

The Effect of Transformational Leadership and Organizational Culture on Organizational Performance with Employee Engagement Mediation

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ABSTRACT

This study investigates the influence of transformational leadership and organizational culture on organizational performance with employee engagement as a mediating variable. Using a quantitative approach, data were collected from 190 respondents through a structured questionnaire employing a five-point Likert scale. The data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS 3). The results indicate that organizational culture has the strongest positive and significant effect on organizational performance, followed by transformational leadership. Furthermore, organizational performance significantly influences employee engagement, highlighting its role as a driver of employee commitment and motivation. The R^2 values demonstrate that the model explains 84.0% of the variance in organizational performance and 62.5% of the variance in employee engagement, suggesting strong explanatory power. These findings emphasize the importance of embedding strong cultural values and transformational leadership behaviors to enhance organizational performance and foster employee engagement.

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1. INTRODUCTION

Organizational performance has become a central theme in management research, as it reflects the overall effectiveness of organizations in achieving their strategic objectives and sustaining competitive advantage. In today's rapidly changing business environment, organizations are challenged to improve performance not only through technological advancement and structural adjustments, but also by strengthening human capital and leadership practices. Leadership and organizational

culture are considered two of the most critical factors that shape employee behaviors, work attitudes, and ultimately organizational performance. Organizational performance is significantly influenced by leadership and organizational culture, which are pivotal in shaping employee behaviors and work attitudes. These elements are crucial for achieving strategic objectives and maintaining a competitive edge in a dynamic business environment, with leadership styles—particularly transformational leadership—and a well-defined

organizational culture serving as instrumental in enhancing employee performance and organizational success. Organizational culture itself is a critical determinant of performance, influencing stability, competitiveness, and innovation, where a strong and adaptive culture aligns with strategic goals, enhances employee satisfaction, fosters innovation, and supports long-term success, thereby becoming a sustainable competitive advantage [1], [2]. Similarly, transformational leadership significantly impacts employee performance by motivating staff to achieve organizational goals and fostering a culture that promotes shared values, innovation, and sustainability, thus contributing directly to organizational success [3], [4]. The interconnection between leadership and culture is equally critical, as their coordination enhances organizational performance and ensures adaptability to market conditions, such as competition and organizational age [5]. Ultimately, the synergy between supportive organizational culture and adaptive leadership style establishes a robust framework for achieving unified organizational objectives, where leadership plays a central role in actualizing a culture conducive to organizational success [4].

Transformational leadership, characterized by vision, inspiration, intellectual stimulation, and individualized consideration, has been widely recognized as a leadership style that drives positive change within organizations. Leaders who implement transformational practices are able to build trust, motivate employees beyond personal interests, and align individual goals with organizational objectives. Numerous studies have shown that transformational leadership positively impacts employee engagement, innovation, and overall organizational outcomes. This leadership style significantly enhances organizational performance by fostering innovation, strengthening engagement, and creating alignment between personal and organizational goals. Transformational leaders are also adept at creating cohesive and resilient work environments by inspiring and

intellectually stimulating employees. Moreover, transformational leadership plays a vital role in promoting organizational innovation by enhancing social collaboration and influencing corporate culture, as evidenced by companies such as Tesla, Apple, and Amazon, which have demonstrated significant improvements in both financial and innovative performance under transformational leadership [6], and by encouraging creativity and adaptability through inspiration and intellectual stimulation [7]. In addition, transformational leadership shapes corporate culture by promoting values such as innovation, commitment, and adaptability, proving to be effective in diverse cultural contexts by adapting to specific environmental characteristics to maximize effectiveness [8]. Dimensions such as idealized influence and inspirational motivation have been shown to positively impact organizational values and change orientation [8]. Furthermore, by aligning personal values with organizational goals, transformational leaders enhance employee motivation and engagement, which in turn improves job satisfaction and organizational adaptability [9], while also fostering an environment where employees are encouraged to make decisions and embrace change, thereby strengthening overall organizational effectiveness [7], [9].

