

## Research.

# Organizational Culture and Transformational Leadership: Impacts on Decision-Making and Civil Servant Performance

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**Abstract.** This study aims to examine the influence of organizational culture and transformational leadership on employee performance, with decision-making serving as a mediating variable. A positivist, quantitative approach was employed using a causal survey method. The research was conducted among 135 civil servants at the Regional Secretariat of Bogor City, utilizing a census sampling technique. Data were collected through a structured Likert-scale questionnaire and analyzed using path analysis. The results indicate that both organizational culture and transformational leadership have significant direct and indirect effects on decision-making and performance. A collaborative and open organizational culture fosters effective decision-making processes, which in turn enhances employee performance. Transformational leadership characterized by charisma, inspirational motivation, intellectual stimulation, and individualized consideration—plays a crucial role in creating an environment that supports strategic and participatory decision-making. These findings highlight decision-making as a key mediating factor linking organizational culture and transformational leadership to improved civil servant performance. The practical implications underscore the importance of developing visionary leadership and cultivating an inclusive organizational culture to optimize public sector performance.

**Key words:** organizational culture, transformational leadership, decision-making, employee performance, civil servants

## INTRODUCTION

### Background

Employee performance is a fundamental aspect of human resource development, as it serves as a key indicator of the effectiveness and efficiency of task implementation within an organization. According to Mangkunegara (2015), performance is determined by two main factors: individual and external factors. Individual factors include motivation, organizational commitment, personality, and competence, while external factors encompass leadership, organizational culture, work environment, training, and decision-making. The synergy between these factors is essential to achieving optimal performance.

The Regional Secretariat of Bogor City plays a strategic role in supporting the smooth operation of local government functions. Therefore, the quality of civil servant performance in this institution is of significant concern. Based on an evaluation of the Employee Performance Targets (Sasaran Kinerja Pegawai or SKP) of 20 civil servants, it was found that while all activity targets were quantitatively achieved, the average quality score reached only 80.25 out of a target of 100 indicating suboptimal performance.

An analysis of this condition reveals several contributing factors, particularly in leadership, organizational culture, and decision-making. Inconsistent leadership policies

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and a lack of close interaction between leaders and subordinates have led to decreased employee motivation and loyalty. Studies by Kalsoom et al. (2018) and Liansah and Aulia (2022) demonstrate that transformational leadership has a positive and significant influence on employee performance. Additionally, the organizational culture is not fully internalized by employees, as routine and monotonous work dominates their activities, leading to low morale. A misalignment between organizational values and personal values further exacerbates this issue. A strong organizational culture can guide employee behavior at work (Ghasabeh, 2021; Mohammed & Al-Abrow, 2023; Virgiawan et al., 2021; Nugroho & Pudiastuti, 2021; Lasrado & Kassem, 2021; Odeh et al., 2023). Similar findings were reported by Paais and Pattiruhu (2020) and Hendra et al. (2021), who stated that organizational culture positively affects performance.

Limited employee involvement in decision making processes negatively impacts performance quality. Studies by Ugwu et al. (2019) found that employee participation in decision-making has a positive and significant effect on performance. Therefore, human resource management must be simultaneously directed toward achieving high performance and organizational goals. This study addresses the issue of suboptimal employee performance by analyzing and explaining the influence of leadership, organizational culture, and decision-making on civil servant performance within the Regional Secretariat of Bogor City.

### **Research Question**

In the context of modern public sector management, organizational performance is increasingly influenced by intangible factors such as culture, leadership style, and decision-making dynamics. Recognizing the pivotal role these variables play, particularly within government institutions, it becomes essential to empirically investigate how internal organizational mechanisms affect employee performance outcomes. This study is grounded in a framework that views decision-making as a potential mediating variable between key organizational constructs and employee performance. Accordingly, based on the research background previously described, the following research questions are formulated:

1. To what extent does organizational culture influence decision-making?
2. To what extent does transformational leadership influence decision-making?
3. To what extent does organizational culture influence employee performance?
4. To what extent does transformational leadership influence employee performance?
5. To what extent does decision-making influence employee performance?
6. Does organizational culture influence employee performance through decision making as a mediating variable?
7. Does transformational leadership influence employee performance through decision-making as a mediating variable?

