



RESEARCH ARTICLE

The Impact of Transformational Leadership and Organizational Culture on Enhancing Employee Performance in Organizations

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Received: Oct 8, 2024

Accepted: Nov 18, 2024

Keywords

Transformational Leadership

Organizational Culture

Employee Performance

Leadership Development

Qualitative Research

This study explores the influence of transformational leadership and organizational culture on employee performance, focusing on the synergistic relationship between these two factors. Using a qualitative research approach, data were collected through semi-structured interviews and direct observation involving employees and leaders from various organizations. Thematic analysis was employed to identify key themes related to leadership practices, cultural characteristics, and their impact on employee performance. The results show that transformational leadership significantly enhances employee performance by inspiring motivation, fostering innovation, and empowering employees. Leaders who provide a clear vision, intellectual stimulation, and individualized support create an environment where employees feel motivated to exceed expectations. Additionally, organizational culture plays a crucial role in shaping performance. Cultures that promote collaboration, innovation, and continuous learning are associated with higher levels of employee engagement and productivity. The study also found that the interaction between transformational leadership and a positive organizational culture creates a synergy that further amplifies employee performance. This alignment encourages creativity, teamwork, and a stronger commitment to organizational goals. These findings provide valuable insights for organizations seeking to improve employee performance by fostering both effective leadership and a supportive culture. Recommendations include leadership development programs, fostering an adaptive organizational culture, and promoting psychological empowerment for employees to achieve optimal performance.

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1. INTRODUCTION

Transformational leadership and organizational culture have become two of the most crucial topics in contemporary management literature, particularly in efforts to understand the factors that influence employee performance. In an increasingly dynamic and competitive business environment, organizations face challenges in maintaining productivity, innovation, and employee commitment. Leaders are not only expected to provide strategic direction but also to inspire and empower employees so they can reach their full potential. Transformational leadership is one approach that is often identified as a key element in facilitating these outcomes.

Transformational leadership is characterized by the ability of leaders to motivate and inspire their subordinates through a strong vision, provide intellectual stimulation, and offer personal attention to each individual within the organization. Bass & Avolio, (1994) emphasized that transformational leaders focus not just on tasks but also on the development of employees through mentoring, coaching, and emotional as well as psychological empowerment. This leadership style has the

potential to enhance employee performance by fostering a higher level of emotional engagement between leaders and followers.

At the same time, organizational culture, which encompasses the values, norms, and practices within an organization, also plays a critical role in determining how well employees can adapt and contribute to achieving organizational goals. A healthy organizational culture can reinforce motivation, improve collaboration, and support innovation. According to Schein (2010), organizational culture is not only shaped by formal policies or organizational structures but also by informal behaviors, beliefs, and perceptions held by its members. When a supportive culture is integrated with transformational leadership, it creates a strong synergy that can significantly improve employee performance.

Although previous studies have extensively discussed the separate roles of transformational leadership and organizational culture on employee performance, there remains a gap in research that integrates both factors to examine their overall influence. Quantitative studies generally provide valuable insights into the statistical relationships between variables, but qualitative research offers a deeper understanding of the processes and dynamics underlying these relationships. Therefore, this research adopts a qualitative approach to explore how transformational leadership and organizational culture jointly affect employee performance.

In addition, given the increasing complexity of today's business environment, a deeper understanding of how transformational leadership and organizational culture interact is crucial for organizations striving to remain competitive. In the context of technological change, globalization, and workforce demographic shifts, organizations must be able to adjust their leadership strategies and build adaptive cultures to ensure sustained employee performance. Transformational leadership is not only relevant at the individual level but also plays a significant role in shaping organizational culture toward greater innovation and inclusivity.

In this research context, it is important to understand the dual role of transformational leadership as both a driver of individual performance and an influence on the overall organizational culture. Leaders who successfully embed transformational values into everyday organizational practices tend to foster a productive, innovative, and cooperative work environment, which ultimately leads to improved employee performance. As such, this research not only contributes to the existing literature but also provides practical insights for organizational leaders on how to create a supportive work environment through the combination of effective leadership and positive organizational culture.

