

The Influence of Transformational Leadership and Organizational Culture on Employee Performance at Perumdam Tirta Jati Cirebon

Dinda Restu Aji

Faculty of Economics and Business, University of Swadaya Gunung Jati, Cirebon,
Indonesia

dinda.122020649@ugj.ac.id

Siti Maryam

Faculty of Economics and Business, University of Swadaya Gunung Jati, Cirebon,
Indonesia

siti.maryam@ugj.ac.id

Abstract

The increasing competitiveness of public sector organizations and Regional Government-Owned Enterprises (BUMD) demands effective human resource management to achieve optimal employee performance. This study aims to analyze the influence of transformational leadership and organizational culture on employee performance at Perumdam Tirta Jati Cirebon. A quantitative associative approach was employed using a survey method. The population consisted of all 336 employees of Perumdam Tirta Jati Cirebon, with a sample of 78 respondents determined using proportionate stratified random sampling. Data were collected through a Likert-scale questionnaire and analyzed using multiple linear regression with SPSS. Results indicate that transformational leadership has a positive and significant effect on employee performance, while organizational culture also has a significant effect. Simultaneously, both variables significantly influence employee performance. The Adjusted R Square value of 0.536 indicates that 53.6% of the variation in employee performance can be explained by transformational leadership and organizational culture, while 46.4% is attributed to other factors. These findings suggest that effective transformational leadership combined with a strong organizational culture plays a crucial role in improving employee performance.

Keywords: Transformational Leadership, Organizational Culture, Employee Performance.

INTRODUCTION

In recent years, attention to employee performance issues has grown significantly, particularly alongside the increasingly competitive organizational environment and the changing dynamics of human resource management in the public sector and Regional Government-Owned Enterprises (BUMD). Organizations are required to improve the effectiveness and efficiency of their employees to achieve established strategic goals. Employee performance is regarded as a key determinant of organizational success, reflecting the quality and quantity of employees' work in accordance with assigned responsibilities (Mangkunegara, 2012).

International studies show that employee performance is influenced not only by individual factors but also by organizational factors, particularly leadership and organizational culture. Research by Torlak and Kuzey (2019) found that a transformational leadership style has a stronger influence on employee performance compared to other leadership styles, as it builds a shared vision, provides inspiration, and encourages employees to transcend personal interests for the benefit of the organization. This finding affirms that transformational leadership plays a strategic role in shaping employee behavior and performance in modern organizations.

In addition to leadership, organizational culture serves as an important determinant in improving employee performance. Robbins (2003) states that a strong organizational culture can shape positive work behavior, increase commitment, and encourage employees to work optimally. An organizational culture characterized by values of discipline, innovation, cooperation, and responsibility will create a work environment conducive to performance improvement.

In Indonesia, particularly within public sector and BUMD organizations, studies examining the relationship between transformational leadership, organizational culture, and employee performance have yielded varied results. Some studies have found positive and significant effects (Wulandari & Ratnawati, 2019; Adinata, 2015), while others suggest that the influence of transformational leadership on performance is comparatively weaker depending on organizational characteristics and research context (Adinata, 2015; Mubarak & Darmanto, 2016).

The empirical phenomenon at Perumdam Tirta Jati Cirebon reveals various organizational policies related to human resource management, including performance bonuses (*tantien*), holiday allowances (THR), and educational assistance for employees. These policies reflect organizational efforts to build a performance- and loyalty-oriented culture, while also demonstrating leadership's role in motivating and improving employee performance. From a transformational leadership perspective, reward and employee development policies represent the leader's concern for individual employee needs and efforts to foster intrinsic motivation (Bass, 1990; Yukl, 2010).

Despite this, providing rewards and welfare facilities does not automatically guarantee improved employee performance if it is not supported by effective transformational leadership and a strong organizational culture. Prior research confirms that transformational leadership plays a role in directing, inspiring, and building employee commitment, while organizational culture serves as a system of values and norms guiding daily work behavior (Yukl, 2010; Robbins, 2003). Therefore, it is important to empirically examine the extent to which transformational leadership and organizational culture influence employee performance at Perumdam Tirta Jati Cirebon.