### **LITERATURE REVIEW**

Organizational culture and transformational leadership are two critical elements in the success of an organization, particularly in decision-making processes and the achievement of employee performance. Organizational culture reflects the values, norms, and behaviors that serve as guidelines for conducting organizational activities. Organizational culture governs how information is processed and shapes internal relationship patterns within the organization. A healthy culture fosters a work environment characterized by mutual respect, appreciation, and support, which in turn promotes more inclusive and effective decision-making.

Research by Amabile and Kramer (2011) shows that a supportive organizational culture enhances employees' innovative motivation due to a shared commitment to the organization's values and norms. Edgar and Geare (2013) also emphasize that the

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stronger the organizational culture, the more effective the decision-making processes tend to be. In a healthy organization, individuals are encouraged to voice their ideas, as decisions are made in the interest of the collective. In addition to organizational culture, transformational leadership plays a vital role in decision-making. Transformational leadership emphasizes motivation, inspiration, and employee empowerment, contrasting with authoritarian leadership, which is more directive. Judge and Piccolo (2004) argue that transformational leaders tend to involve employees in decision-making processes. This participation generates more alternative solutions, ultimately improving decision quality. Tjosvold and Sun (2003) further highlight that when leaders share decision-making authority, the outcomes tend to be more effective as they incorporate multiple perspectives.

Regarding employee performance, organizational culture also exerts a significant influence. When employees perceive the organizational culture as positive and meaningful, they are more inclined to sincerely uphold and implement the organization's values (Hofstede, 2010; O'Reilly & Chatman, 2019). This alignment between personal and organizational values directly contributes to improved performance. Similarly, transformational leadership enhances performance through an inclusive and supportive approach. Walumbwa et al. (2008) and Avolio and Gardner (2005) suggest that leaders who are open, fair, and serve as role models foster high levels of motivation among employees. This leadership style not only increases employees' willingness to work but also enhances their capacity to perform tasks optimally.

Effective decision-making is also a key determinant of employee performance. Mannino et al. (2015) explain that sound decisions yield accurate solutions to organizational problems. Siggelkow and Rivkin (2019) and Wry and York (2017) also affirm that the quality of decision-making plays a major role in achieving performance outcomes, as decisions guide problem resolution and the success of organizational strategies. In another context, organizational culture indirectly influences employee performance through the decision-making process. A culture that promotes participation and transparency fosters an environment conducive to high quality decisions. Robbins and Judge (2019) note that in organizations with strong cultures, employees are more motivated to participate in decision-making, which enhances their sense of ownership and individual performance. Conversely, conservative and authoritarian cultures may hinder innovation and suppress creativity in decision-making. Transformational leadership affects employee performance by enhancing decision-making quality. Bass and Riggio (2006) explain that transformational leaders are able to build shared visions, listen to diverse perspectives, and foster trust and strong commitment among employees. Avolio and Yammarino (2013) further argue that involving employees in collaborative decision-making leads to more comprehensive and actionable outcomes. Ultimately, this has a direct impact on improved employee performance and the overall achievement of organizational goals.

The relationships among the variables in this study are illustrated in the conceptual framework shown in Figure 1 below.