In addition, organizational culture plays an equally significant role in driving performance, as it reflects shared values, norms, and practices that guide employee behavior and decision-making processes. A supportive culture fosters collaboration, adaptability, and a commitment to excellence, which in turn enhance employee productivity and organizational success. The interaction between leadership and organizational culture creates a synergistic effect that contributes to organizational sustainability and competitiveness, as leadership styles can either reinforce or undermine cultural values, thereby directly influencing performance. Organizational culture significantly impacts job satisfaction, reduces turnover, and aligns employees with strategic objectives, ultimately improving overall performance

[10]. A strong culture promotes operational efficiency, innovation, and resilience, whereas a dysfunctional culture can constrain productivity and growth [11]. Cultural dimensions also affect stability, competitiveness, and performance orientation [1]. Leadership plays a pivotal role in cultivating a culture that supports shared goals and values, requiring adaptability in communication styles to align with follower characteristics [4]. Transformational leadership, in particular, strengthens organizational cohesion and performance by inspiring and motivating employees [11], while effective leadership more broadly fosters healthy corporate culture, employee satisfaction, and commitment, which together drive organizational success [12]. Nonetheless, challenges such as resistance to change and inconsistencies in values remain critical considerations, and must be addressed through effective leadership, as research on the link between corporate culture and performance continues to highlight unexplored cultural variables [10], [12].

Employee engagement has emerged as a crucial mediating factor in the relationship between transformational leadership, organizational culture, and employee performance, particularly in emerging economies, as engaged employees are emotionally committed, motivated to contribute, and willing to exert discretionary effort to achieve organizational goals. Previous research highlights that both transformational leadership and organizational culture significantly influence engagement, which in turn leads to improved organizational performance, although the mediating role of engagement remains underexplored in many empirical studies. Transformational leadership has been shown to positively influence employee engagement, which subsequently enhances performance, with findings in the Malaysian public sector indicating that engagement fully mediates the relationship between transformational leadership and performance, emphasizing the critical role of inspiring and motivating leadership styles [13], while in the Chinese hospitality sector, engagement partially

mediates this relationship, suggesting that other contextual factors also contribute to performance outcomes [14]. Similarly, organizational culture exerts a significant influence on employee engagement and performance, as a positive culture fosters higher engagement that directly and indirectly improves employee outcomes [15]. In Indonesian universities, organizational culture significantly affects organizational commitment, which mediates its impact on performance, thereby underscoring the importance of a supportive culture in driving engagement and organizational success [16], [17]. Overall, employee engagement serves as a pivotal mediator, reinforcing the importance of cultivating engagement to fully leverage the benefits of transformational leadership and positive organizational culture in enhancing performance [13], [15].

This study aims to examine the influence of transformational leadership and organizational culture on organizational performance, with employee engagement serving as a mediating variable, using a quantitative approach with data collected from 190 respondents through a five-point Likert scale and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3), which enables the evaluation of both direct and indirect effects. The main contribution of this research is to provide empirical evidence on how leadership, culture, and engagement interact to drive organizational performance, with findings expected to offer valuable insights for academics and practitioners in formulating strategies that enhance employee involvement, strengthen organizational culture, and achieve sustainable performance outcomes.

2. LITERATURE REVIEW

2.1 Transformational Leadership

Transformational leadership is a leadership style that significantly enhances employee performance, motivation, and organizational success, characterized by four key dimensions: idealized influence, inspirational motivation, intellectual

stimulation, and individualized consideration. Transformational leaders inspire and empower employees, fostering a motivated and high-performing workforce while promoting trust, satisfaction, and improved organizational outcomes. Empirical evidence shows a strong positive correlation between transformational leadership and employee performance, as leaders who demonstrate charisma, articulate a compelling vision, and provide individualized support can substantially improve employee outcomes [18], [19]. Moreover, transformational leadership shapes organizational culture by promoting innovation, commitment, and adaptability, positively influencing values and fostering a culture oriented toward change, though its effectiveness may vary across cultural and sectoral contexts, requiring careful adaptation [8]. In addition, transformational leaders strengthen employee motivation by clearly communicating vision and providing both emotional and intellectual support, thereby enhancing intrinsic motivation and building a collaborative work environment that drives higher performance [20].