The focus of this research is to deeply explore how transformational leaders influence organizational culture and how the combination of the two affects employee performance. This study employs qualitative methods, using in-depth interviews and direct observation, to provide a more comprehensive understanding of this phenomenon. By analyzing the lived experiences of both employees and leaders, the research aims to identify the key elements of transformational leadership and aspects of organizational culture that have the most significant impact on employee performance.

Overall, this research contributes to a better understanding of how transformational leadership and organizational culture together create optimal working conditions for employees to excel. By emphasizing a qualitative approach, the study is expected to provide more in-depth and practical insights into the mechanisms linking leadership, organizational culture, and employee performance in modern organizations.

2. THEORETICAL LITERATURE

The relationship between transformational leadership, organizational culture, and employee performance can be understood through several theoretical frameworks. The following theories provide a basis for understanding how leadership and organizational culture influence employee performance:

Transformational leadership theory

Transformational leadership theory, developed by (Bass & Avolio, 1994a), suggests that transformational leaders inspire and motivate followers to exceed their own self-interests for the sake of the organization. This leadership style comprises four dimensions: Idealized Influence: Leaders serve as role models, fostering trust and respect. Inspirational Motivation: Leaders communicate an inspiring vision. Intellectual Stimulation: Leaders encourage creativity and innovation. Individualized Consideration: Leaders support each employee's unique developmental needs. Transformational leadership is believed to lead to improved employee performance by enhancing motivation, satisfaction, and organizational commitment.

(Bass & Avolio, 1994a) study on transformational leadership remains a seminal work, showing that leaders who adopt this approach can significantly influence employee engagement and performance. Their research found that employees led by transformational leaders were more likely to feel empowered, motivated, and willing to go above and beyond in their roles.

Buil et al., (2019) also found that transformational leadership positively affects employee creativity and performance, especially when employees are encouraged to develop their skills and think critically about their tasks.

Organizational culture theory

Schein, (2010) organizational culture theory emphasizes that culture consists of shared values, beliefs, and practices that shape employees' behaviors. It provides a framework within which employees operate and can either support or hinder their performance. A positive and aligned culture with the organization's vision can facilitate higher employee engagement, job satisfaction, and overall performance.

Madi Odeh et al., (2023) work on organizational culture identified that cultures emphasizing adaptability, involvement, and mission tend to drive higher levels of performance. They suggest that a strong alignment between organizational culture and employee values improves job satisfaction and commitment, leading to enhanced performance.

Zhao & Khaliq, (2024) conducted a meta-analysis on the relationship between culture and performance, highlighting that organizations with a clan or adhocracy culture (which focus on collaboration and innovation) generally report higher employee satisfaction and performance levels.

Job performance theory

Bayona et al., (2020) Job Performance Theory highlights that performance in any role is influenced by a variety of factors, including individual attributes, organizational conditions, and motivation. Leadership and culture are two major organizational factors that affect employee performance. Employees who feel supported by their leaders and work within a culture that aligns with their values are more likely to perform better.

Combined influence of leadership and culture

(Kayoi et al., 2021; Said, 2020) examined the combined influence of leadership style and organizational culture on employee performance. Their findings indicated that transformational leaders who foster a supportive culture are more likely to witness increased productivity, creativity, and performance among employees. They argue that leadership shapes culture, which in turn influences the behaviors and attitudes of employees, leading to better performance outcomes.

In another study, KARTONO et al., (2021) found that transformational leadership and an innovative organizational culture together contribute to increased employee creativity and organizational effectiveness, confirming the synergistic impact of these two factors.

Hypotheses

Based on the theoretical literature and supporting articles, the following hypotheses are proposed:

H1: Transformational Leadership Positively Influences Employee Performance

This hypothesis posits that transformational leadership has a direct and positive impact on employee performance. When leaders inspire, motivate, and empower their employees, it enhances employees' engagement, job satisfaction, and productivity Bass & Avolio, (1994b); Buil et al., (2019).

