

Mediating Transformational Leadership and Employee Performance through Organizational Culture



Hidayat¹, Habibullah Djimad², Nova Mardiana³

^{1,2,3}Graduate School in Management, Faculty of Economic and Business, University of Lampung, Indonesia

ABSTRACT: Leadership style has been believed to have an influence on employees or subordinates in an organization. Transformational leadership can affect the ability and performance of subordinates in achieving predetermined goals. The organizational culture that prevails in an organization can also affect employee performance. This study aims to determine the influence of transformational leadership style on employee performance through organizational culture as a mediating variable in PTPN I Region 7 employees in the Southern Sumatra region. This study uses a quantitative design approach with ex post facto by using a survey method in collecting data. This study used primary data of 310 respondents taken using a questionnaire on transformational leadership style, organizational culture, and employee performance distributed to all employees at the company. The research data analyzed uses Structural Equation Modelling (SEM) with partial least square (PLS). The results of the study show that not all these studies support the hypotheses proposed, namely that transformational leadership style does not have a significantly positive effect on employee performance but has a significantly positive effect on employee performance through organizational culture. Transformational leadership style has a significantly positive effect on organizational culture and organizational culture has a significantly positive effect on employee performance, so that organizational culture can be a mediating variable on the positive influence of transformational leadership style on employee performance at PTPN I Region 7. The results of the study suggest that leaders pay more attention to employees as personal individuals, as employees in the organization, and encourage their employees to be more active in improving their negotiation skills.

KEYWORDS: Transformational leadership, Organizational Culture, Employee Performance

I. INTRODUCTION

The quality of human resources is one of the most important factors for an organization or company. Organizations or companies do not only depend on technology and operations, or on available facilities and infrastructure, but also depend on human resources that exist in achieving a goal. The importance of the role of human resources cannot be separated from a leader in carrying out activities. Companies need potential human resources, both leaders and employees, in order to achieve the goals that have been set. PTPN I Region 7 is one of the government companies or state-owned enterprises that has an important role for the state. This company is one of the state-owned enterprises determined to increase the company's productivity in order to make a great contribution to the country. The quality performance of its employees is important for the sustainability of PTPN I Region 7. The productivity and performance of these employees cannot be separated from the role of a leader. This has the consequence that every leader is obliged to pay serious attention to fostering, mobilizing, and directing all potential employees in their environment so that the volume and workload are directed to the goal (1). Leaders need to conduct serious coaching for employees in order to generate satisfaction and organizational commitment so that in the end they can improve high performance.

The leadership role is an important factor for the sustainability of the company because it can bring changes to employees in working and doing business in a company or organization. Effective leadership plays an important role in mobilizing human resources to face future business challenges (2–4). Leadership competence must be constantly improved, because if this is not carried out it will result in failure in a company. Leaders are people who inspire and are able to lead and direct subordinates to achieve the goals that have been set. Leadership can be described as the art of persuading and motivating subordinates so that they have the will to give their best efforts to achieve a certain goal (5).

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Research conducted by Basna (2016) shows that there is a positive influence between transformational leadership and employee performance. Transformational leadership is considered to affect 42% of changes in employee performance. Business processes and human resources responsible for those processes can demonstrate integrity and good performance through transformational leadership models. Subordinates who work for transformational leaders have higher levels of job satisfaction. Atmojo's research (2012) also proves that PTPN V Riau's plant managers encourage employees to continue to improve their career prospects through increased productivity. The impact is that an employee gets more opportunities for promotion or position in the company. The results of these studies show that transformational leadership significantly affects employee performance because leaders who are Transformational can understand the diverse needs of its employees (7).

Transformational leadership is defined as a leader who has the power to influence subordinates in certain ways (Bass, 2015). The application of transformational leadership can make subordinates feel trusted, appreciated, loyal and respectful to their leaders. Transformational leadership can push employees beyond the limits or have performance beyond predetermined targets or objectives. Transformational leadership in principle motivates subordinates to do better than what can be done, in other words it can increase the trust or self-confidence of subordinates which will affect performance improvement (8–10).

