

The Mediating Role Of Organizational Culture In The Link Between Leadership Style And Employee Performance

Peran Mediasi Budaya Organisasi dalam Hubungan Antara Gaya Kepemimpinan dan Kinerja Karyawan

Andi Amang^{1*}, Ferdy Leuhery², M. Syukur Dwiriansyah³

Universitas Ibnu Sina¹

Universitas Pattimura²

Universitas Muhammadiyah Kupang³

andi.amang@uis.ac.id^{1*}, ferdyleuhery12@gmail.com², riansyuk.msd@gmail.com³

**Corresponding Author*

ABSTRACT

Leadership style plays a crucial role in shaping employee performance, particularly when mediated by the organizational culture that defines shared values, behaviors, and workplace norms. This study investigates how different leadership styles transformational, visionary, and participative affect employee performance through the mediating mechanism of organizational culture within modern management contexts. Using a mixed-method approach that combines quantitative survey analysis and qualitative interviews, data were collected from employees in education, service, and technology sectors to assess leadership effectiveness, cultural alignment, and performance outcomes. The findings indicate that transformational and visionary leadership styles foster a positive organizational culture characterized by collaboration, innovation, and trust, which significantly enhances employee engagement and productivity. Conversely, environments with weak or inconsistent cultural support show diminished leadership impact on performance. This study contributes to the understanding of how leaders can cultivate adaptive and value-driven cultures that sustain performance excellence and organizational sustainability.

Keywords: Leadership Style; Organizational Culture; Employee Performance

ABSTRAK

Gaya kepemimpinan memainkan peran krusial dalam membentuk kinerja karyawan, terutama ketika dimediasi oleh budaya organisasi yang mendefinisikan nilai-nilai, perilaku, dan norma tempat kerja bersama. Studi ini menyelidiki bagaimana gaya kepemimpinan yang berbeda, yaitu transformasional, visioner, dan partisipatif, memengaruhi kinerja karyawan melalui mekanisme mediasi budaya organisasi dalam konteks manajemen modern. Menggunakan pendekatan metode campuran yang menggabungkan analisis survei kuantitatif dan wawancara kualitatif, data dikumpulkan dari karyawan di sektor pendidikan, layanan, dan teknologi untuk menilai efektivitas kepemimpinan, keselarasan budaya, dan hasil kinerja. Temuan menunjukkan bahwa gaya kepemimpinan transformasional dan visioner mendorong budaya organisasi yang positif yang ditandai dengan kolaborasi, inovasi, dan kepercayaan, yang secara signifikan meningkatkan keterlibatan dan produktivitas karyawan. Sebaliknya, lingkungan dengan dukungan budaya yang lemah atau tidak konsisten menunjukkan dampak kepemimpinan yang berkurang terhadap kinerja. Studi ini berkontribusi pada pemahaman tentang bagaimana para pemimpin dapat mengembangkan budaya yang adaptif dan berbasis nilai yang menopang keunggulan kinerja dan keberlanjutan organisasi.

Kata Kunci: Gaya Kepemimpinan; Budaya Organisasi; Kinerja Karyawan

1. Introduction

In modern organizations, leadership and employee performance remain two interdependent pillars of sustainable success. Leadership style influences how employees perceive their work environment, interact with colleagues, and align with organizational objectives. At the same time, organizational culture provides the contextual foundation that

shapes behavior, motivation, and performance outcomes. Recent studies emphasize that effective leadership alone is not sufficient; its impact is often mediated by a strong, cohesive culture that reinforces shared values and purpose (Ren et al., 2024; Torres, 2022). Understanding this relationship has become increasingly critical as organizations confront rapid digital transformation, global competition, and the growing demand for human-centered management practices.

Leadership styles such as transformational, visionary, and participative leadership have been widely associated with enhanced employee motivation and creativity. Transformational leaders inspire employees by communicating a clear vision, promoting innovation, and fostering trust, while visionary leaders link long-term goals with employees' sense of meaning and contribution (Karimi et al., 2023; Wang et al., 2024). However, these effects depend heavily on whether the organizational culture supports open communication, collaboration, and learning. A culture that values teamwork and psychological safety allows leadership influence to translate into improved performance, whereas rigid or hierarchical cultures may suppress employees' willingness to engage and innovate (Jeong, 2024; Tsai et al., 2024).

Organizational culture acts as a mediating mechanism that connects leadership behavior to performance outcomes. It represents the shared beliefs, values, and practices that define how employees interpret managerial actions and organizational priorities (Torres, 2022). In environments with strong cultural alignment, leadership messages are internalized and reflected in employee commitment and work engagement. Conversely, cultural fragmentation can neutralize even the most dynamic leadership approaches, leading to low morale and inconsistent performance (Freires et al., 2024). Therefore, understanding the cultural dimension provides a more comprehensive explanation of why similar leadership styles yield different results across organizations and sectors.

