

The Influence of Transformational Leadership and Organizational Culture on Employee Performance with Work Motivation as a Mediating Variable at the Human Resources Development Agency of the Ministry of Villages and Development of Disadvantaged Regions

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Abstract

Employee performance is a strategic concern in public organizations because it reflects the ability of government institutions to translate organizational objectives into effective work outcomes. This study examines the influence of transformational leadership and organizational culture on employee performance, with work motivation as a mediating variable, at the Human Resources Development Agency of the Ministry of Villages and Development of Disadvantaged Regions of the Republic of Indonesia. The study employed a quantitative survey approach. The population consisted of 188 employees, and 128 respondents were selected using the Slovin formula. Data were collected through a five-point Likert questionnaire and analyzed using Structural Equation Modeling-Partial Least Squares with SmartPLS 4. The results show that transformational leadership and organizational culture positively and significantly influence work motivation, while work motivation positively and significantly influences employee performance. In contrast, transformational leadership and organizational culture do not have significant direct effects on employee performance. Mediation testing indicates that work motivation fully mediates both relationships. The main novelty is the empirical confirmation that motivation is the key psychological mechanism through which organizational factors are translated into employee performance in an Indonesian public-sector human resource development institution.

Keywords: Transformational Leadership, Organizational Culture, Work Motivation, Employee Performance, SEM-PLS

Abstrak

Kinerja pegawai merupakan isu strategis dalam organisasi sektor publik karena mencerminkan kemampuan institusi pemerintah menerjemahkan tujuan organisasi menjadi hasil kerja yang efektif. Penelitian ini menganalisis pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kinerja pegawai dengan motivasi

sebagai variabel mediasi pada Badan Pengembangan Sumber Daya Manusia Kementerian Desa dan Pembangunan Daerah Tertinggal Republik Indonesia. Penelitian menggunakan pendekatan kuantitatif dengan metode survei. Populasi penelitian berjumlah 188 pegawai dengan sampel sebanyak 128 responden yang ditentukan menggunakan rumus Slovin. Data dikumpulkan melalui kuesioner skala Likert lima poin dan dianalisis menggunakan Structural Equation Modeling-Partial Least Squares dengan SmartPLS 4. Hasil penelitian menunjukkan bahwa kepemimpinan transformasional dan budaya organisasi berpengaruh positif dan signifikan terhadap motivasi, sedangkan motivasi berpengaruh positif dan signifikan terhadap kinerja pegawai. Sebaliknya, kepemimpinan transformasional dan budaya organisasi tidak berpengaruh langsung secara signifikan terhadap kinerja. Pengujian mediasi menunjukkan bahwa motivasi memediasi secara penuh kedua hubungan tersebut. Kebaruan penelitian terletak pada pembuktian bahwa motivasi merupakan mekanisme psikologis utama yang meneruskan pengaruh faktor organisasi menjadi kinerja pegawai dalam konteks lembaga pengembangan sumber daya manusia sektor publik Indonesia.

Keywords: *Kepemimpinan Transformasional, Budaya Organisasi, Motivasi, Kinerja Pegawai, SEM-PLS*

Introduction

The quality of employee performance in public organizations has become increasingly important as government institutions face stronger demands for accountability, service quality, efficiency, and responsiveness. Employee performance is not merely an administrative output; it represents the extent to which an organization can translate its strategic objectives into measurable results. In the context of bureaucratic reform, public organizations therefore need human resource management practices that are capable of strengthening employee capability, motivation, and commitment. Performance Theory emphasizes that employee performance is shaped by the interaction of organizational and individual factors, meaning that organizational interventions do not necessarily produce performance improvements unless they influence the psychological and behavioral conditions of employees (Armstrong, 2014).

The Human Resources Development Agency (Badan Pengembangan Sumber Daya Manusia/BPSDM) of the Ministry of Villages and Development of Disadvantaged Regions has a strategic position because it supports human resource development and community empowerment for village and disadvantaged-region development. The institution carries responsibilities related to capacity development, education and training, and empowerment programs. These responsibilities require employees to maintain effective performance within a public-sector environment characterized by formal procedures, changing policy demands, and organizational restructuring. The thesis data indicate a downward trend in BPSDM organizational performance achievement, from 99.57% in 2021 to 97.88% in 2022, 94.51% in 2023, and 94.44% in 2024. Although the achievement

remained in a relatively good category, the decline provides a practical basis for examining internal organizational factors that may shape employee performance.