On the other hand, Organizational Culture or the organization has a strategic role in the success of the organization to grow and develop. Organizational culture serves as a tool to determine how to process and allocate the direction of the organization, direct what should and should not be done, and how to process and allocate organizational resources to deal with internal and external problems. Organizational Culture also has a positive influence and has an important role in improving employee performance (11). Organizational culture effective is a reflection of a successful business strategy. Organizational Culture effective performance is an important element to improve and advance performance within the group of companies (12) .

Organizational culture includes the norms experienced and described by the members of the organization as their work arrangements. These norms shape how members behave and adapt to get results in the organization. Organizational culture is how the members of an organization interact with each other and other stakeholders (13,14). This condition can have an impact on the company's progress, which is more dynamic so that the performance of its employees will increase. Internalization of organizational culture like this is sought to be carried out continuously so that in the end it can improve the company's performance in general.

Overall, organizational culture acts as a bridge between leadership and employee performance. By establishing a conducive work environment, the organizational culture ensures that effective leadership can be translated into real performance improvements. Without a supportive culture, leadership may be less influential in moving employees towards optimal performance, because it is the culture that directs employee attitudes, behaviors, and motivations to align with the vision and goals set by the leader.

The distribution of research results from the Google Scholar Database showing that the research uses transformational leadership variables, work culture, and employee performance. The search was carried out using Publish or Perish software with a limit of 50 research results from 2010 to 2022. From these results, it was further analyzed using Vos Viewer to see research trends related to the variables of Transformational Leadership, Work Culture, and Employee Performance, and determine the research position.

Furthermore, the results of the analysis using the two tools show that research related to transformational leadership is the most widely carried out, which is shown by the size of the circle and the thickness of the lines that lead to these variables. In addition, research related to transformational leadership variables is also related to or related to the variables of Employee Performance (Employee Performance), and Organization Culture (organizational culture). However, from the variable network in Vos Viewer that uses work culture, there are still few in the network, especially if it is associated with job performance, high performance or work performance whose mesh color is still relatively light green, and the distance is far away. Research related to transformational leadership is indeed relatively mature or mature, indicated by the dark green color of the network. However, if it is associated with organizational culture and employee performance, the color is still light green or slightly yellowish, so it is still relevant to research. Especially if it is associated with the context of PTPN I Region 7, then the topic is still relevant because in a relatively short time, there have been 3 changes in organizational culture, PROMOTION, JTI, then AKHLAK. Research recorded in the Google Scholar Database in the last ten years that uses organizational culture associated with transformational leadership, and employee performance can still be researched. Therefore, this study will include organizational culture as a mediating variable between transformational leadership and employee performance.

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The leadership role is an important factor for the sustainability of the company because it can bring changes to employees in working and doing business in a company or organization. Effective leadership plays an important role in mobilizing human resources to face future business challenges. Leadership competence must be constantly improved, because if this is not carried out it will result in failure in a company. Leaders are people who inspire and are able to lead and direct subordinates to achieve the goals that have been set. Leadership can be described as the art of persuading and motivating subordinates so that they have the will to give their best efforts to achieve a certain goal (5).