The contemporary workplace also emphasizes the role of social and emotional skills in shaping a productive culture. Leaders who demonstrate empathy, ethical awareness, and inclusiveness can foster a climate of trust and mutual respect, leading to sustainable performance (Main et al., 2025; Yeung, 2025). As employees increasingly seek meaning, autonomy, and belonging in their work, organizational culture becomes a key mediator of psychological well-being and engagement. In this sense, culture not only connects leadership and performance but also functions as a source of intrinsic motivation and organizational identity (Martin et al., 2025).

Furthermore, the emergence of sustainability-oriented leadership has expanded the traditional understanding of organizational performance beyond financial metrics. Sustainable leaders integrate social responsibility, innovation, and environmental awareness into workplace values, strengthening cultural norms that encourage collective accountability (Al Husban, 2025; Fukuda & Zusman, 2024). Such integration enables employees to perceive their work as meaningful contributions to long-term societal goals, enhancing commitment and overall productivity. The interplay between leadership, culture, and performance thus extends to broader concerns about organizational resilience and ethical governance (Chang et al., 2022; Jeong, 2024).

Given these perspectives, this study aims to examine the mediating role of organizational culture in the relationship between leadership style and employee performance. It argues that leadership effectiveness is not a direct outcome of managerial behavior alone but is shaped by the cultural context that filters, amplifies, or moderates its impact. By combining theoretical insights and empirical evidence from education, service, and technology sectors, this study contributes to the understanding of how leadership styles can cultivate value-driven, adaptive cultures that enhance performance and sustainability.

2. Method

This study employed a quantitative explanatory research design to examine how leadership style influences employee performance through the mediating role of organizational culture. The research focused on identifying causal relationships between variables rather than merely describing them. Data were collected using structured questionnaires distributed to employees from education, service, and technology organizations. The population consisted of staff and middle-level managers who directly interact with leadership practices in their daily work. A purposive sampling technique was applied to ensure that respondents had at least one year of tenure, guaranteeing familiarity with their organization's culture. The survey used a five-point Likert scale to measure perceptions of leadership style, cultural orientation, and performance outcomes. Leadership was assessed through indicators such as transformational, visionary, and participative dimensions; organizational culture was measured based on shared values, communication, and teamwork; and employee performance was captured through self-evaluation and supervisor assessment of productivity and innovation.

Data were analyzed using structural equation modeling (SEM) to test both the direct and indirect relationships among variables. The model evaluated whether organizational culture mediates the effect of leadership style on performance. Prior to hypothesis testing, data were examined for reliability and validity using Cronbach's Alpha and composite reliability scores. The mediation analysis followed the Baron and Kenny approach to confirm the indirect effect of culture between leadership and performance. Descriptive statistics and correlation analyses were used to provide a general overview of respondent characteristics and variable relationships. The analytical process aimed to ensure that results were statistically significant, unbiased, and representative of the dynamics of leadership and organizational culture within contemporary human resource management contexts.

3. Result and Discussion

Leadership Style and Employee Performance

The results indicate that leadership style has a strong and positive influence on employee performance. Transformational and visionary leadership styles emerged as the most dominant in promoting motivation, collaboration, and productivity among employees. Leaders who communicate clear visions and inspire through example are able to elevate both individual and collective performance. This is consistent with findings by Ren et al. (2024) and Karimi et al. (2023), who argue that transformational leaders motivate employees by aligning organizational goals with personal values and aspirations, resulting in improved engagement and creativity. Similarly, Wang et al. (2024) confirmed that visionary leadership fosters innovative performance by encouraging employees to contribute ideas within a shared strategic vision.

However, not all leadership approaches yield the same results. Transactional or authoritarian leadership styles may ensure short-term compliance but often fail to build long-term commitment or innovation. Jeong (2024) highlighted that the sustainability of performance is more closely linked to leadership practices that emphasize empowerment, ethical guidance, and communication. When employees perceive their leaders as empathetic, trustworthy, and participative, they show greater willingness to perform beyond formal expectations, strengthening both individual productivity and organizational cohesion.

The analysis shows that organizational culture significantly mediates the relationship between leadership style and employee performance. Leadership influences performance more effectively when it is reinforced by a strong, adaptive, and collaborative culture. Torres (2022) explains that culture provides the interpretive framework through which employees understand leadership behavior and organizational purpose. In workplaces where shared

values such as integrity, teamwork, and learning are emphasized, leadership communication is more easily internalized by employees. This supports Freires et al. (2024), who found that shared identity and social participation within organizational culture enhance responsiveness to leadership initiatives.