H2: Organizational Culture Positively Influences Employee Performance

This hypothesis suggests that a positive organizational culture that aligns with employee values and organizational goals will lead to higher employee performance. Culture shapes employees' behavior and provides the necessary support for them to excel in their roles (Hultman, 2020; Sackmann, 2021).

H3: The Synergistic Interaction between Transformational Leadership and Organizational Culture Amplifies Employee Performance

This hypothesis proposes that the interaction between transformational leadership and organizational culture creates a synergy that results in improved employee performance beyond what can be achieved by each factor alone. Transformational leaders who foster a positive, adaptive, and innovative culture will see better employee outcomes Ogbonna and (Lasrado & Kassem, 2021; Madi Odeh et al., 2023).

The theoretical literature and supporting studies confirm the importance of both transformational leadership and organizational culture in shaping employee performance. By understanding the impact of these factors individually and in combination, organizations can implement strategies that lead to improved performance, innovation, and overall organizational effectiveness. The hypotheses proposed provide a framework for further qualitative investigation into the dynamics between leadership, culture, and performance in diverse organizational settings.

3. THE METHODOLOGY

This research follows a qualitative approach to explore the influence of transformational leadership and organizational culture on employee performance. Data collection was conducted through semi-structured interviews and direct observation, allowing for in-depth exploration of participants' experiences and perspectives. The interview participants were selected using purposive sampling, targeting employees and leaders from various organizational levels in companies that exhibit strong transformational leadership and distinct organizational cultures. Each interview was recorded, transcribed, and analyzed using thematic analysis to identify recurring patterns and insights related to leadership practices, cultural characteristics, and their perceived impact on performance. In addition to interviews, field observations were made to capture the contextual dynamics within the organizations, including interactions among employees, communication styles, and organizational processes. This triangulation of data sources—interviews and observations—ensures the validity and depth of the findings. The qualitative nature of this study allows for a comprehensive understanding of how leadership and culture interact to shape employee behavior and performance, offering rich contextual insights beyond quantitative measures.

4. RESULTS AND DISCUSSION

The results of this study provide clear evidence that transformational leadership significantly impacts employee performance in multiple dimensions, including motivation, innovation, and engagement. Transformational leaders, as described by Bass & Avolio, (1994b), inspire their teams to go beyond their formal job responsibilities by fostering a strong sense of purpose and belonging. Respondents in this study echoed these findings, indicating that leaders who communicate a compelling vision and offer personal support contribute to enhanced motivation and work effort. As noted by one participant, "Our leader motivates us by making us believe in the larger goal, which drives us to perform beyond expectations." This supports the recent findings of Shafi et al., (2020); Virgiawan et al., (2021), who emphasized the role of transformational leadership in creating higher levels of employee performance through inspirational motivation.

Moreover, the findings highlight the critical role of organizational culture in shaping performance outcomes. Respondents working in organizations with a collaborative and innovative culture reported higher engagement and creativity. This aligns with Cahya & Firdaus, (2024) model of

organizational culture, which underscores the importance of a supportive culture in enhancing employee engagement and performance. A respondent from an organization with an adhocracy culture commented, "The culture here encourages experimentation and creative problem-solving, which has a direct impact on our output." Recent studies, such as those by Hartnell et al. (2023), confirm that innovative cultures that emphasize flexibility and creativity contribute significantly to employee performance and satisfaction.

The interaction between transformational leadership and organizational culture creates a synergistic effect on employee performance. Leaders who actively cultivate a positive organizational culture can amplify the effects of transformational leadership. This is consistent with findings by Xenikou (2020), who reported that transformational leaders who promote a culture of innovation and openness achieve higher employee effectiveness. In this study, respondents noted that leaders who integrate cultural values such as collaboration and innovation into their leadership style create an environment where employees are more willing to contribute beyond their roles. This supports the work of Ogbonna and Harris (2020), who found that leadership styles directly influence organizational culture, which in turn affects employee behavior and performance.

Additionally, psychological empowerment was identified as a key mechanism through which transformational leadership influences performance. Employees who felt empowered by their leaders showed higher levels of job satisfaction and productivity. This finding is consistent with studies by Buil et al. (2019), who demonstrated that transformational leadership enhances psychological empowerment, which leads to improved performance. One respondent mentioned, "Our leader makes us feel capable and trusted, which pushes us to give our best." This is further supported by recent research from Alvesson and Sveningsson (2021), who explored how transformational leadership empowers employees to take ownership of their work.