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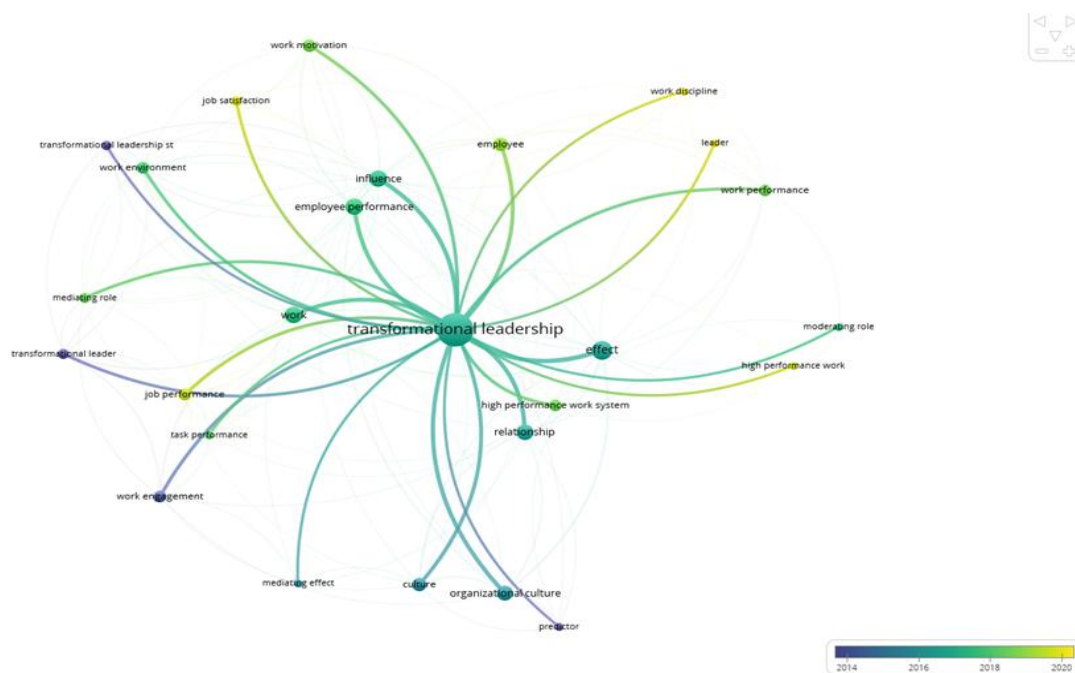


Figure 1. Overlay Visualization Research related to Transformational Leadership, Work Culture, and Employee Performance.

Furthermore, previous studies were conducted by adding several other factors as Mediation and Moderating variables that are considered to be able to affect the relationship between leadership style and employee performance. Based on previous research, there are inconsistent results. There is a positive influence between transformational leadership style and organizational culture and employee performance (15,17–19). However, other studies such as Wanasida et al (2021) and Wang and Rode (2010) show a negative and insignificant influence between these variables (20,21). Other studies using similar variables were mostly conducted on manufacturing companies, services and the public sector. Meanwhile, in this study, the mediation variable used is organizational culture. Another difference in this study is that the research was conducted on state-owned companies in the plantation sector, namely PTPN VII. This study was compiled with the title "The Influence of Leadership Style on Employee Performance with Organizational Culture as a Mediation Variable".

II. LITERATURE REVIEW

A. Transformational Leadership

Effective leadership in an organization or company change has an important role in managing the change process in an organization or company. Several studies have shown the importance of the leadership role in managing the change process that occurs in an organization or company (8,9,21). The role of leadership in managing the change process can take many forms. For example, leaders can manage change in an organization through the creation of a shared vision, motivating and encouraging individuals to adopt change, supporting individuals politically, and maintaining momentum change in the organization. Among these activities, leaders can create a shared vision to make changes in the organization or changes that move from status Quo.

McFarlin & Sweeney (2002) suggest that leadership involves a series of interpersonal influence processes aimed at motivating subordinates, creating a vision for the future, and developing strategies to achieve goals (22). The management and leadership function model developed by Kottler (1990) states that management is responsible for creating order and consistency while leadership plays a role in bringing change (23). Some of the characteristics of a leader can be described as follows: 1) Physical Character, 2) Personality, 3) Intelligence and Ability, 4) Social Character, 5) Social Background. In addition, a leader

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needs to have the ability to develop mentally, realize that everything changes and never fixes, have analytical thinking, strong memory, communication skills, rationality and objectivity, act pragmatically, have a sense of urgency, sense of time, sense of integration, and a sense of relevance.

In implementing his leadership, a leader can apply a certain style that supports change in a Agile and maintain the momentum transition to implement change in the organization or company. Leadership styles are divided into 3, namely autocratic leadership styles where leaders with this leadership style dictate how tasks must be completed, make unilateral decisions and minimize employee performance. The second is a democratic leadership style where leaders with this leadership style tend to involve employees in decision-making, delegate authority and use feedback as an opportunity to train their employees. The third is leadership style laissez-faire Where a leader with this leadership style gives his employees the freedom to make decisions and get the job done in the most appropriate way according to their employees (24).