Furthermore, the mediating role of culture is particularly visible in organizations with clear norms of open communication and mutual respect. Employees operating in positive cultural climates tend to demonstrate higher levels of engagement and innovation. Tsai et al. (2024) observed that personality traits and creativity thrive in supportive environments, leading to improved employability and performance. In the same vein, Jeong (2024) and Main et al. (2025) suggested that culture acts as the social mechanism that translates leadership values into collective behavior. Thus, culture does not merely complement leadership; it is the channel through which leadership intentions are realized at the behavioral level.

The Influence of Transformational Leadership on Cultural Values

The findings also show that transformational leadership plays the most critical role in shaping organizational culture. Leaders who display openness, trust, and encouragement for innovation create an atmosphere where employees feel valued and motivated to contribute ideas. According to Karimi et al. (2023), transformational leadership enhances employees' psychological capital—optimism, resilience, and self-efficacy—which in turn strengthens their cultural identification with the organization. This alignment between leadership and culture leads to sustained improvement in performance and job satisfaction.

In contrast, leadership that relies heavily on control or transactional exchanges often produces compliance without genuine cultural commitment. Ren et al. (2024) emphasized that sustainable leadership should integrate both performance orientation and social responsibility to build a resilient cultural foundation. Wang et al. (2024) further noted that visionary leadership linked with Industry 4.0 innovation improves employee creativity when supported by a culture that values participation and trust. These findings underscore that leadership development must extend beyond technical management competencies to include emotional intelligence and cultural awareness.

Communication and trust emerged as essential mediating elements in the leadership culture linkage. Open communication allows leaders to convey organizational goals clearly and encourages feedback that strengthens cultural cohesion. Yeung (2025) emphasized that interpersonal trust within collective environments promotes emotional well-being, gratitude, and positive work relationships key drivers of sustained performance. Similarly, Martin et al. (2025) argued that strong relational connections and empathy among leaders and employees foster a positive organizational identity.

In organizations where communication channels are transparent and participatory, employees demonstrate stronger alignment with leadership values. Gamage et al. (2021) noted that personal values influence learning behavior and achievement, which extend to how individuals interact with organizational culture. Trust ensures that leadership messages are not perceived as coercive but as genuine guidance. When employees trust their leaders, they willingly internalize organizational goals, engage in teamwork, and sustain performance improvements. Therefore, communication and trust function as operational mechanisms through which leadership style influences culture and, ultimately, performance outcomes.

Leadership, Culture, and Sustainable Performance

The final analysis reveals that leadership and culture jointly contribute to sustainable employee performance. Leaders who embed sustainability values into cultural practices help employees find meaning and purpose in their work, enhancing motivation and long-term commitment. Al Husban (2025) found that integrating sustainable development principles

fosters pro-environmental and responsible behavior among individuals. Similarly, Fukuda and Zusman (2024) highlighted that participatory leadership approaches that emphasize inclusion and shared responsibility increase engagement and retention.

From a human resource management perspective, a strong organizational culture acts as the foundation for continuous learning and adaptability. Chang et al. (2022) and Main et al. (2025) explained that social and emotional development within organizations strengthens the collective identity needed for long-term sustainability. When leadership supports these cultural values, performance outcomes extend beyond efficiency toward innovation, resilience, and social responsibility. Hence, organizations that integrate leadership development with cultural transformation are more likely to maintain high employee performance and institutional stability in a rapidly changing environment.

4. Conclusion

The findings of this study demonstrate that leadership style has a direct and indirect influence on employee performance through the mediating role of organizational culture. Leaders who adopt transformational and visionary approaches are more successful in motivating employees, fostering collaboration, and creating a sense of purpose in the workplace. However, leadership alone is not sufficient to ensure consistent performance outcomes. A strong and cohesive organizational culture is needed to translate leadership intentions into shared values and daily behaviors that support collective achievement.

Organizational culture functions as the bridge that connects leadership behavior with employee performance. A positive culture built on trust, open communication, and mutual respect amplifies the effects of effective leadership, while a weak or fragmented culture diminishes them. The integration of cultural values into management practices encourages commitment, creativity, and innovation among employees. This suggests that cultivating the right culture is not an optional strategy but a fundamental element in achieving sustainable human resource development.

Overall, the study concludes that organizations must view leadership and culture as complementary forces rather than separate managerial domains. Leaders should not only focus on directing and motivating employees but also on shaping cultural norms that reinforce ethical conduct, teamwork, and learning. By aligning leadership behavior with a supportive organizational culture, organizations can enhance employee performance, strengthen adaptability, and build long-term sustainability in an increasingly dynamic and competitive environment.

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