Moreover, communication and feedback were found to be critical elements of transformational leadership that influence organizational performance. Leaders who provided clear, consistent feedback and maintained open lines of communication created an environment where employees felt more engaged and motivated to perform. This aligns with recent findings by Agarwal & Kumar, (2024), who emphasized the importance of transparent communication in driving employee commitment and performance.

The study also identified trust as a crucial factor in the leader-follower relationship. Employees who trusted their leaders reported higher levels of job satisfaction and performance. This finding aligns with the work of Dirks and Ferrin (2021), who noted that trust in leadership strengthens the leader-employee relationship, leading to better performance outcomes.

In terms of organizational culture, employees working in environments that emphasized learning and development showed higher levels of creativity and innovation. This finding is in line with recent research by McDermott et al. (2023), which demonstrated that a learning-oriented culture fosters innovation and enhances performance. One respondent remarked, "The culture here values continuous learning, and that really pushes us to improve ourselves and our work." This observation supports previous studies by Schein (2010), which suggested that organizational cultures that value development create environments conducive to high performance. Which allows leaders to adjust their leadership style to the specific needs of the organization, also plays a role in enhancing performance. This supports the findings of Bass et al. (2020), who highlighted the flexibility of transformational leadership in different organizational contexts.

DISCUSSION

H1: Transformational Leadership Positively Influences Employee Performance

The first hypothesis postulates that transformational leadership positively influences employee performance. This hypothesis is supported by several key findings from both the qualitative data collected in this study and existing literature. Transformational leaders are characterized by their ability to inspire, motivate, and challenge their followers to exceed their potential. Respondents in this study frequently mentioned that leaders who displayed transformational qualities—such as providing a clear vision, offering intellectual stimulation, and supporting personal development—created an environment where employees felt motivated to perform better. One respondent shared,

"Our leader encourages us to take initiative and think creatively, which makes us more engaged and driven in our work."

The positive impact of transformational leadership on performance is consistent with Bass and Avolio's (1994) findings, where transformational leadership was linked to higher levels of employee commitment and effectiveness. Recent research by García-Morales et al. (2022) also emphasized that transformational leadership leads to improved employee creativity and organizational innovation, both of which are crucial for enhancing overall performance.

Moreover, transformational leaders foster psychological empowerment by giving employees a sense of autonomy and control over their work. This empowerment, as noted by Buil et al. (2019), significantly enhances employee satisfaction and performance. Employees who feel supported by their leaders and perceive their contributions as valuable tend to be more productive and innovative. The evidence from this study aligns with the broader body of research, confirming that transformational leadership creates a positive impact on employee performance by promoting engagement, motivation, and creativity.

H2: Organizational Culture Positively Influences Employee Performance

The second hypothesis suggests that organizational culture plays a significant role in influencing employee performance. This study supports this hypothesis through the accounts of respondents who described how the cultural environment of their organization impacted their work. Employees working in cultures that emphasize collaboration, innovation, and open communication reported higher levels of satisfaction and productivity. One respondent noted, "The culture here encourages teamwork and constant learning, which helps us stay motivated and improves our performance."

Organizational culture serves as a framework that shapes employees' attitudes, behaviors, and overall work performance. Denison and Mishra's (1995) research highlighted that cultures promoting adaptability, mission clarity, and involvement lead to better organizational outcomes, including improved employee performance. This is further supported by the findings of Yun et al., (2020), which indicated that innovative cultures provide employees with the freedom to experiment and collaborate, enhancing both creativity and efficiency.

Moreover, Schein, (2010) foundational theory on organizational culture underlines the importance of shared values, beliefs, and practices in shaping behavior. In this study, employees who worked in an environment where innovation and learning were valued indicated that they felt more engaged and were able to perform at a higher level. Organizational cultures that prioritize personal and professional growth enable employees to contribute meaningfully to their work, resulting in better overall performance. The alignment between organizational values and employee behavior ensures that performance goals are met more effectively.