2.2 Organizational Culture

Organizational culture significantly influences employee behavior and organizational performance by shaping shared values, beliefs, and norms, with the classification of culture into clan, adhocracy, market, and hierarchy types, as proposed by Cameron and Quinn, providing a useful framework for understanding these impacts. Empirical research indicates that supportive and adaptive cultures enhance teamwork, creativity, and performance outcomes, with adhocracy culture—characterized by flexibility and innovation—positively impacting performance by fostering creativity, adaptability, and a learning environment where employees are motivated to innovate and take risks, thereby improving financial and market performance [21], [22]. Market culture, which emphasizes competition and goal achievement, also positively influences performance by promoting a competitive spirit that enhances employees' ability to respond to external

changes and achieve organizational objectives [21], [22]. In contrast, clan culture, though supportive and stability-oriented, does not significantly enhance performance in competitive environments, as its focus on cohesion may hinder innovation and responsiveness to external shifts [21], [22]. Similarly, hierarchy culture, with its emphasis on control and formal structures, tends to negatively impact performance by stifling innovation and flexibility, often leading to rigid communication channels and weak responsiveness to market dynamics [21], [22].

2.3 Employee Engagement

Employee engagement is a multifaceted concept that plays a crucial role in enhancing organizational performance by fostering higher productivity, reducing turnover, and strengthening organizational commitment, with Kahn's foundational definition of engagement as the harnessing of employees' physical, cognitive, and emotional selves to their work roles remaining central to understanding this construct [23], [24]. Research indicates that leadership style and organizational culture are significant determinants of employee engagement, which in turn mediates the relationship between these factors and organizational outcomes [25], [26]. Several key drivers shape engagement, including job characteristics that align with employees' skills and interests, transformational leadership that inspires and motivates employees, and supportive organizational cultures that foster belonging and commitment [23], [25]. In addition, development opportunities for growth and learning, as well as rewards and recognition for contributions, play vital roles in sustaining engagement [23]. The outcomes of employee engagement are substantial, encompassing increased productivity, lower turnover intentions, and enhanced innovation that drives business growth [23], [26]. To support these outcomes, organizations employ various approaches to measuring engagement, including surveys and performance metrics, which serve as essential tools for evaluating and refining engagement strategies [26].

2.4 Organizational Performance

Organizational performance is a multifaceted construct that includes both financial and non-financial indicators, shaped by leadership practices, organizational culture, and employee engagement, with their integration being crucial for achieving strategic objectives sustainably. Financial indicators such as profitability and return on investment reflect economic efficiency [27], while non-financial indicators like employee satisfaction, innovation, and customer loyalty provide a broader view of long-term effectiveness [27], [28], making a combined approach essential [28]. Transformational leadership enhances performance by inspiring motivation and innovation [29], with transformational and servant leadership styles fostering engaging environments that drive superior results [30]. Leadership also shapes culture and motivation, supporting high performance and strategic success [30]. A positive culture promotes collaboration, innovation, and learning, boosting engagement and productivity, while synergy between leadership and culture amplifies performance and commitment [29]. Moreover, employee engagement acts as a key mediator between leadership and performance, as engaged employees contribute more to innovation and organizational success [30].

2.5 Transformational Leadership and Organizational Performance

Transformational leadership has been consistently linked to enhanced organizational performance and employee motivation, as this style—characterized by inspiring and motivating employees—fosters a positive work environment that encourages innovation, collaboration, and productivity. Transformational leaders effectively communicate a clear vision that inspires employees to perform better, while also making them feel appreciated and intrinsically motivated to contribute to organizational success [20]. This leadership style is strongly associated with increased job satisfaction and performance across different sectors. Empirical evidence also demonstrates its significant positive impact on

organizational outcomes, including innovation, creativity, and overall productivity [20], [31], with systematic reviews confirming its consistent role in improving employee and organizational performance over time [32]. Moreover, the impact of transformational leadership is evident across diverse organizational settings, highlighting its broad applicability and effectiveness [33], particularly in dynamic environments that demand adaptability and innovation, where employees are encouraged to exceed expectations [19].