Transformational leadership is one of the organizational factors expected to influence employee behavior. Transformational leaders encourage employees through inspirational motivation, intellectual stimulation, and individualized consideration, while also providing direction and meaning for organizational goals (Bass, 1985; Bass & Riggio, 2006). Such leadership may not always translate immediately into measurable performance because leadership behavior first affects employees' psychological conditions, including motivation. This perspective is consistent with the idea that leaders can stimulate employees to exert additional effort by strengthening their confidence, commitment, and willingness to contribute beyond minimum role requirements (Judge & Piccolo, 2004).

Organizational culture represents another important contextual factor. Culture consists of shared values, norms, beliefs, and behavioral patterns that guide how organizational members interpret situations and perform their work. A supportive culture can create an environment that encourages innovation, communication, collaboration, management support, and employee involvement. In contrast, a rigid culture may limit adaptation and reduce employees' willingness to contribute beyond routine requirements. Within public organizations, organizational culture is especially relevant because formal rules and hierarchical structures can coexist with the need for innovation and employee initiative.

Work motivation provides a potential psychological mechanism connecting organizational conditions with performance. Motivation gives employees the energy and direction to perform tasks, pursue goals, and use their abilities effectively. The thesis conceptualizes motivation as a key individual factor through which organizational leadership and culture can be translated into work behavior. This proposition is important because previous empirical findings have not been fully consistent. Some studies report significant direct relationships between transformational leadership, organizational culture, and employee performance, while others report insignificant or mixed effects. The thesis identifies this inconsistency as an important research gap, together with a contextual gap because studies focusing on human resource development institutions within Indonesia's central government remain limited.

The novelty of this study lies in testing an integrated model in which transformational leadership and organizational culture are positioned as antecedents, work motivation as a mediator, and employee performance as the outcome within a central-government institution responsible for human resource development and village empowerment. The study also extends the application of Performance Theory by empirically examining whether organizational factors influence performance through an individual psychological mechanism. Based on this background, the study addresses seven research objectives: to examine the effects of transformational leadership and organizational culture on motivation;

the effects of transformational leadership, organizational culture, and motivation on employee performance; and the mediating roles of motivation in the relationships between transformational leadership and performance and between organizational culture and performance.

Research Methods

This study employed a quantitative approach with an explanatory survey design to examine the structural relationships among transformational leadership, organizational culture, work motivation, and employee performance. The research object was employees of BPSDM, Ministry of Villages and Development of Disadvantaged Regions, Republic of Indonesia. The population consisted of 188 employees. Using the Slovin formula with a 5% margin of error, the study obtained a sample of 128 respondents. Primary data were collected through a structured questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Transformational leadership was operationalized through indicators reflecting inspirational motivation, intellectual stimulation, and individualized consideration, based on the theoretical framework of Bass and Avolio. Organizational culture was measured through organizational initiative, risk tolerance, control, management support, and communication patterns, following the conceptualization used in the thesis. Work motivation was measured through indicators covering working relationships, organizational recognition, and opportunities for personal development. Employee performance was measured through target achievement, work quality, and cooperation with colleagues. These indicators were selected to reflect the organizational and behavioral characteristics of the BPSDM public-sector context.

Data analysis was performed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS 4. The measurement model was assessed through outer loadings, Average Variance Extracted (AVE), discriminant validity, Cronbach's Alpha, Composite Reliability, and multicollinearity. The structural model was assessed using R^2 and effect size (f^2), while hypothesis testing used bootstrapping. A relationship was considered statistically significant when the t-statistic exceeded 1.96 and the p-value was below 0.05. Mediation was classified as full mediation when the indirect effect was significant while the corresponding direct effect was not significant.