As explained earlier, the approach used in this study is a situational approach or (Contingency Approach) or contingency approach. This approach is an approach that emphasizes the effectiveness of an organization or company leader in influencing his subordinates or employees who are not based on one fixed behavior, or agile, but are nevertheless more likely to be situational behaviors based on the situation and conditions faced by the organization or company and the leader. A leadership style that is relevant to this context is the Transformational Leadership style.

Transformational leadership style is a leadership style applied by a leader who stimulates and inspires (transforms) his subordinates to do things that are outside the habits of the organization or company. With this leadership style, employees can feel trust, admiration, loyalty and respect for the leader, and they tend to be motivated to do more than they should. (8,10,17).

Transformational leadership inspires employees to believe in their great potential of themselves personally so that they can optimize their potential to create a better future of the organization. Transformational leadership can drive major change, both within those employees and their organization or company. Furthermore, transformational leadership can change the consciousness of employees to look at old patterns in new ways, and they are able to excite, awaken, and inspire employees to be able to do more than their potential to achieve the goals or targets of the organization/company.

B. Organizational Culture

According to Wardani et al., organizational culture is a collection of beliefs, assumptions, values, and interaction methods that lead to exclusive social interaction and the spiritual environment of an organization. Organizational culture includes expectations, experiences, philosophies, and values that guide the behavior of board members, including members' self-image, internal affairs, interaction with the outside world, and future expectations (13,25,26).

Organizational culture, which is closely linked to productivity, is essential for business success because it is the process by which an organization develops its internal capacity to be effective in its mandate in the short, medium and long term. Productivity is the art of delivering a company's products and/or services to customers at the lowest possible cost and time. Productivity is also related to quality, customer needs and industrial relations. This further implies that productivity and good management are intertwined. Therefore, productivity is the result of motivation, and motivation thrives in a good climate.

Culture refers to the peculiarity of the configuration of norms, values, beliefs, ways of behaving and so on, which characterizes the way in which groups and individuals join forces to get things done. Culture defines how people in an organization should behave within a specific set of circumstances. It affects everyone, from the most senior managers to the humblest employees. They and others judge their actions in relation to the expected model of behavior. Culture legitimizes certain forms of action and prohibits others (27,28).

Organizational culture is a value that serves as a code of conduct for all employees that has an impact on increasing the productivity of employees and company performance. The indicators of organizational culture that will be used are as stated by Nasution and Lesmana, 2019 and Robbins, 2009 which provides an understanding of organizational culture as the dominant values that are disseminated in the organization which are used as employee work philosophy that guides organizational policies in managing employees and consumers. The dimensions and indicators of organizational culture variables include:

- a. Core values in the form of Customer Value are an effort to increase value for customers by providing net benefits obtained by customers from products or services at the expense of cost, time, and effort.
- b. Excellent Service Value provides exceptional service that prioritizes service with quality that exceeds customer expectations.
- c. The value of Competence People with this value the company highly appreciates every person who has the ability to competently meet all service demands in the competitive telecommunications business.

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C. Employee Performance

Performance in the management accounting approach, is the quantity or quality of something produced or services provided by someone who performs the work, thus describing how effectively and efficiently the manager has worked to achieve the goals of the organization (25,31–33). Performance is a result or Output of a process and is one of the factors that can increase the effectiveness of an organization's operations. Managerial performance based on classical management is how far managers are able to carry out management functions which include planning, investigation, coordination, evaluation, supervision, staff selection, negotiation, and representation (34,35). Regardless of the type of organization, either a for-profit organization or a non-profit organization as long as they operate will continue to strive to improve overall managerial performance.

Performance is a real behavior that everyone displays as work achievements produced by employees in accordance with their role in the company as well as the results or success rate of a person as a whole during a certain period in carrying out tasks compared to various possibilities such as work performance standards that have been determined in advance and have been mutually agreed. The indicators in employee performance assessment are: work performance, target achievement, skills, satisfaction, initiative, attendance level, obedience, punctuality (36,37).