2.6 Organizational Culture and Organizational Performance

Organizational culture is a pivotal factor in shaping performance by fostering a shared sense of purpose and guiding employee behavior, with research showing that organizations with strong and adaptive cultures consistently outperform those with weak or misaligned ones. A culture that emphasizes learning, innovation, and collaboration can significantly enhance outcomes and ensure long-term sustainability, particularly when aligned with strategic goals to improve employee performance, satisfaction, and competitiveness [2], [4]. Leadership plays a crucial role in implementing and sustaining culture, acting as a vehicle for embedding shared values and goals that are essential for achieving organizational objectives [4]. Empirical evidence underscores that culture directly impacts employee performance, contributing to 26.6% of performance outcomes in a government institution [34], while employees who align with core organizational values enhance their performance and drive strategic success [35]. Moreover, a positive and adaptive culture supports resilience and serves as a sustainable source of competitive differentiation [2], with robust cultures further strengthening workforce performance and ensuring long-term viability [35].

2.7 Conceptual Framework and Hypotheses Development

Based on the literature, the conceptual framework of this study proposes that transformational leadership and

organizational culture positively influence organizational performance, both directly and indirectly, through employee engagement.

Accordingly, the following hypotheses are developed:

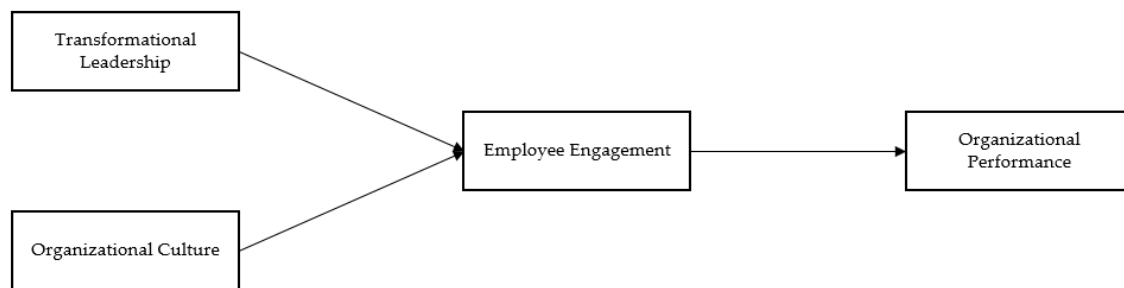


Figure 1. Conceptual Framework

3. METHODS

3.1 Research Design

This study employed a quantitative research design to analyze the influence of transformational leadership and organizational culture on organizational performance, with employee engagement as a mediating variable. The design was chosen to allow for empirical testing of hypotheses and to establish causal relationships among the variables. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3), which is suitable for complex models involving latent constructs and mediation effects.

3.2 Population and Sample

The population of this study consisted of employees working in organizational settings relevant to the research context. A total of 190 respondents were selected as the sample using purposive sampling, with the criteria that respondents had at least one year of work experience in their respective organizations and were actively involved in daily operational activities. The sample size exceeded the minimum requirement suggested by Hair et al. (2019) for SEM-PLS analysis, thereby ensuring statistical power and reliability.

3.3 Data Collection

Data were collected using a structured questionnaire distributed directly and electronically to respondents. The questionnaire was designed based on established measurement indicators adapted

from previous studies. Responses were recorded on a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree, to capture the degree of respondents' perceptions regarding each construct.