This study aims to fill the research gap by examining the influence of transformational leadership and organizational culture on employee performance in a BUMD context, specifically Perumdam Tirta Jati Cirebon. The findings are expected to contribute both theoretically and practically to human resource development and organizational management in the public sector.

LITERATURE REVIEW

Employee Performance

Employee performance refers to the quality and quantity of work results achieved by an employee in carrying out tasks according to assigned responsibilities (Mangkunegara, 2012). Performance is not only a quantitative concept but also reflects how effectively resources are utilized. Key indicators include quality, quantity, timeliness, responsibility, and cooperation. Mangkunegara (2012) further explains that performance is influenced by individual capabilities, work motivation, leadership, and organizational environment and culture.

Transformational Leadership

Transformational leadership is a leadership style that emphasizes the leader's ability to influence, inspire, and motivate employees to transcend personal interests for organizational goals through vision formation, moral exemplarity, intellectual stimulation, and individualized consideration (Bass, 1985; Northouse, 2021). Bass (1985) identifies four main dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Empirical research by Fauzan et al. (2023) confirms that transformational leadership positively influences employee performance, both directly and through psychological variables such as organizational commitment.

Organizational Culture

Organizational culture is a shared system of meaning held by members of an organization that distinguishes it from other organizations (Robbins, 2003). Schein (2010) describes it as consisting of three levels: artifacts, espoused values, and basic underlying assumptions. Organizational culture functions as a guide for employee behavior, directly influencing attitudes, motivation, and performance. Mubarak and Darmanto (2016) found that clearly defined organizational values, consistently applied, significantly improve employee discipline, responsibility, and productivity.

Research Framework

Based on the theories outlined and supported by prior empirical studies, transformational leadership (X1) and organizational culture (X2) are hypothesized to influence employee performance (Y). Transformational leadership directs, inspires, and motivates employees toward optimal performance, while organizational culture acts as a system of values and norms shaping work behavior. The interaction between these two variables can strengthen or weaken performance outcomes.

Figure 1. Conceptual Framework

Transformational Leadership (X1) →
→ Employee Performance (Y)
Organizational Culture (X2) →

Research Hypotheses

H1: Transformational Leadership has a positive and significant influence on Employee Performance.

H2: Organizational Culture has a positive and significant influence on Employee Performance.

H3: Transformational Leadership and Organizational Culture simultaneously have a positive and significant influence on Employee Performance.

METHODOLOGY OF RESEARCH

This study employs a quantitative associative approach, aiming to analyze the relationship among variables as described by Sugiyono (2019), wherein associative research seeks to identify the relationship between two or more variables. This approach was chosen to test the influence of Transformational Leadership (X1) and Organizational Culture (X2) on Employee Performance (Y).

The population consisted of all 336 employees of Perumdam Tirta Jati Cirebon based on Human Resources Department data in 2025. Sample size was determined using the Slovin formula with a 10% margin of error, yielding 78 respondents selected through proportionate stratified random sampling. This technique ensures proportional representation across all strata within the population.

Primary data were collected through questionnaires distributed to employee respondents. The questionnaire was structured based on indicators of transformational leadership, organizational culture, and employee performance variables, using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Secondary data were obtained from internal company reports, human resource policy documents, and scientific literature. Data analysis was conducted using multiple linear regression with IBM SPSS Statistics 27.

Validity testing was performed by comparing the calculated r-value with the r-table at a 5% significance level ($df = n - 2 = 76$; $r\text{-table} = 0.222$). Reliability was assessed using Cronbach's Alpha coefficient, with instruments declared reliable if the value exceeded 0.70. Classical assumption tests including normality (Kolmogorov-Smirnov), multicollinearity (Tolerance and VIF), and heteroscedasticity were conducted prior to regression analysis. Hypothesis testing used the t-test for partial effects and the F-test for simultaneous effects, with a significance threshold of $\alpha = 0.05$.

RESULT AND DISCUSSION

Respondent Characteristics

The study involved 78 respondents selected from the total population of 336 employees at Perumdam Tirta Jati Cirebon. All 78 distributed questionnaires were returned and found usable for analysis.