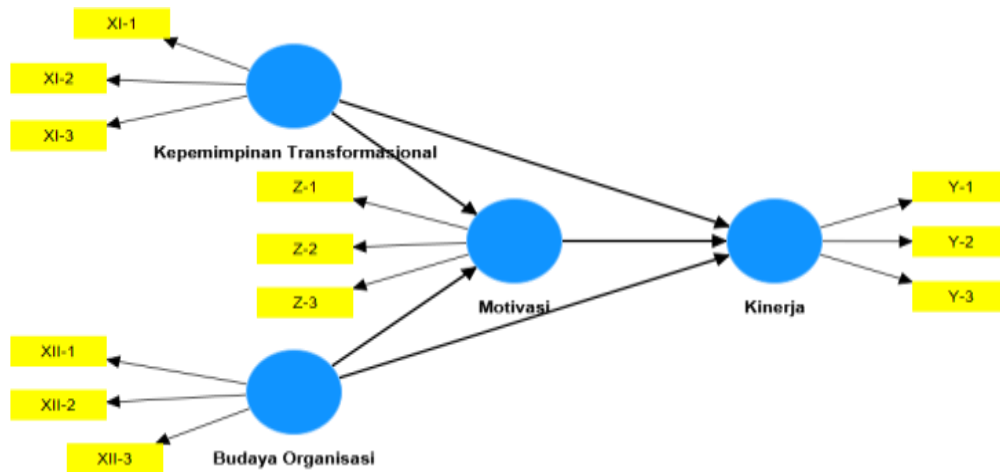


Figure 1. Conceptual Framework

Source: Research Results (2026)

The hypotheses tested in the study were: H1, transformational leadership positively influences work motivation; H2, organizational culture positively influences work motivation; H3, work motivation positively influences employee performance; H4, transformational leadership positively influences employee performance; H5, organizational culture positively influences employee performance; H6, work motivation mediates the relationship between transformational leadership and employee performance; and H7, work motivation mediates the relationship between organizational culture and employee performance.

Results And Discussion

1. Respondent Characteristics

The study analyzed responses from 128 employees. The respondent profile was sufficiently diverse to represent different employment conditions within the organization. The sample consisted of 51 men (39.85%) and 77 women (60.15%). In terms of employment status, 79 respondents (61.72%) were civil servants (PNS) and 49 respondents (38.28%) were government employees under the PPPK scheme. Regarding tenure, 17 respondents (13.28%) had worked for 1–5 years, 57 (44.53%) for 6–10 years, and 54 (42.19%) for more than 10 years. The composition indicates that the analysis incorporates perceptions from employees with varied experience and employment status.

Table 1. Respondent Characteristics

Characteristic	Category	n	%
Gender	Male	51	39.85
Gender	Female	77	60.15
Employment status	PNS	79	61.72
Employment status	PPPK	49	38.28

Tenure	1–5 years	17	13.28
Tenure	6–10 years	57	44.53
Tenure	>10 years	54	42.19

Source: Primary data processed by the researcher (2026)

2. Measurement Model Evaluation

The measurement model results demonstrate satisfactory convergent validity and reliability. All retained indicators have outer loadings above 0.70. The AVE values are 0.789 for transformational leadership, 0.714 for organizational culture, 0.702 for work motivation, and 0.651 for employee performance, all exceeding the recommended minimum of 0.50. These results indicate that each construct explains more than half of the variance of its indicators.

Table 2. Measurement Model Results

Construct	AVE	Cronbach's Alpha	Composite Reliability	Decision
Transformational Leadership	0.789	0.801	0.882	Valid & Reliable
Organizational Culture	0.714	0.866	0.918	Valid & Reliable
Work Motivation	0.702	0.732	0.848	Valid & Reliable
Employee Performance	0.651	0.786	0.876	Valid & Reliable

Source: Primary data processed using SmartPLS 4 (2026)

Reliability testing also confirms adequate internal consistency. Cronbach's Alpha values range from 0.732 to 0.866, while Composite Reliability values range from 0.848 to 0.918. Discriminant validity was also satisfied based on the thesis analysis using HTMT and the Fornell-Larcker criterion, while the multicollinearity assessment did not indicate a critical problem. Therefore, the constructs were considered appropriate for subsequent structural-model analysis.

3. Structural Model Evaluation

The initial structural model produced R^2 values of 0.373 for work motivation and 0.424 for employee performance. After the non-significant direct paths were removed through model trimming, the final model produced an R^2 of 0.371 for motivation and 0.420 for employee performance. Thus, transformational leadership and organizational culture jointly explain 37.1% of the variance in motivation, while motivation explains 42.0% of the variance in employee performance in the final model. The remaining variance is attributable to factors outside the research model.