Profit organizations typically use a variety of measures in measuring the organization's financial performance (sales, return on investment, profit) and market size (stock price, return on equity, market value). In contrast, to assess non-financial performance, boards of directors and managers do not have the same basis of measurement to refer to, as some activities, for example, in healthcare, poverty alleviation, education, and the environment have some common standards or benchmarks. Managerial performance at PTPN VII can generally be measured through the achievement of commodity productivity, how efficient the cost of production is, and the achievement of operating profit.

D. The Influence of Transformational Leadership Style on Employee Performance through Organizational Culture

Transformational leadership style has a significant positive influence on employee performance through organizational culture (31,38,39), because transformational leaders focus on inspiration, development, and motivation that shape an organizational culture that is conducive to the achievement of goals. Transformational leaders help create a culture that supports optimal performance, reinforces organizational values, and increases employee commitment. Transformational leaders foster an organizational culture that supports creativity and innovation. Transformational leaders encourage employees to think freely, find new solutions, and make creative contributions without fear of failure. This innovative culture encourages employees to perform higher, increases productivity, and helps companies adapt quickly to changes in the market.

Transformational leaders are able to build an adaptive organizational culture, where employees are open to change and ready to innovate. By forming a culture that is ready for change, leaders make it easier for employees to respond to dynamic business needs. This adaptability allows employees to maintain or even improve their performance despite sudden changes in the work environment. This is because transformational leaders tend to develop a culture that values and recognizes employee achievements. In this appreciative culture, employees feel their efforts are valued, which increases their morale and motivation to work better. With a clear reward system, employees feel motivated to achieve high standards, which has a direct effect on improving performance.

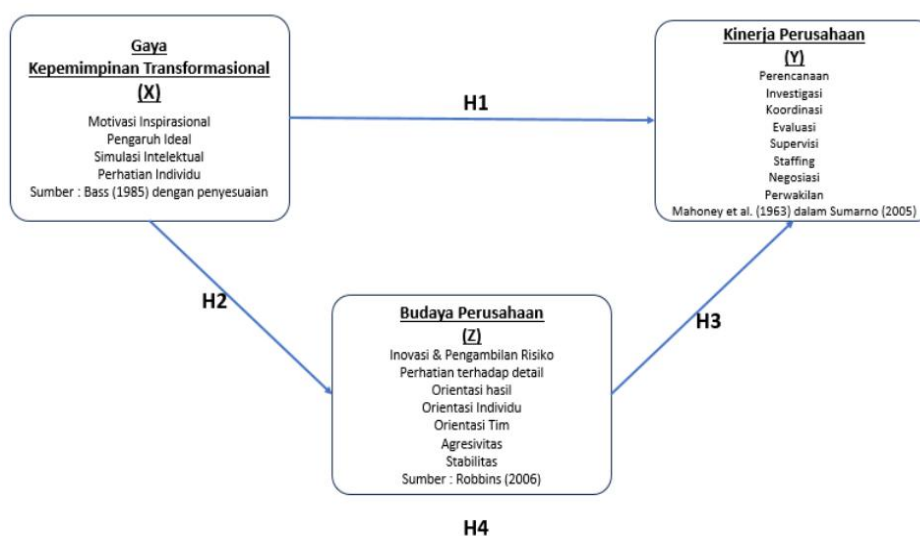


Figure 2. Research Framework

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III. METHODS

The approach used in this study is a quantitative approach with design or explanatory research method. This explanatory research is a study that aims to explain the position of the variables studied and the influence between one variable and another. Based on the type of explanatory level research, this type of research is associative research that aims to find out the relationship between two or more variables through hypothesis testing. This study aims to explain the relationship between variables of Transformational Leadership style, organizational culture, and employee performance. To determine a sample, it can be determined by statistical calculations and/or by conducting research estimates. The sample should represent all the characteristics of the population necessary to draw research conclusions. The sample should be able to be drawn into a generalized conclusion. The minimum number of samples can be known from 5 times the number of question items in the questionnaire or questionnaire (40). This research consists of one independent variable, namely transformational leadership, one mediation variable, namely organizational culture, and one bound variable, namely employee performance. The number of questions in this study is 50 questions, so the minimum sample size obtained is $50 \times 5 = 250$. So, the minimum number of samples in this study is 250, but to reduce errors, 310 respondents were taken as a sample set with a population of 352 employees.