Validity Test

Table 1. Validity Test Results – Transformational Leadership (X1)

No	Item	r-count	r-table	Remark
1	Item 1	0.795	0.222	Valid
2	Item 2	0.920	0.222	Valid
3	Item 3	0.811	0.222	Valid
4	Item 4	0.886	0.222	Valid
5	Item 5	0.886	0.222	Valid
6	Item 6	0.835	0.222	Valid
7	Item 7	0.825	0.222	Valid
8	Item 8	0.817	0.222	Valid
9	Item 9	0.846	0.222	Valid
10	Item 10	0.843	0.222	Valid

Table 2. Validity Test Results – Organizational Culture (X2)

No	Item	r-count	r-table	Remark
1	Item 1	0.879	0.222	Valid
2	Item 2	0.890	0.222	Valid
3	Item 3	0.835	0.222	Valid
4	Item 4	0.862	0.222	Valid
5	Item 5	0.802	0.222	Valid
6	Item 6	0.810	0.222	Valid
7	Item 7	0.768	0.222	Valid
8	Item 8	0.830	0.222	Valid
9	Item 9	0.791	0.222	Valid
10	Item 10	0.831	0.222	Valid

Table 3. Validity Test Results – Employee Performance (Y)

No	Item	r-count	r-table	Remark
1	Item 1	0.667	0.222	Valid
2	Item 2	0.774	0.222	Valid
3	Item 3	0.773	0.222	Valid
4	Item 4	0.770	0.222	Valid
5	Item 5	0.799	0.222	Valid
6	Item 6	0.858	0.222	Valid
7	Item 7	0.849	0.222	Valid
8	Item 8	0.839	0.222	Valid
9	Item 9	0.760	0.222	Valid

The validity test results indicate that all measurement items across all three variables are valid, with r-count values ranging from 0.667 to 0.920 for Transformational Leadership, 0.768 to 0.890 for Organizational Culture, and 0.667 to 0.858 for Employee Performance. All values exceed the r-table value of 0.222, confirming that each item accurately measures its respective construct.

Reliability Test

Table 4. Reliability Test Results

Variable	Cronbach's Alpha	Remark
Transformational Leadership (X1)	0.953	Reliable
Organizational Culture (X2)	0.947	Reliable
Employee Performance (Y)	0.924	Reliable

All three variables demonstrate excellent reliability, with Cronbach's Alpha values of 0.953 (Transformational Leadership), 0.947 (Organizational Culture), and 0.924 (Employee Performance), all well above the 0.70 threshold. This indicates strong internal consistency across all instruments.

Normality Test

The normality test using the One-Sample Kolmogorov-Smirnov test yielded an Asymp. Sig. (2-tailed) value of 0.050 and a Monte Carlo Sig. value of 0.054, both equal to or above the 0.05 significance level. This indicates that the regression model residuals are normally distributed, satisfying the normality assumption for further analysis.

Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF
Transformational Leadership (X1)	0.350	2.860
Organizational Culture (X2)	0.350	2.860

Both independent variables exhibit Tolerance values of 0.350 (> 0.10) and VIF values of 2.860 (< 10), confirming the absence of multicollinearity in the regression model.

Multiple Linear Regression

Table 6. Multiple Linear Regression Results

Variable	B	Std. Error	t	Sig.
(Constant)	2.088	3.999	0.522	0.603
Transformational Leadership (X1)	0.383	0.146	2.616	0.011
Organizational Culture (X2)	0.425	0.128	3.314	0.001

The regression equation is: $Y = 2.088 + 0.383X_1 + 0.425X_2$. The constant value of 2.088 represents the baseline employee performance when both independent variables equal zero. The regression coefficient for Transformational Leadership (X1) is 0.383 (Sig. = 0.011 < 0.05), indicating a positive and significant effect, meaning each one-unit increase in transformational leadership increases employee performance by 0.383 units. Similarly, the regression coefficient for Organizational Culture (X2) is 0.425 (Sig. = 0.001 < 0.05), indicating that each one-unit increase in organizational culture increases employee performance by 0.425 units.