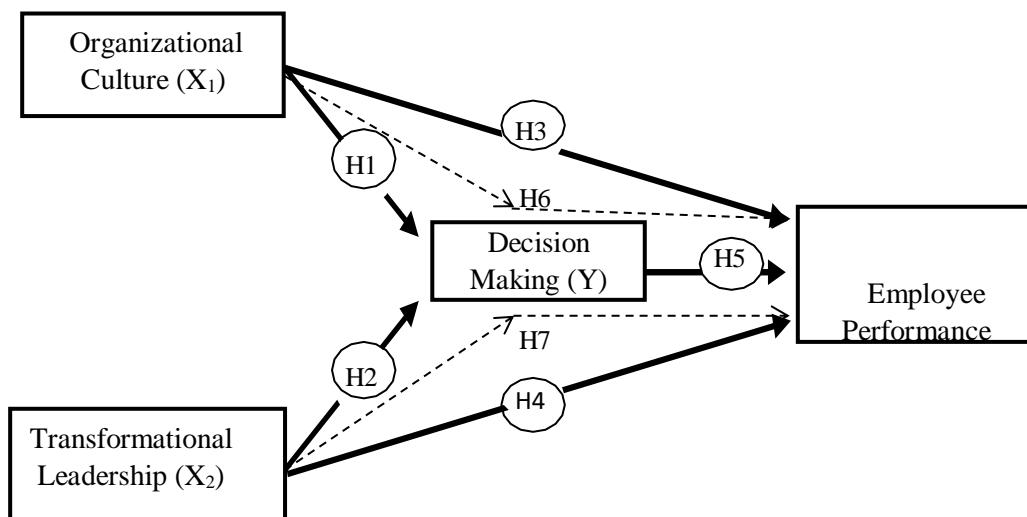


Figure 1. Conceptual Framework of the Relationship Between Research Variables  
Source : Own Compilation

Research Hypotheses :

Based on the literature review above, the research hypotheses can be developed as follows:

- H1:** Organizational Culture has a direct positive effect on Decision-Making .
- H2:** Transformational Leadership has a direct positive effect on Decision-Making .
- H3:** Organizational Culture directly influences Employee Performance.
- H4:** Transformational Leadership directly influences Employee Performance.
- H5:** Decision-Making positively affects Employee Performance.
- H6:** Decision-Making mediates the relationship between Organizational Culture and Employee Performance.
- H7:** Decision-Making mediates the relationship between Transformational Leadership and Employee Performance.

## RESEARCH METHODS

This study adopts a quantitative approach grounded in a positivist paradigm, aiming to examine the causal relationship between Organizational Culture and Transformational Leadership on Employee Performance, with Decision-Making as an intervening variable. The research employed a causal survey method, and the analytical technique used was path analysis. The study was conducted at the Regional Secretariat of Bogor City from January to April 2025.

The research population consisted of 135 civil servants (PNS), all of whom were included as the study sample using a census (total sampling) method. This approach was appropriate due to the limited population size and its suitability for multivariate analysis. Data collection was carried out through literature review and a closed-ended questionnaire based on a five-point Likert scale. The instrument was tested for validity and reliability with 30 respondents and was designed to measure the research variables quantitatively, accurately, and consistently.

The research employed a three-stage analytical approach. The first stage was descriptive analysis, which aimed to illustrate respondents' perceptions of the variables under study: organizational culture ( $X_1$ ), transformational leadership ( $X_2$ ), decision-making (Y), and performance (Z). The second stage involved classical assumption testing to ensure that the data met the requirements for regression and path analysis. The third stage was path analysis, used to assess both direct and indirect effects among variables and to evaluate the causal relationships within the proposed model. The path equations applied in this study were as follows:

Model I (Effect of  $X_1$  and  $X_2$  on Y):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

Model II (Effect of  $X_1$ ,  $X_2$ , and Y on Z):

$$Z = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta Y + e$$

Where:

$X_1$  = Organizational Culture

$X_2$  = Transformational Leadership

Y = Decision-Making

Z = Performance

$\beta_0$  = Constant

$\beta_1 - \beta_3$  = Regression Coefficients

e = Error term (residual)

Subsequently, a t-test for the significance of path coefficients was conducted to evaluate the partial effect of each independent variable on the dependent variable. This test formed the basis for deciding whether to accept or reject the hypotheses, using a significance level of 5% ( $\alpha = 0.05$ ).