Table 3. Coefficient of Determination after Model Trimming

Endogenous Variable	R ²	Adjusted R ²	Interpretation
Work Motivation	0.371	0.361	Moderate
Employee Performance	0.420	0.416	Moderate

Source: Primary data processed by the researcher (2026)

Effect-size analysis further shows that organizational culture has a small effect on motivation ($f^2 = 0.047$), transformational leadership has a medium effect on motivation ($f^2 = 0.192$), and motivation has a large effect on employee performance ($f^2 = 0.725$). The magnitude of f^2 confirms that motivation is the dominant explanatory factor in the final structural model.

4. Hypothesis Testing

Table 4. Hypothesis Testing after Model Trimming

Hypothesis	Path	β	t-statistic	p-value	Decision
H1	Transformational Leadership → Motivation	0.446	4.750	0.000	Supported
H2	Organizational Culture → Motivation	0.220	2.150	0.032	Supported
H3	Motivation → Employee Performance	0.648	9.899	0.000	Supported
H4	Transformational Leadership → Employee Performance	Not retained after trimming	—	—	Not Supported
H5	Organizational Culture → Employee Performance	Not retained after trimming	—	—	Not Supported
H6	Transformational Leadership → Motivation → Performance	Significant	Significant	<0.05	Supported
H7	Organizational Culture → Motivation → Performance	Significant	Significant	<0.05	Supported

Source: Primary data processed using SmartPLS 4 (2026)

5. The Influence of Transformational Leadership on Work Motivation

Transformational leadership has a positive and significant effect on work motivation ($\beta = 0.446$; $t = 4.750$; $p < 0.001$). This result indicates that stronger transformational leadership is associated with higher employee motivation. In the BPSDM context, leadership behaviors that provide inspiration, encourage creativity and innovation, and pay attention to employee needs can strengthen employees' psychological readiness to contribute to organizational objectives. The effect size of 0.192 also shows that transformational leadership has a medium contribution to explaining motivation and contributes more strongly than organizational culture in the final model.

The finding is consistent with transformational leadership theory, which explains that leaders can influence followers by creating meaning, stimulating new perspectives, and recognizing individual needs (Bass, 1985; Bass & Riggio, 2006). It also reinforces the Performance Theory perspective used in the thesis: organizational factors can improve performance through individual mechanisms. Rather than assuming that leadership automatically creates performance, the present finding indicates that leadership first creates a motivational condition that can subsequently be translated into work behavior.

6. The Influence of Organizational Culture on Work Motivation

Organizational culture also has a positive and significant effect on work motivation ($\beta = 0.220$; $t = 2.150$; $p = 0.032$). Although the effect is smaller than the effect of transformational leadership, the result confirms that culture remains an important organizational condition for building motivation. A culture characterized by supportive management, constructive communication, collaboration, and opportunities for initiative can create a sense of belonging and encourage employees to contribute more actively.

This result supports the thesis interpretation that organizational culture does not operate only through formal rules. It is experienced through everyday work practices, communication patterns, management support, and the extent to which employees perceive the organization as supportive. The small effect size ($f^2 = 0.047$) suggests that culture contributes to motivation, but its contribution is more limited than transformational leadership. Consequently, organizational culture should be strengthened together with leadership practices rather than treated as a standalone intervention.

7. The Influence of Work Motivation on Employee Performance

Work motivation has the strongest direct influence in the final model and positively affects employee performance ($\beta = 0.648$; $t = 9.899$; $p < 0.001$). The large effect size ($f^2 = 0.725$) indicates that motivation makes the most substantial

contribution to explaining performance among the retained relationships. Employees with stronger motivation are more likely to pursue targets, maintain work quality, cooperate with colleagues, and demonstrate persistence in completing assigned responsibilities.

The finding provides strong empirical support for the central argument of the study: performance improvement in BPSDM cannot depend only on structural or organizational interventions. Organizational leadership and culture become more consequential when they succeed in strengthening employees' internal willingness and energy to work. The result therefore reinforces Performance Theory by showing that an individual psychological mechanism is central to translating organizational conditions into performance outcomes.