3.4 Measurement of Variables

The variables in this study were operationalized as follows: Transformational Leadership (X1) was measured using indicators adapted from Bass & Avolio (1995), including idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration; Organizational Culture (X2) was measured using indicators from Denison (1990) and Cameron & Quinn (2011), covering values, norms, teamwork, adaptability, and goal orientation; Employee Engagement (M) was measured using indicators based on Kahn (1990) and Schaufeli et al. (2002), encompassing vigor, dedication, and absorption; and Organizational Performance (Y) was measured using both financial and non-financial indicators adapted from Richard et al. (2009), including effectiveness, efficiency, innovation, and employee productivity. Each construct was assessed with multiple items to ensure validity and reliability in capturing the latent variables.

3.5 Data Analysis

Data analysis was conducted using SEM-PLS version 3 through two main stages: the Measurement Model (Outer Model) evaluation and the Structural Model (Inner Model) evaluation. In the first stage, the reliability and validity of the constructs were

tested, where convergent validity was assessed through factor loadings and Average Variance Extracted (AVE), while discriminant validity was examined using the Fornell-Larcker criterion and cross-loadings; construct reliability was further confirmed with Cronbach's alpha and composite reliability. In the second stage, the relationships among variables and research hypotheses were evaluated by analyzing path coefficients, R-square values, and effect sizes (f^2) to determine the strength of relationships. The significance of hypotheses was tested using the bootstrapping method with a t-statistic threshold of > 1.96 at the 5% significance level, while the mediating role of employee engagement was examined through indirect effect analysis.

4. RESULTS AND DISCUSSION

4.1 Descriptive Analysis

Descriptive analysis was conducted to provide an overview of the respondents' demographic characteristics and their perceptions of the research variables, namely transformational leadership, organizational culture, employee engagement, and organizational performance. Out of the 190 respondents, the demographic breakdown showed that 52% were male and 48% were female, indicating a balanced representation of gender in the sample. In terms of age, the majority (62%) were between 25–40 years old, 24% were above 40 years, and 14% were below 25 years. Regarding education, most respondents (71%) held a bachelor's degree, followed by 19% with a diploma and 10% with a postgraduate degree. Work experience

varied, with 58% having more than three years of service, 27% between one to three years, and 15% with less than one year, suggesting that most respondents had sufficient experience to assess organizational practices.

The descriptive statistics for the four main constructs are summarized as follows: Transformational Leadership (X1) had a mean score of 3.92 with a standard deviation of 0.61, indicating that employees generally agreed their leaders displayed transformational characteristics such as vision, motivation, and support. Organizational Culture (X2) obtained a mean score of 3.85 with a standard deviation of 0.65, reflecting that respondent perceived their organizational culture as supportive, collaborative, and adaptable. Employee Engagement (M) showed a mean score of 3.88 with a standard deviation of 0.59, suggesting that employees felt moderately to highly engaged in their work, demonstrating vigor, dedication, and absorption. Finally, Organizational Performance (Y) recorded a mean score of 3.95 with a standard deviation of 0.63, showing that employees evaluated their organization's performance positively, both in terms of efficiency and innovation.

4.2 Measurement Model Evaluation (Outer Model)

The outer model evaluation was conducted to assess the validity and reliability of the measurement indicators for each latent variable: transformational leadership, organizational culture, employee engagement, and organizational performance. Three criteria were considered: convergent validity, construct reliability, and discriminant validity.

Table 1. Measurement Model

Variable	Code	Loading Factor	CA	CR	AVE
Transformational Leadership	TL.1	0.843	0.9	0.926	0.717
	TL.2	0.924			
	TL.3	0.897			
	TL.4	0.821			
	TL.5	0.743			
Organizational Culture	OC.1	0.866	0.858	0.898	0.638
	OC.2	0.836			
	OC.3	0.786			

	OC.4	0.761			
	OC.5	0.737			
Employee Engagement	EE.1	0.738	0.852	0.919	0.694
	EE.2	0.843			
	EE.3	0.882			
	EE.4	0.865			
Organizational Performance	OP.1	0.883	0.873	0.909	0.667
	OP.2	0.859			
	OP.3	0.734			
	OP.4	0.827			
	OP.5	0.775			