## RESULTS AND DISCUSSION

The validity test was conducted using Pearson's Product Moment correlation analysis. The testing criteria involved comparing the calculated correlation coefficient ( $r_{\text{calculated}}$ ) with the critical value ( $r_{\text{table}}$ ). At a significance level of 0.05 and a sample size of 30, the critical value ( $r_{\text{table}}$ ) was 0.361. Accordingly, if the value of  $r_{\text{calculated}} < r_{\text{table}}$  or the two-tailed significance value ( $p$ )  $> 0.05$ , the questionnaire item is considered invalid. Conversely, if  $r_{\text{calculated}} > r_{\text{table}}$  or the two-tailed significance value ( $p$ )  $< 0.05$ , the item is deemed valid.

Table 1. Validity Test of the Performance Variable

Indicator	Item Code	Pearson Correlation	$r_{\text{table}}$	Sig. (2-tailed)	Remark
Work Quantity	z1	0.635	0.361	0.000	Valid
	z2	0.658	0.361	0.000	Valid
	z3	0.736	0.361	0.000	Valid
	z4	0.502	0.361	0.005	Valid
	z5	0.210	0.361	0.266	Not valid
	z6	0.656	0.361	0.000	Valid
	z7	0.538	0.361	0.002	Valid
	z8	0.493	0.361	0.006	Valid
Work Quality	z9	0.383	0.361	0.037	Valid
	z10	0.557	0.361	0.001	Valid
	z11	0.547	0.361	0.002	Valid
	z12	0.440	0.361	0.015	Valid
	z13	0.573	0.361	0.001	Valid
	z14	0.537	0.361	0.002	Valid
	z15	0.054	0.361	0.777	Not valid
	z16	0.499	0.361	0.005	Valid
	z17	0.525	0.361	0.003	Valid
	z18	0.370	0.361	0.044	Valid
	z19	0.616	0.361	0.000	Valid
Teamwork	z20	0.568	0.361	0.001	Valid
	z21	0.470	0.361	0.009	Valid
	z22	0.502	0.361	0.005	Valid
	z23	0.431	0.361	0.017	Valid
	z24	0.488	0.361	0.006	Valid
	z25	0.453	0.361	0.012	Valid
	z26	0.477	0.361	0.008	Valid
	z27	0.226	0.361	0.230	Not valid
Responsibility	z28	0.439	0.361	0.105	Not valid
	z29	0.482	0.361	0.007	Valid
	z30	0.442	0.361	0.014	Valid
	z31	0.404	0.361	0.027	Valid
	z32	0.485	0.361	0.007	Valid
	z33	0.429	0.361	0.018	Valid
	z34	0.539	0.361	0.002	Valid
Initiative	z35	0.150	0.361	0.430	Not valid
	z36	0.639	0.361	0.000	Valid
	z37	0.433	0.361	0.017	Valid
	z38	0.455	0.361	0.012	Valid
	z39	0.403	0.361	0.027	Valid
	z40	0.490	0.361	0.006	Valid

Source : Own compilation

Based on the results of the validity test, it was found that the invalid items were items 5, 15, 27, 28, and 35, while the valid items included items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39, and 40. Consequently, items 5, 15, 27, 28, and 35 were eliminated from the data tabulation and excluded from the measurement of the performance variable.

Table 2. Reliability Test of the Performance Variable

Cronbach's Alpha	Number of Items
0.919	35

Source: Own compilation

Based on the results of the reliability test for 35 items, the Cronbach's Alpha coefficient was found to be 0.919. Since this value exceeds the commonly accepted threshold of 0.70 ( $0.919 > 0.70$ ), the items used to measure the performance variable are considered reliable and internally consistent.

