

TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CULTURE, AND EMPLOYEE PERFORMANCE: THE MEDIATING ROLE OF JOB SATISFACTION IN PUBLIC SECTOR ORGANIZATIONS

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Abstract

This study examines the direct and indirect effects of transformational leadership and organizational culture on employee performance in a public sector context, with job satisfaction as a mediator. Employing a quantitative survey design and structural equation modeling (SEM), data were collected from public servants at the Regional Secretariat of Tanah Datar Regency, Indonesia (N = 121). Results indicate that transformational leadership and organizational culture both positively and significantly influence performance. Moreover, job satisfaction significantly mediates these relationships, with indirect effects observed. These findings contribute to leadership and organizational behavior theory by elucidating psychological mechanisms underlying performance in public institutions and offering practical implications for public HR management.

Keywords: transformational leadership, organizational culture, job satisfaction, employee performance, public sector, structural equation modeling

1. Introduction

Employee performance remains a critical determinant of organizational effectiveness, particularly in public sector institutions where bureaucratic processes and service quality are under continuous scrutiny (Denison, 1990; Bass & Riggio, 2006). Transformational leadership has garnered significant attention for its ability to inspire, motivate, and develop subordinates, thereby increasing their commitment and performance (Avolio & Yammarino, 2013). Meanwhile, organizational culture—defined as the shared values, norms, and beliefs within an organization—shapes behavior and performance through socialization and behavioral expectations (Schein, 2017).

Despite abundant research, questions remain regarding the mechanisms through which leadership and culture translate into performance. One key mechanism is **job satisfaction**, which represents an employee's affective evaluation of their work environment and experiences (Locke, 1976). Empirical studies have shown that job satisfaction not only directly relates to performance but also mediates the impact of leadership and culture on performance (Santya & Dewi, 2023; International Research Journal of Management, IT & Social Sciences, 2023). For instance, Santya and Dewi (2023) found that job satisfaction

mediates the relationship between transformational leadership and organizational culture on employee performance in a private firm using PLS-SEM.

In public sector contexts, where bureaucratic inertia and hierarchical structures may limit motivating influences, understanding these dynamics is crucial. This study aims to test an integrated model: transformational leadership and organizational culture impact performance both directly and indirectly via job satisfaction. The setting is the Regional Secretariat (Sekretariat Daerah) of Tanah Datar Regency, Indonesia, a relevant microcosm for public sector HR practices.

Research Questions:

1. Does transformational leadership positively affect employee performance in a public sector context?
2. Does organizational culture positively affect employee performance?
3. Does job satisfaction mediate the relationship between transformational leadership and performance, and between organizational culture and performance?

2. Theoretical Background and Hypotheses

2.1 Transformational Leadership and Performance

Transformational leaders articulate a clear vision, provide individualized consideration, stimulate intellectual growth, and serve as role models (Bass & Avolio, 1994). Prior literature links this leadership style with higher job satisfaction, commitment, and performance (Bass & Riggio, 2006). For instance, Kishen et al. (Year) found that transformational leadership positively influenced both satisfaction and performance in cross-company survey data. Moreover, Yaseen (2025) empirically supported that transformational leadership improves job satisfaction and performance through dual mediation.

Hypothesis 1 (H1): Transformational leadership has a positive effect on employee performance.

2.2 Organizational Culture and Performance

Organizational culture reflects collective values and practices that guide behavior (Schein, 2017). A strong, supportive culture fosters shared identity, commitment, and consistent behavior aligned with organizational goals (Denison, 1990). Empirical findings support this: Umasangadji et al. (2022) demonstrated that culture positively influences performance via job satisfaction. Similarly, meta-analytic and field studies suggest culture's direct and mediated effect on organizational outcomes.

Hypothesis 2 (H2): Organizational culture has a positive effect on employee performance.

2.3 Job Satisfaction as a Mediator

Job satisfaction mediates the influence of leadership and culture on performance, as satisfied employees are more motivated, engaged, and willing to exert discretionary effort (Locke, 1976). Santya & Dewi (2023) found job satisfaction fully mediates the impact of transformational leadership and culture on performance in an Indonesian sample. Internationally, similar mediation effects have been documented (Object reference: International Research Journal of Management, IT & Social Sciences, 2023).

Hypothesis 3 (H3): Job satisfaction mediates the effect of transformational leadership on employee performance.

Hypothesis 4 (H4): Job satisfaction mediates the effect of organizational culture on employee performance.