Convergent validity was evaluated using the loading factor of each indicator and the Average Variance Extracted (AVE) of each construct. The results showed that all indicators had loading factors greater than the recommended threshold of 0.70, ranging from 0.734 to 0.924, indicating that the items strongly represented their respective constructs. The AVE values were between 0.638 and 0.717, exceeding the minimum criterion of 0.50, thereby confirming that the constructs explained more than half of the variance of their indicators. Construct reliability was also assessed using Cronbach's Alpha (CA) and Composite Reliability (CR), with CA values ranging from 0.852 to 0.900 and CR values ranging from 0.898 to 0.926, all above the minimum threshold of 0.70, which

indicates that all constructs demonstrated high internal consistency and reliability for further analysis.

Discriminant validity, which reflects the extent to which constructs are truly distinct from one another, was tested using the Fornell-Larcker criterion. This method compares the square root of the Average Variance Extracted (AVE) of each construct with its correlations with other constructs, requiring the square root of AVE (diagonal values) to be greater than the correlations between the construct and others (off-diagonal values). The results confirmed that the criterion was satisfied, thereby demonstrating that the constructs in this study were empirically distinct and valid for further model evaluation.

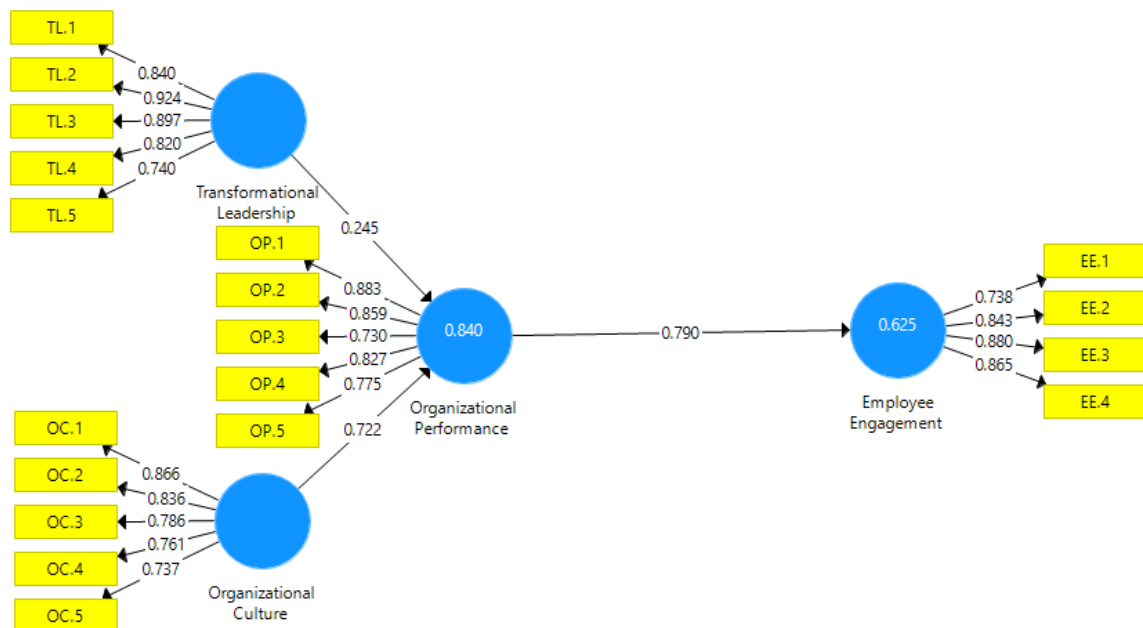
Table 2. Discriminant Validity

	Employee Engagement	Organizational Culture	Organizational Performance	Transformational Leadership
Employee Engagement	0.833			
Organizational Culture	0.788	0.799		
Organizational Performance	0.795	0.601	0.817	
Transformational Leadership	0.781	0.731	0.773	0.847

The interpretation of the Fornell-Larcker criterion results shows that the square root of the AVE values (bold diagonal) for Employee Engagement (0.833), Organizational Culture (0.799), Organizational Performance (0.817), and Transformational Leadership (0.847) are all greater than the correlations with other constructs in their respective rows and columns. For instance, the square root of AVE

for Employee Engagement (0.833) is higher than its correlations with Organizational Culture (0.788), Organizational Performance (0.795), and Transformational Leadership (0.781), while Transformational Leadership (0.847) also exceeds its correlations with other constructs, which range from 0.731 to 0.781. These findings confirm that each construct possesses adequate discriminant validity and

measures a unique concept, clearly distinct from the other variables in the model.