Exogenous or independent variables are variables that affect or are the cause of changes or the occurrence of other variables. The exogenous variable in this study is Transformational Leadership. The instrument aims to measure the influence of transformational leadership style on the formation of employee behavior on productivity and performance employee. Each respondent was asked to answer 5 items of the questionnaire statement by choosing a scale of 1 to 5. Scale 1 indicates Strongly Disagree (STS) and vice versa scale 5 indicates Strongly Agree (SS). Leadership style variables are measured based on four groups based on Bass's theory (Bass, 2015). The scale used is 1 to 5. Scale 1 indicates Strongly Disagree (STS) and vice versa scale 5 indicates Strongly Agree (SS). Mediation variables are intermediate variables or mediations that are located between exogenous and endogenous variables, so that exogenous variables do not directly affect the change or emergence of endogenous variables. In this study, the variable of organizational culture as a mediation variable on the relationship between transformational leadership and employee performance. These endogenous variables are often referred to as bound variables, which are variables that are influenced by other variables. The endogenous variable in this study is employee performance. Employee performance variables were measured using a self-rating instrument developed by Mahoney et al. (2003) which is divided into eight dimensions, namely planning, investigation, coordination, evaluation, supervision, staffing, negotiation and representation (41).

IV. RESULTS AND DISCUSSION

This chapter is the result of research analysis and discussion on "The Influence of Transformational Leadership Style on Employee Performance with Organizational Culture as a Mediation Variable (Study on PTPN VIII Lampung, South Sumatra and Bengkulu)". The analysis of the results of this study began with the characteristics of the respondents, validity and reliability tests, descriptive analysis (description of research variables) and hypothesis tests. In the previous chapter, it was explained that the collection of survey data was carried out by distributing questionnaires to survey respondents, namely PTPN VIII Lampung, Se-South Sumatra, and Bengkulu. In this study, a questionnaire was distributed to 310 respondents. The questionnaire is returned from 310, so the response rate is 100 percent. Once the data is collected, the table is edited, coded, and added. Further analysis was carried out using the SmartPLS program.

The respondents in this study are all male, as many as 260 respondents or 84%, and female, 50 respondents or 16%. This shows that most of the respondents of PTPN VII employees involved in this study are more male than female. In addition, the respondents in this study are mostly 40-49 years old as many as 143 respondents or 46.13% and a small number of 20-29 years old as many as 31 respondents or 10%. This shows that in terms of age, most of the respondents of PTPN VII employees are 40-49 years old. The respondents in this study are mostly S1 educated as many as 178 respondents and a small part with elementary education as many as 3 respondents. This shows that in terms of education, the majority of PTPN VII employees who are respondents have a higher level of undergraduate education. While about the working period, the respondents in this study are mostly 11-20 years of service as many as 140 respondents and a small part of the working period of 31-40 years as many as 13 respondents. This shows that in terms of working period, the majority of respondents have worked between 11-20 years.

Validity and reliability tests are intended to find out to what extent the measuring device actually measures what it is supposed to measure (42). Each validity and reliability test were carried out by the correlation method, namely by looking at the AVE (rxy) and Cronbach Alpha numbers on the correlation item which stated the relationship between the question score and the total score. With a validity test sample of 310 respondents. The following are the results of testing the validity and reliability of the research instrument: From the following Table 10, it can be seen that the AVE (rxy) value > 0.50 , so that all questions in

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the questionnaire on the question items in the variables Transformational Leadership Style, organizational culture, and employee performance are valid (see Table 1).

Table 1. Validity Test Results

Indicators	AVE	Communality	Critical Value	Information
Transformational Leadership	0,648	0,648	0,50	Valid
Organizational Culture	0,669	0,669	0,50	Valid
Employee Performance	0,647	0,647	0,50	Valid

The AVE (Average Variance Extraction) value is a discrimination validity test value, which compares the square roots of Average Variance Extraction (AVE) value of each construct with the correlation between other constructs in the model. If the AVE root value of each construct is greater than the correlation value between the construct and other constructs in the model, then it is said to have a good discriminant validity value. If the Average Variance Extracted (AVE) value is above > 0.50 , then it can be stated that each variable has good discriminant validity.