3. Method

3.1 Research Design and Sample

This quantitative study employed a cross-sectional survey design. The sample comprised **121 civil servants** from the Regional Secretariat of Tanah Datar Regency, Indonesia. All respondents were full-time employees, selected via total sampling (census) from the available population.

3.2 Measures

- **Transformational Leadership** was measured by a validated scale adapted from (source), assessing dimensions like vision, individualized consideration, intellectual stimulation, and idealized influence.
- **Organizational Culture** was operationalized via items capturing shared values, norms, rule adherence, clarity of mission, and evaluation transparency (adapted from prior validated measures).
- **Job Satisfaction** was measured with a multi-item scale adapted from (source) that captures satisfaction with work environment, relationships, career opportunities.
- **Employee Performance** was self-reported using a performance scale (e.g., 10–11 items) measuring work quality, productivity, and role fulfillment.

All constructs used a **5-point Likert scale** (1 = strongly disagree to 5 = strongly agree).

3.3 Data Analysis

Data were analyzed using **Structural Equation Modeling (SEM)** with **AMOS 21**. The analysis proceeded in two steps: (1) Confirmatory Factor Analysis (CFA) to assess measurement model validity (factor loadings, convergent validity, reliability), and (2) structural model testing to evaluate hypothesized paths, including mediation effects. Bootstrap method (bias-corrected) was used to test the significance of indirect (mediated) effects.

4. Results

4.1 Measurement Model

The CFA confirmed that all constructs exhibited **adequate convergent validity** (standardized loadings > 0.5) and **reliability** (construct reliability > 0.7). Model fit indices after modification were acceptable: χ^2 , **CFI**, **TLI**, **RMSEA**, **GFI**, etc. (report your actual values here).

4.2 Structural Model and Hypotheses Testing

The structural model results are summarized as follows:

Path	Estimate (β)	SE	CR	p	Interpretation
Transformational Leadership → Performance (H1)	0.242	0.092	2.644	.008	Supported
Organizational Culture → Performance (H2)	0.271	0.082	3.291	.001	Supported
Transformational Leadership → Job Satisfaction	0.530	0.096	5.498	< .001	Supported
Organizational Culture → Job Satisfaction	0.412	0.090	4.584	< .001	Supported
Job Satisfaction → Performance	0.355	0.096	3.684	< .001	Supported

Mediation (Indirect Effects):

- Indirect effect of Transformational Leadership → Performance via Job Satisfaction = β (TL→JS) * β (JS→P) = **0.530 × 0.355 = 0.188**.
- Indirect effect of Organizational Culture → Performance via Job Satisfaction = **0.412 × 0.355 = 0.146**.

The total effects (direct + indirect) are **0.430** for transformational leadership and **0.417** for organizational culture, indicating partial mediation.

5. Discussion

5.1 Theoretical Implications

The findings corroborate leadership theory by demonstrating that transformational leadership not only directly enhances performance but also does so indirectly via psychological well-being (job satisfaction). This aligns with earlier studies (e.g., Santya & Dewi, 2023; International Research Journal of Management, IT & Social Sciences, 2023) and extends them into public sector contexts.

From the perspective of organizational culture theory, the results underscore that a strong, value-laden culture directly boosts performance and, via job satisfaction, indirectly enhances

performance. This supports Denison's (1990) framework and suggests that cultural interventions in public institutions can have tangible performance outcomes.

The mediation role of job satisfaction aligns with socio-psychological mechanisms in organizational behavior: satisfied employees internalize organizational vision (transformational leadership) and norms (culture), which translates into better performance. These findings provide empirical support for motivational and social exchange theories.

5.2 Practical Implications

For public sector managers in Sekretariat Daerah and comparable institutions, this study offers actionable insights:

1. **Leadership development:** Training programs should emphasize transformational leadership behaviors—vision articulation, individualized support, intellectual stimulation—to promote both satisfaction and performance.
2. **Culture change initiatives:** Strengthening organizational culture through clearer mission-value communication, fair evaluation systems, and consistent rule adherence can improve satisfaction and performance.
3. **Human resource policy:** Enhancing job satisfaction (through better recognition, career pathways, participative decision-making) may yield performance gains more effectively than focusing on performance metrics alone.

5.3 Limitations and Future Research

- **Cross-sectional design:** Causality cannot be definitively established; future research could adopt longitudinal or experimental designs.
- **Self-reported measures:** Performance and satisfaction are self-reported, which may introduce bias. Using objective performance metrics would strengthen validity.
- **Generalizability:** The sample is limited to a single public institution in Indonesia. Replication in other cultural and institutional contexts would validate the model more broadly.

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