Table 3. Validity Test of the Decision-Making Variable

Indicator	Item Code	Pearson Correlation	r Table	Sig. (2-tailed)	Description
Goals	y1	0.516	0.361	0.003	Valid
	y2	0.52	0.361	0.003	Valid
	y3	0.112	0.361	0.555	Not valid
	y4	0.603	0.361	0.0	Valid
	y5	0.445	0.361	0.014	Valid
	y6	0.465	0.361	0.01	Valid
	y7	0.515	0.361	0.004	Valid
	y8	0.462	0.361	0.01	Valid
	y9	0.598	0.361	0.0	Valid
	y10	0.442	0.361	0.014	Valid
	y11	0.633	0.361	0.0	Valid
	y12	0.473	0.361	0.008	Valid
Identification of Alternatives	y13	0.597	0.361	0.001	Valid
	y14	0.604	0.361	0.0	Valid
	y15	0.288	0.361	0.123	Not valid
	y16	0.561	0.361	0.001	Valid
	y17	0.631	0.361	0.0	Valid
	y18	0.499	0.361	0.005	Valid
	y19	0.415	0.361	0.023	Valid
	y20	0.495	0.361	0.005	Valid
Unidentified Factors	y21	0.258	0.361	0.169	Not valid
	y22	0.55	0.361	0.002	Valid
	y23	0.483	0.361	0.007	Valid
	y24	0.511	0.361	0.004	Valid
	y25	0.53	0.361	0.003	Valid
	y26	0.61	0.361	0.0	Valid
	y27	0.469	0.361	0.0	Valid
	y28	0.108	0.361	0.57	Not valid
	y29	0.543	0.361	0.002	Valid
	y30	0.534	0.361	0.002	Valid
	y31	0.479	0.361	0.007	Valid
	y32	0.506	0.361	0.004	Valid
Means of Measuring Results	y33	0.398	0.361	0.03	Valid

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y34	0.417	0.361	0.022	Valid
y35	0.411	0.361	0.024	Valid
y36	0.095	0.361	0.617	Not valid
y37	0.539	0.361	0.002	Valid
y38	0.41	0.361	0.024	Valid
y39	0.604	0.361	0.0	Valid
y40	0.671	0.361	0.0	Valid

Source: Own compilation

Based on the results of the validity test, the invalid items are numbers 3, 15, 21, 28, and 36. The remaining items—1, 2, 4–14, 16–20, 22–35, and 37–40—are valid. Consequently, the invalid items were excluded from the data tabulation and not used to measure the decision-making variable.

Table 4. Reliability Test of the Decision-Making Variable

Cronbach's Alpha	Number of Items
0.920	35

Source: Own compilation

The reliability test results show that the 35 tested items yield a Cronbach's Alpha value of 0.920. As this value exceeds the threshold of 0.70 (0.920 > 0.70), the items used to measure the decision-making variable are considered reliable and consistent.

Based on the validity test results in Table 5, five items were found to be invalid, namely items 7, 15, 22, 33, and 39. The remaining items—1 through 6, 8 through 14, 16 through 21, 23 through 32, and 34 through 40—were confirmed as valid. Therefore, the invalid items were excluded from the data tabulation and were not used in measuring the organizational culture variable.

Table 5. Validity Test of Organizational Culture Variables

Indicator	Item Code	Pearson Correlation	r-table	Sig. (2-tailed)	Remarks
Member Identity	x1.1	0.576	0.361	0.001	Valid
	x1.2	0.544	0.361	0.002	Valid
	x1.3	0.417	0.361	0.022	Valid
	x1.4	0.514	0.361	0.004	Valid
	x1.5	0.518	0.361	0.003	Valid
	x1.6	0.500	0.361	0.005	Valid
	x1.7	0.130	0.361	0.493	Not valid
	x1.8	0.572	0.361	0.001	Valid
	x1.9	0.580	0.361	0.001	Valid
Group Emphasis	x1.10	0.495	0.361	0.005	Valid
	x1.11	0.447	0.361	0.013	Valid
	x1.12	0.441	0.361	0.015	Valid
	x1.13	0.590	0.361	0.001	Valid
	x1.14	0.575	0.361	0.001	Valid
	x1.15	0.040	0.361	0.833	Not valid
	x1.16	0.598	0.361	0.000	Valid
	x1.17	0.484	0.361	0.007	Valid
	x1.18	0.529	0.361	0.003	Valid
Employee Focus	x1.19	0.520	0.361	0.003	Valid
	x1.20	0.465	0.361	0.010	Valid
	x1.21	0.501	0.361	0.005	Valid
	x1.22	0.238	0.361	0.206	Not valid