Coefficient of Determination

Table 7. Coefficient of Determination (Model Summary)

Model	R	R Square	Adjusted R Square
1	0.740	0.548	0.536

The Adjusted R Square value of 0.536 indicates that 53.6% of the variation in Employee Performance can be explained by Transformational Leadership and Organizational Culture, while the remaining 46.4% is influenced by other factors outside the model.

T-Test (Partial)

Table 8. T-Test Results

Variable	B	Beta	t	Sig.
Transformational Leadership (X1)	0.383	0.343	2.616	0.011
Organizational Culture (X2)	0.425	0.435	3.314	0.001

The t-test for Transformational Leadership yields a t-value of 2.616 with Sig. = 0.011 (< 0.05), confirming a positive and significant partial effect on Employee Performance, thus H1 is accepted. The t-test for Organizational Culture yields a t-value of 3.314 with Sig. = 0.001 (< 0.05), also confirming a significant effect, thus H2 is accepted.

F-Test (Simultaneous)

Table 9. F-Test Results (ANOVA)

Model	Sum of Squares	df	F	Sig.
Regression	1945.361	2	45.495	0.000
Residual	1603.510	75		
Total	3548.872	77		

The F-test yields an F-value of 45.495 with Sig. = 0.000 (< 0.05), indicating that Transformational Leadership and Organizational Culture simultaneously have a significant influence on Employee Performance. H3 is therefore accepted.

Discussion

The Effect of Transformational Leadership (X1) on Employee Performance (Y)

Based on the partial test results, Transformational Leadership has a positive and significant effect on Employee Performance ($t = 2.616$; $\text{Sig.} = 0.011$). This indicates that better implementation of transformational leadership leads to improved employee performance. Leaders who inspire, motivate, provide individual attention, and stimulate intellectual growth encourage employees to perform more optimally. This finding is consistent with studies by Adinata (2015), Wulandari and Ratnawati (2019), and Fauzan et al. (2023), all of which confirm the positive and significant influence of transformational leadership on performance. However, Ardiyansah and Elmi (2025) note that effectiveness may vary depending on organizational characteristics and employee readiness.

The Effect of Organizational Culture (X2) on Employee Performance (Y)

Organizational Culture has a positive and significant effect on Employee Performance ($t = 3.314$; $\text{Sig.} = 0.001$). A strong organizational culture characterized by values of discipline, cooperation, responsibility, and results-orientation shapes productive work behavior among employees. This is consistent with findings by Dani et al. (2020), Lestari and Suryani (2018), and Wahyuniardi and Nababan (2018), all of which affirm that organizational culture significantly influences employee performance. More recent studies by Faidholloh and Garad (2023), Yassar et al. (2024), and Ardiyansah and Elmi (2025) further reinforce the central role of organizational culture in creating a conducive work environment that motivates employees to deliver their best performance.

The Simultaneous Effect of Transformational Leadership and Organizational Culture on Employee Performance (Y)

The simultaneous test demonstrates that both Transformational Leadership and Organizational Culture together significantly influence Employee Performance ($F = 45.495$; $\text{Sig.} = 0.000$), with an Adjusted R Square of 0.536. This confirms that employee performance is not determined by a single factor but results from the synergy between effective leadership and a supportive organizational culture. These findings align with Adinata (2015), Mubarak and Darmanto (2016), Feri et al. (2020), and Fauzan et al. (2023), which collectively affirm that the combination of these two variables has a strong and significant impact on performance outcomes.

CONCLUSION

Based on the data analysis and research findings, three main conclusions can be drawn. First, Transformational Leadership has a positive and significant effect on Employee Performance at Perumdam Tirta Jati Cirebon, indicating that inspirational, motivating, and individually attentive leadership effectively drives employees to achieve higher performance levels. Second, Organizational Culture also has a positive and significant effect on Employee Performance, demonstrating that a strong, values-driven organizational culture creates a conducive work environment that fosters commitment and optimal performance. Third, Transformational Leadership and Organizational Culture simultaneously have a positive and significant effect on Employee Performance, with a combined explanatory power of 53.6% (Adjusted R Square = 0.536). These findings confirm that sustainable improvement in employee performance requires both effective leadership and a strong, consistently applied organizational culture.