There are two ways to test a construct so that it can be declared reliable, namely by looking at Cronbach's alpha value and a composite reliability value of more than 0.70. The composite reliability value is the part used to test the reliability value of indicators on a variable, a variable can be declared to meet composite reliability if it has a composite reliability value > 0.6 . Reliability tests with composite reliability can be strengthened by using Cronbach's Alpha values. A variable can be declared reliable or meet Cronbach's alpha if it has a Cronbach's alpha value > 0.7 . Composite reliability testing is carried out to prove the accuracy, consistency and accuracy of the instrument in measuring the construct. From Table 2, it can be seen that Cronbach's Alpha coefficient > 0.60 so that all questions in the questionnaire on the question items in the variables Transformational Leadership Style, organizational culture, and Employee Performance are reliable.

Table 2. Reliability Test Results

Indicators	Composite Reliability	Cronbach's Alpha	Critical Value	Information
Transformational Leadership	0,974	0,971	0,60	Reliable
Organizational Culture	0,966	0,962	0,60	Reliable
Employee Performance	0,967	0,963	0,60	Reliable

Based on the data that has been collected, the answers from the respondents have been recapitulated and then analyzed to determine multicollinearity. To analyze the influence of transformational leadership and organizational culture on employee performance in state-owned enterprises in the plantation sector (PTPN VII), the Smart PLS analysis tool version 3.00 was used. The value used to analyze multicollinearity is from the Variance Inflation factor (VIF) value. Based on Hair, et al. (2014) a VIF value of more than 5.00 (>5.00) means that there is a collegiality problem. A VIF value of less than 5.00 (<5.00) is no collegiality problem. The results of the multicollinearity test of each variable are explained as follows. From 20 instruments a value below 5.00 (<5.00) was obtained. This shows that transformational leadership variables are free from multicollinearity. A value below 5.00 (<5.00) was obtained. This shows that cultural variables are free from multicollenearity. Employee performance variables are free from multicollinearity.

The structural model is evaluated using R-Square for the dependent construction of the Stone-Geisser Q-Square test for predictive relevance and the t-test and the significance of the structural path parameter coefficient (43). In addition to looking at the R-Square value, the PLS model is also evaluated by looking at the Q-Square Predictive Relevance It measures how well the observation value is generated by the model and also the estimation of its parameters. Q Value - Square Predictive Relevance greater than 0 indicates that the model has a value of predictive relevance, while the value of Q-Square Predictive Relevance less than 0 indicates that the model has less predictive relevance. The results of the analysis obtained R-Square values of 0.775 and 0.652. Based on the results of the calculation of the value of Q-square, it can be seen that the value of Q-square is 0.550.

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Based on the results of the calculation of the Q-square value, it can be seen that the Q-square value is 0.304. This shows that transformational leadership variables and organizational culture have a good prediction rate of Employee Performance. Since it is assumed that the indicators are not correlated with each other, the internal measure of reliability consistency (Cronbach Alpha) is not required to test the reliability of formative constructs (43). This is different from reflective indicators that use three criteria to assess the outer model, namely convergent validity, composite reliability, discriminant validity. Ghazali (2015) also stated that formative constructs are basically regression relationships from indicators to constructs, so the way to assess them is to look at the value of the regression coefficient. So, if you look at the weight value of each indicator and its significance value. The recommended weight value is 0.50. The results of the analysis obtained all Outer Loadings values > 0.5, so there is no need to modify the model.

Direct effect analysis is a test of the direct influence of exogenous variables (Independent Variable) on endogenous variables (Dependent Variable). The condition that must be met is the Original Sample (O) value which is useful for knowing the direction of a positive or negative relationship. If the Original Sample (O) value is positive, then the influence of one variable on another variable is unidirectional. This means that if the exogenous variable increases/increases, the value of the endogenous variable also increases/increases. If the Original Sample Value of the sample (O) is negative, then the influence of one variable on another variable is in the opposite direction. This means that if the exogenous variable increases/increases, the value of the endogenous variable decreases. The Original Sample value was used to test the direction of the relationship between the variables. The test criterion is that if the value shown is positive, then the direction of the relationship between the variables is positive. If the value shown is negative, then the direction of the relationship between the variables is negative.

