Transformational Leadership is not proven to have a significant effect on Employee Performance. This finding indicates that transformational leadership practices in the context of this study have not been able to directly enhance employee performance.

In contrast, Organizational Culture shows a significance value of 0.038, which is below the 0.05 threshold. This result indicates that Organizational Culture has a positive and significant effect on Employee Performance. Therefore, the hypothesis stating that Organizational Culture influences Employee Performance is accepted. This finding underscores the importance of organizational values, norms, and shared practices in shaping employee work behavior and performance outcomes.

Meanwhile, Employee Engagement yields a significance value of 0.215, which exceeds 0.05. This result suggests that the level of employee engagement does not have a significant effect on Employee Performance within the research model. Consequently, the hypothesis related to the direct influence of Employee Engagement on performance cannot be empirically supported.

Overall, based on the t-test results, it can be concluded that among the three hypotheses of direct effects examined, only one hypothesis is supported by the empirical data, namely the effect of Organizational Culture on Employee Performance. The other hypotheses do not receive statistical support. These findings imply that efforts to improve employee performance in the context of this study are more effectively directed toward strengthening organizational culture rather than focusing primarily on transformational leadership or individual employee engagement.

Discussion

This study aims to examine the effect of Transformational Leadership and Organizational Culture on Employee Performance, both directly and through the mediating role of Employee Engagement. Based on the results of data analysis, the findings indicate that not all relationships formulated in the research hypotheses can be empirically supported. This condition illustrates that the dynamics of employee performance are complex and do not always follow linear relationships as assumed in the initial conceptual framework.

The results show that Transformational Leadership does not have a significant effect on Employee Performance. This finding suggests that the transformational leadership style applied within the organizational context under study has not been able to directly drive improvements in employee performance. Theoretically, transformational leadership is often associated with leaders' ability to provide inspiration, motivation, and a long-term vision to employees. However, in practice, the effectiveness of this leadership style is highly dependent on the organizational context, employee characteristics, and the prevailing work culture.

These results are consistent with prior research by Jayanto & Basbeth (2021), which found that transformational leadership does not always exert a direct influence on performance, particularly when employees are more strongly affected by structural factors and operational work systems. Under certain conditions, employees tend to be more responsive to work regulations, performance appraisal systems, and role clarity than to visionary leadership approaches. Therefore, the

insignificance of transformational leadership in this study can be understood as a reflection of an organizational context that places greater emphasis on procedural rather than relational aspects.

In contrast to transformational leadership, Organizational Culture is proven to have a positive and significant effect on Employee Performance. This finding indicates that the values, norms, and habitual practices prevailing within an organization play a crucial role in shaping employees' work behavior. A strong and consistent organizational culture is able to create a conducive work environment, enhance employees' sense of belonging to the organization, and encourage them to perform optimally.

This result supports the perspective of previous researchers such as Indradewa & Santiajie (2024), who emphasized that organizational culture constitutes a fundamental foundation for building sustainable employee performance. A culture that emphasizes discipline, collaboration, and results orientation tends to encourage employees to align their work behavior with organizational expectations. In the context of this study, organizational culture appears to be more directly perceived by employees than leadership influence, thereby exerting a more tangible impact on performance.

Furthermore, the findings also indicate that Employee Engagement does not have a significant effect on Employee Performance. This result is noteworthy, given that conceptually employee engagement is often regarded as a key factor in enhancing performance. Employee engagement is typically associated with work enthusiasm, dedication, and emotional involvement in one's job. However, in this study, such levels of engagement have not been sufficiently translated into measurable improvements in performance.

Research conducted by Mayangsari (2022) likewise suggests that employee engagement does not always have a direct impact on performance, particularly when organizations have not provided adequate supporting systems. Employees who feel engaged with their work may not necessarily demonstrate optimal performance when faced with limited resources, imbalanced workloads, or performance appraisal systems that lack objectivity. Therefore, the findings of this study reinforce the view that employee engagement functions more as a supporting factor that requires certain organizational conditions in order to contribute meaningfully to performance outcomes.

Moreover, the results of the simultaneous test indicate that Transformational Leadership, Organizational Culture, and Employee Engagement collectively do not have a significant effect on Employee Performance. This finding reflects the limited explanatory power of the research model in accounting for variations in employee performance, as indicated by a relatively low coefficient of determination. This condition suggests the presence of other factors outside the research model that exert a more dominant influence on employee performance.

Previous studies have highlighted the roles of compensation, job satisfaction, the physical work environment, and workload as key determinants of performance. The exclusion of these variables from the present research model may partly explain why the simultaneous effects of the examined variables are not significant. Thus, the findings of this study do not negate the roles of leadership, organizational culture, and employee engagement, but rather indicate that they are not the sole determinants of employee performance.

With regard to mediation testing, this study finds no empirical evidence that Employee Engagement mediates the effects of Transformational Leadership and Organizational Culture on Employee Performance. The absence of a mediating effect may be attributed to the weak direct influence of the independent variables on employee engagement, as well as the weak influence of employee engagement on performance. In this context, employee engagement has not functioned as a psychological mechanism that bridges the relationship between leadership and organizational culture and employee performance.

This finding is in line with the study by Nugroho (2023), which states that the mediating role of employee engagement is highly contextual. In organizations with well-established work systems and strong cultures, employee engagement tends to be a consequence rather than a primary linking mechanism that drives performance. In other words, employees may still demonstrate good performance due to systemic demands and work culture, even when their level of emotional engagement is not particularly high.

Overall, the results of this study provide an understanding that improvements in employee performance cannot be separated from the broader organizational context. Organizational culture is shown to be the most consistent factor influencing performance, while transformational leadership and employee engagement require the support of other factors for their effects to be meaningfully realized. These findings contribute empirically by demonstrating that relationships among variables often assumed to be universal may yield different results when tested within specific organizational contexts.

The implications of this study underscore the importance for organizations to not only focus on developing leadership styles or enhancing individual employee engagement, but also to strengthen organizational culture as a collective framework. For future research, it is recommended to develop more comprehensive models by incorporating additional relevant variables and to consider alternative methodological approaches in order to capture the complexity of employee behavior more holistically.

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that Transformational Leadership does not have a significant effect on Employee

Performance. This finding indicates that the leadership style has not been able to directly enhance employee performance within the organizational context examined.

Organizational Culture is proven to have a positive and significant effect on Employee Performance. This confirms that the values, norms, and work practices embedded within the organization play a crucial role in encouraging improvements in employee performance. Employee Engagement does not have a significant effect on Employee Performance, suggesting that the level of employee engagement has not yet become a key determinant in performance enhancement. Furthermore, Employee Engagement is not proven to mediate the influence of Transformational Leadership and Organizational Culture on Employee Performance.

Simultaneously, Transformational Leadership, Organizational Culture, and Employee Engagement do not have a significant effect on Employee Performance. This indicates that employee performance is influenced by other factors outside the research model. Therefore, it can be concluded that Organizational Culture is the most dominant variable influencing Employee Performance in this study, while the other variables require additional supporting factors to exert a significant impact.

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