The R-Square (R^2) results indicate that the model has strong explanatory power for both employee engagement and organizational performance. Employee Engagement ($R^2 = 0.625$) shows that 62.5% of its variance is explained by transformational leadership and organizational culture, with the adjusted R^2 of 0.621 confirming the model's stability and reflecting moderate to substantial explanatory power (Hair et al., 2019), suggesting that leadership and culture are strong determinants of engagement. Organizational Performance ($R^2 = 0.840$) demonstrates that 84% of its variance is

explained by transformational leadership, organizational culture, and employee engagement, with the adjusted R^2 of 0.837 further confirming robustness; this result indicates very strong explanatory power, exceeding the 0.67 threshold for substantial models (Chin, 1998).

4.3 Structural Model Evaluation (Inner Model Results)

The structural model (inner model) was evaluated by analyzing path coefficients, t-statistics, and p-values to determine the strength and significance of relationships between constructs.

Table 3. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Organizational Culture -> Organizational Performance	0.722	0.717	0.057	12.589	0.000
Organizational Performance -> Employee Engagement	0.795	0.793	0.031	26.157	0.000
Transformational Leadership -> Organizational Performance	0.245	0.251	0.065	3.765	0.000

The interpretation of the structural model shows that organizational culture has the strongest direct influence on organizational performance ($\beta = 0.722$, $t = 12.589$, $p < 0.001$), indicating that a strong culture significantly enhances performance

and serves as the most dominant predictor in the model. Organizational performance, in turn, strongly affects employee engagement ($\beta = 0.795$, $t = 26.157$, $p < 0.001$), suggesting that higher performance levels motivate employees, increase their involvement, and

reinforce commitment, thereby creating a reciprocal cycle of improvement. Transformational leadership also positively influences organizational performance ($\beta = 0.245$, $t = 3.765$, $p < 0.001$), though its effect is smaller compared to culture, implying that while leadership contributes meaningfully to performance, its impact may be more indirect, operating through mediating factors such as organizational culture and employee engagement.

4.4 Discussion

The findings of this study provide important insights into the relationships between transformational leadership, organizational culture, organizational performance, and employee engagement. The structural model analysis indicates that all hypothesized paths are significant, with varying levels of influence.

First, organizational culture demonstrated the strongest influence on organizational performance, suggesting that a strong, shared set of values, norms, and practices serves as the foundation for high performance, as employees who perceive alignment between their individual goals and organizational culture tend to achieve significantly enhanced outcomes. Organizational culture shapes the work environment and influences employee behavior by aligning employees with the organization's core values, thereby enhancing their commitment and performance in achieving goals [35]. Cultures that emphasize collaboration, innovation, and continuous learning are associated with higher levels of engagement and productivity [29]. In this regard, transformational leadership synergizes with positive culture by providing a clear vision and individualized support, fostering motivation, innovation, and empowerment that encourage employees to exceed expectations [29], while effective leadership more broadly fosters a culture of shared goals and values, enhancing outcomes such as performance, innovation, and sustainability [4]. Empirical evidence further supports this, with quantitative studies showing that organizational culture contributes significantly to employee

performance, accounting for 26.6% of performance outcomes in one study [34], highlighting that culture not only guides daily behavior but also supports adaptability, collaboration, and innovation in achieving performance targets.