To assess a relationship or influence, it can be declared significant or insignificant, namely based on the value of t (t-value) and the value of P (P-value). The criteria used are if the t value is >1.96 and the P value (P-Value) ≤ 0.05, then a relationship can be declared significant. If the t value is >1.96 and the P value (P-Value) ≥ 0.05, then a relationship can be declared insignificant. The results of hypothesis testing can be seen in Table 3.

Table 3. Hypothesis Test Results

Hypothesis	Original Sample (O)	T Statistics	P Values
H1: Transformational Leadership → of Employee Performance	0.028	0,378	0.706
H2: transformational leadership → of organizational culture	0.880	42,299	0.000
H3: organizational culture → Employee Performance	0.783	12.841	0.000
H4: transformational leadership → of the organizational culture → of employee performance through	0,689	12,430	0,000

Based on Table 4.11, it is known that there are results of hypothesis tests, namely direct and indirect influences. Of the four hypotheses, there are three hypotheses that are accepted, and one hypothesis that is not accepted (rejected). The accepted hypothesis is that the influence of transformational leadership on organizational culture (H2), the influence of organizational culture on employee performance (H3), and the influence of transformational leadership have a positive and significant effect on employee performance through organizational culture as a Mediation variable (H4). Meanwhile, the hypothesis that has no effect is the influence of transformational leadership on employee performance.

R2 (Coefficient of Determination) is used to find out how much the independent variable (exogenous) is capable of comprehensively explaining the dependent variable (endogenous). (Coefficient of Determination) has a range between 0-1, namely R2 value = 0.75 (large), R2 value = 0.50 (medium), and R2 value = 0.25 (small). The greater the R2 indicates the greater the ability of the exogenous variable to explain the endogenous variable. The results of the test with SmartPLS were obtained R2 (Coefficient of Determination or R Square) of 0.652, meaning that the transformational leadership style in explaining employee performance was 65.2 percent (moderate), while the rest of the 34.8% was explained by other variables outside the model. The results of the test with SmartPLS obtained R2 (Coefficient of Determination or R Square) of 0.775, meaning that the transformational leadership style in explaining organizational culture was 77.5 percent (large), while the remaining 32.5% each was explained by other variables outside the model.

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Based on the results of data processing, the original sample (O) was obtained of 0.689 (positive), the t-count value (12.430) > t-table (1.96), and the P (P-Value) value of 0.000 < 0.05. These results show that transformational leadership has a positive and significant effect on employee performance through organizational culture as a mediation variable. In other words, organizational culture can play a role as a mediating variable in the influence of transformational leadership on employee performance. Transformational leadership does not have a direct effect but has an indirect effect on employee performance. The indirect influence of transformational leadership on employee performance is through organizational culture variables.

CONCLUSIONS AND RECOMMENDATION

Based on the results of the research on the influence of transformational leadership on employee performance with organizational culture as a mediating variable, it is concluded that transformational leadership has a positive but insignificant effect on employee performance. On the other hand, transformational leadership has a positive and significant effect on organizational culture, and organizational culture has a positive and significant effect on employee performance. Therefore, the influence of transformational leadership needs to be mediated through organizational culture in order to improve employee performance. In other words, organizational culture can play a role as a mediating variable in the influence of transformational leadership on employee performance. These results also show that, in the context of PTPN I Regional 7 employees, transformational leadership has a direct positive effect on employee performance, but it can have an insignificant effect, and organizational culture is needed for this influence to be significant. 4. Future research can re-examine this research model, especially on the influence of variables that are not yet significant, namely transformational leadership on employee performance. Further research can also develop this research model by adding other variables that can affect employee performance. Different research objects or companies are also suggested for future research to generalize the research results.

ACKNOWLEDGMENT

The Authors wishes to acknowledge Human Resource Division of PTPN I Region 7, Indonesia for the facilitation and assistance during the data collection phase.

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