8. Direct Effects of Transformational Leadership and Organizational Culture on Performance

The initial model indicates that transformational leadership does not have a significant direct effect on employee performance, while organizational culture also does not have a significant direct effect. The thesis reports coefficients of 0.005 ($t = 0.046$; $p = 0.963$) for transformational leadership and 0.069 ($t = 0.750$; $p = 0.453$) for organizational culture. Because both paths fail the significance criterion, they were removed through model trimming. The final model therefore emphasizes the indirect mechanism through motivation.

The absence of significant direct effects is theoretically meaningful. In a public-sector organization governed by formal procedures, performance is not necessarily changed immediately by leadership behavior or cultural conditions. Leadership and culture may shape employee perceptions, attitudes, and willingness to work first, while performance changes emerge after these psychological conditions are activated. This finding also helps explain why previous empirical studies have reported inconsistent direct effects. The mechanism through which organizational factors operate may be more important than the direct association itself.

9. Mediating Role of Work Motivation

The mediation analysis confirms full mediation for both organizational antecedents. Transformational leadership significantly affects performance through motivation, while its direct effect on performance is not significant. Likewise, organizational culture significantly affects performance through motivation, while its direct effect is not significant. The thesis therefore identifies motivation as the key explanatory mechanism connecting organizational conditions with employee performance.

The full mediation finding is the central novelty of the research. It indicates that improving leadership quality or organizational culture alone may not automatically increase employee performance. The organizational intervention

needs to generate stronger motivation first. In practical terms, leadership development should emphasize inspirational communication, coaching, mentoring, individual consideration, and empowerment, while cultural interventions should emphasize supportive management, open communication, collaboration, innovation, fair recognition, and opportunities for employee development.

The final model after trimming is more parsimonious and retains only statistically supported structural relationships. It shows that transformational leadership and organizational culture are antecedents of motivation, while motivation is the immediate determinant of employee performance. This configuration contributes a clearer explanation of how performance is formed within a public-sector human resource development institution and provides a more focused basis for managerial recommendations.

Conclusion

This study concludes that transformational leadership and organizational culture are significant organizational antecedents of work motivation at BPSDM, Ministry of Villages and Development of Disadvantaged Regions. Transformational leadership has the stronger effect on motivation, while organizational culture also contributes positively. Work motivation has the strongest direct influence on employee performance. In contrast, neither transformational leadership nor organizational culture demonstrates a significant direct effect on performance after accounting for motivation. The mediation analysis confirms that motivation fully mediates the relationships between transformational leadership and employee performance and between organizational culture and employee performance. The key implication is that employee performance improvement should be designed around the psychological mechanism of motivation rather than relying exclusively on structural leadership or cultural interventions.

From a theoretical perspective, the findings strengthen Performance Theory by demonstrating that organizational factors are translated into performance through an individual psychological mechanism. From a practical perspective, BPSDM should integrate leadership development, organizational culture strengthening, recognition systems, competency development, and employee participation into a coherent motivation-oriented human resource strategy.

Limitations

The study has several limitations. First, the research was conducted in a single government institution, so the findings cannot automatically be generalized to all public organizations. Second, the study used questionnaire data based on respondent perceptions, which may introduce subjective response bias. Third, the model included a limited number of explanatory variables, while other factors

such as employee capability, organizational support, work effort, and opportunities to perform may also influence performance. Fourth, the cross-sectional design captures relationships during one period and cannot fully explain changes in motivation and performance over time. Finally, SEM-PLS is primarily predictive and should not be interpreted as establishing absolute causality.

Recommendations

For BPSDM management, transformational leadership competencies should be strengthened through leadership development, coaching, mentoring, and practices that encourage employee creativity and individualized consideration. Organizational culture should be improved through stronger innovation support, open communication, cross-unit collaboration, and consistent management support. Because motivation is the dominant factor in the final model, the organization should strengthen performance-based recognition, provide broader opportunities for education and training, facilitate employee development, and involve employees in relevant decision-making processes. Periodic employee motivation surveys can also be used to monitor changes and guide human resource policies.

Future research should expand the research setting to other ministries, government agencies, and regional governments; incorporate additional variables; and use longitudinal or mixed-method designs to obtain stronger evidence regarding the mechanisms connecting organizational factors with employee performance.

Author Contributions

Nikiyo Pernando contributed to conceptualization, methodology, data collection, data analysis, interpretation, and manuscript preparation. Zainul Kisman contributed to supervision, methodological guidance, critical review, and manuscript revision. Both authors approved the final manuscript.

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