H3: The Synergistic Interaction between Transformational Leadership and Organizational Culture Amplifies Employee Performance

The third hypothesis proposes that the combination of transformational leadership and a strong organizational culture creates a synergy that amplifies employee performance beyond what could be achieved by each factor independently. This hypothesis was strongly supported by the findings of this study, where respondents consistently noted that the interaction between leadership and culture played a critical role in shaping their motivation and performance. One respondent explained, "Our leader reinforces the values of innovation and collaboration that are embedded in our culture, and this alignment makes us work harder and more creatively."

Transformational leaders shape organizational culture by modeling the behaviors and values they wish to see throughout the organization. Pathiranage et al., (2020) found that leadership styles directly influence the development of organizational culture, which in turn affects employee behavior and performance. Transformational leaders, by promoting a culture of trust, collaboration, and continuous learning, create environments where employees are more engaged, motivated, and empowered to perform.

Additionally, the work of Gui et al., (2022); Sudibjo & Prameswari, (2021) demonstrated that transformational leadership, when aligned with a supportive and innovative culture, significantly

enhances employee creativity and organizational effectiveness. This study also found that transformational leaders who fostered a culture of openness and innovation were able to harness employees' full potential, leading to higher performance outcomes. The synergy between leadership and culture not only motivates employees but also creates an environment where they feel valued and empowered to take risks and innovate, leading to sustained performance improvements.

In this study, the combination of transformational leadership and a positive organizational culture led to improved collaboration, job satisfaction, and creativity, thereby confirming the hypothesis that the interaction between these two factors amplifies employee performance.

The evidence from this study, combined with existing literature, validates the hypothesis that a supportive organizational culture significantly enhances employee performance by creating an environment conducive to innovation, collaboration, and growth.

5. CONCLUSION

This study demonstrates the significant influence of transformational leadership and organizational culture on employee performance. Transformational leaders, through their ability to inspire, motivate, and provide individualized support, play a pivotal role in enhancing employee engagement, innovation, and overall performance. Additionally, organizational culture, particularly those that promote collaboration, innovation, and learning, reinforces these positive outcomes by creating environments that encourage employees to go beyond their formal responsibilities. The synergistic relationship between transformational leadership and a strong organizational culture is critical in fostering higher levels of employee productivity, creativity, and job satisfaction. Through psychological empowerment, open communication, and trust, transformational leadership positively affects employees' sense of ownership and commitment to their work, leading to improved performance. This study confirms that leadership and culture are mutually reinforcing factors that, when aligned, significantly elevate employee performance.

6. Recommendations

Leadership Development Programs: Organizations should invest in leadership development programs that cultivate transformational leadership skills. By focusing on developing leaders who can inspire and motivate their teams, organizations can improve employee engagement and performance. Training programs should emphasize the core aspects of transformational leadership, such as creating a vision, fostering innovation, and providing individualized support.

Fostering a Positive Organizational Culture: Organizations should work to build and maintain a culture that aligns with their strategic goals. Cultures that promote collaboration, innovation, and continuous learning contribute to improved employee performance. Companies should regularly assess and adjust their cultural practices to ensure they are conducive to creativity, open communication, and teamwork.

Integrating Leadership and Culture Initiatives: It is essential to create alignment between leadership practices and organizational culture. Leaders should be encouraged to model and reinforce cultural values that support employee performance. This includes encouraging a culture of trust, transparency, and innovation.

Enhancing Psychological Empowerment: Organizations should empower employees by giving them greater autonomy in their roles and providing opportunities for personal and professional growth. Leaders should focus on empowering their teams through consistent feedback, trust-building, and creating a supportive work environment.

Regular Feedback Mechanisms: Establishing feedback systems that allow employees to provide input on leadership practices and cultural aspects can help organizations maintain a positive work environment. Leaders should use this feedback to adapt their leadership style to meet the evolving needs of their employees and the organization.

These recommendations will help organizations foster an environment where transformational leadership and a strong organizational culture work together to drive high employee performance and organizational success.

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