Second, transformational leadership showed a positive and significant impact on organizational performance, although its effect size was smaller than that of organizational culture, indicating that leaders who inspire, motivate, and intellectually stimulate employees can drive performance improvements, but the sustainability of these outcomes relies on embedding such behaviors within a supportive culture. Transformational leaders enhance motivation and performance by providing a clear vision and emotional support [18], [20], while also fostering innovation and creativity, which are crucial for achieving competitive advantage [18], [20]. A supportive organizational culture that promotes collaboration, innovation, and continuous learning is essential to sustaining these benefits, as the synergy between transformational leadership and positive culture amplifies employee performance, creativity, and teamwork [29]. However, challenges such as resistance to change and the need for ongoing leadership development must be addressed [9], and strategies like implementing leadership development programs and cultivating an adaptive culture are necessary to overcome such obstacles and sustain long-term performance improvements [9], [29], aligning with scholars who argue that transformational leadership is a catalyst for change but requires cultural reinforcement to achieve lasting effectiveness.

Third, the results reveal that organizational performance strongly influences employee engagement, as employees feel more engaged and committed when they perceive their organization as successful and capable of achieving its goals. High performance fosters pride, motivation, and a sense of belonging, which in turn enhances employees' willingness to invest greater effort and energy into their work, resonating with engagement theory that emphasizes meaningful work experiences

and successful outcomes as key drivers of involvement. High performance work systems have been shown to positively influence engagement by strengthening psychological conditions such as meaningfulness, safety, and availability, which mediate the link between HR practices and engagement [36]. Psychological meaningfulness in particular is critical, connecting task characteristics, transformational leadership, and self-evaluations to work engagement, as employees who find their work meaningful are more likely to remain highly engaged [37]. Key drivers such as job characteristics, supportive relationships, development opportunities, and rewards further capture employees' physical, emotional, and cognitive energies, deepening their connection to work [23]k, while meaningful and challenging work exerts a stronger impact on engagement than the work environment, underscoring the role of job design in enhancing involvement [38]. Moreover, a strong sense of belonging within the organization is vital in boosting motivation and performance, directly and indirectly influencing work effectiveness through mediators like job satisfaction and organizational commitment [39].

The R^2 values reinforce these interpretations, showing that the model explains 62.5% of the variance in employee engagement and 84.0% of the variance in organizational performance, indicating strong explanatory power, particularly for performance where culture and leadership together account for a substantial share of outcomes. Overall, the findings suggest that organizational culture is the dominant driver of performance, while transformational leadership contributes meaningfully but to a lesser extent, and organizational performance serves as a critical antecedent of employee engagement, illustrating a pathway in which culture and leadership enhance performance that, in turn, drives engagement. These results imply that managers should prioritize building strong, cohesive cultures while also encouraging transformational leadership behaviors to strengthen performance, and

that maintaining high-performance levels is essential to sustaining employee engagement, thereby creating a reinforcing cycle of organizational success and employee commitment.

5. CONCLUSION

This research provides empirical evidence of the significant relationships between transformational leadership, organizational culture, organizational performance, and employee engagement. The findings highlight that organizational culture exerts the strongest impact on organizational performance, emphasizing its role as the foundation for effective strategy implementation and sustainable results. Transformational leadership also contributes positively to performance, though its influence is relatively smaller, suggesting that leadership behaviors need to be institutionalized within organizational culture to maximize their effectiveness. Furthermore, organizational performance is identified as a critical determinant of employee engagement, as high-performing organizations create pride, trust, and motivation among employees, encouraging them to invest greater effort and commitment in their roles. This dynamic reinforces the notion of a reciprocal cycle in which strong performance fuels engagement, and engaged employees, in turn, further support organizational success.

The R^2 results confirm the robustness of the model, with high explanatory power for both organizational performance and employee engagement. From a practical standpoint, the study implies that organizations should prioritize strengthening their cultural foundations while cultivating transformational leadership to improve performance outcomes and foster a more engaged workforce. Future research could extend this study by incorporating additional mediating or moderating variables such as job satisfaction, innovation climate, or knowledge sharing, as well as by testing the model across different industries and cultural settings to enhance generalizability and provide deeper

insights into the dynamics between leadership, culture, engagement, and performance.

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