REFERENCES

- Adinata, U. W. S. (2015). Pengaruh kepemimpinan transformasional, motivasi, dan budaya organisasi terhadap kinerja karyawan. *Jurnal Ekonomi, Bisnis & Entrepreneurship*, 9(2), 136–157.
- Ardiyansah, & Elmi, F. (2025). The influence of transformational leadership and organizational culture on job satisfaction and employee performance. *International Journal of Management Studies*, 12(1), 45–58.
- Azwar, S. (2016). Reliabilitas dan validitas (Edisi 4). Pustaka Pelajar.
- Bass, B. M. (1985). *Leadership and performance beyond expectations*. Free Press.
- Bass, B. M. (1990). *From transactional to transformational leadership: Learning to share the vision*. Organizational Dynamics.
- Dani, R., Sudirman, I., & Nurlina. (2020). Pengaruh budaya organisasi dan kepemimpinan terhadap kinerja pegawai. *Jurnal Manajemen dan Bisnis*, 4(2), 89–98.

- Faidholloh, & Garad, A. (2023). Pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kinerja karyawan. *Jurnal Manajemen Indonesia*, 23(1), 31–44.
- Fauzan, A., Tupti, Z., Pasaribu, F., & Tanjung, H. (2023). Pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kinerja pegawai dimediasi oleh komitmen organisasi. *Jurnal Ekonomi & Ekonomi Syariah*, 6(1), 517–529.
- Feri, A., Rahmat, A., & Supeno, B. (2020). Pengaruh motivasi, kepemimpinan transformasional, dan budaya organisasi terhadap kinerja karyawan melalui kepuasan kerja. *Jurnal Ilmiah Manajemen*, 8(1), 56–68.
- Ghozali, I. (2018). Aplikasi analisis multivariate dengan program IBM SPSS 25 (Edisi 9). Badan Penerbit Universitas Diponegoro.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic econometrics* (5th ed.). McGraw-Hill.
- Lestari, A. N., & Suryani, E. (2018). Pengaruh gaya kepemimpinan transformasional dan budaya organisasi terhadap kinerja karyawan melalui kepuasan kerja. *Tirtayasa Ekonomika*, 13(2), 274–277.
- Mangkunegara, A. A. P. (2012). *Manajemen sumber daya manusia perusahaan*. Remaja Rosdakarya.
- Mubarak, A., & Darmanto, S. (2016). Pengaruh gaya kepemimpinan transformasional dan budaya organisasi terhadap kinerja pegawai. *Maksimum*, 5(1), 1–15.
- Northouse, P. G. (2021). *Leadership: Theory and practice* (9th ed.). Sage Publications.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). McGraw-Hill.
- Robbins, S. P. (2003). *Organizational behavior* (10th ed.). Prentice Hall.
- Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior* (17th ed.). Pearson Education.
- Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). Jossey-Bass.
- Sugiyono. (2019). *Metodelogi penelitian kuantitatif dan kualitatif dan R&D*. Alfabeta.
- Sulistiyanoro, & Mildawani, I. (2025). The effect of transformational leadership and organizational culture on employee performance. *Journal of Management and Business Research*, 5(2), 112–125.
- Wahyuniardi, R., & Nababan, H. R. (2018). Pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kepuasan kerja serta dampaknya pada kinerja karyawan. *Jurnal Teknik Industri*, 19(2), 118–126.
- Wulandari, T., & Ratnawati, I. (2019). Pengaruh gaya kepemimpinan transformasional dan budaya organisasi terhadap kinerja karyawan. *Diponegoro Journal of Management*, 8(4), 43–57.
- Yassar, M., et al. (2024). The effect of transformational leadership and organizational culture on employee performance. *International Journal of Business and Management*, 19(3), 88–101.
- Yukl, G. (2010). *Leadership in organizations* (7th ed.). Pearson Education.