	x1.23	0.370	0.361	0.044	Valid
Unit Integration	x1.24	0.394	0.361	0.031	Valid
	x1.25	0.712	0.361	0.000	Valid
	x1.26	0.470	0.361	0.009	Valid
	x1.27	0.381	0.361	0.038	Valid
	x1.28	0.443	0.361	0.014	Valid
Control	x1.29	0.515	0.361	0.004	Valid
	x1.30	0.468	0.361	0.009	Valid
	x1.31	0.520	0.361	0.003	Valid
	x1.32	0.439	0.361	0.015	Valid
Risk Tolerance	x1.33	0.076	0.361	0.690	Not valid
	x1.34	0.663	0.361	0.000	Valid
	x1.35	0.431	0.361	0.017	Valid
	x1.36	0.480	0.361	0.007	Valid
Reward Criteria	x1.37	0.459	0.361	0.011	Valid
	x1.38	0.479	0.361	0.007	Valid
	x1.39	0.167	0.361	0.377	Not valid
	x1.40	0.508	0.361	0.004	Valid

Source : Own compilation

According to the reliability test results presented in Table 6, the instrument used to measure the organizational culture variable, comprising 35 valid items, yielded a Cronbach's Alpha coefficient of 0.915. Since this value exceeds the threshold of 0.70, the items can be considered highly reliable and consistent.

Table 6. Reliability Test of Organizational Culture Variables

Cronbach's Alpha	Number of Items
0.915	35

Source : Own compilation

Table 7. Validity Test of the Transformational Leadership Variable

Indicator	Item Code	Pearson Correlation	r-table	Sig. (2-tailed)	Remarks
Charisma	x2.1	0.455	0.361	0.011	Valid
	x2.2	0.407	0.361	0.025	Valid
	x2.3	0.595	0.361	0.001	Valid
	x2.4	0.391	0.361	0.033	Valid
	x2.5	0.166	0.361	0.380	Not Valid
	x2.6	0.596	0.361	0.001	Valid
	x2.7	0.591	0.361	0.001	Valid
	x2.8	0.575	0.361	0.001	Valid
	x2.9	0.632	0.361	0.000	Valid
	x2.10	0.442	0.361	0.015	Valid
	x2.11	0.754	0.361	0.000	Valid
	x2.12	0.107	0.361	0.575	Not Valid
Inspirational Motivation	x2.13	0.665	0.361	0.000	Valid
	x2.14	0.647	0.361	0.000	Valid
	x2.15	0.675	0.361	0.000	Valid
	x2.16	0.420	0.361	0.021	Valid
	x2.17	0.420	0.361	0.021	Valid
	x2.18	0.559	0.361	0.001	Valid
	x2.19	0.387	0.361	0.035	Valid
	x2.20	0.112	0.361	0.556	Not Valid

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	x2.21	0.590	0.361	0.001	Valid
	x2.22	0.614	0.361	0.000	Valid
Intellectual Stimulation	x2.23	0.660	0.361	0.000	Valid
	x2.24	0.669	0.361	0.000	Valid
	x2.25	0.457	0.361	0.011	Valid
	x2.26	0.476	0.361	0.008	Valid
	x2.27	0.514	0.361	0.004	Valid
	x2.28	0.646	0.361	0.000	Valid
	x2.29	0.289	0.361	0.121	Not Valid
	x2.30	0.446	0.361	0.013	Valid
	x2.31	0.568	0.361	0.001	Valid
	x2.32	0.535	0.361	0.002	Valid
Individualized Consideration	x2.33	0.709	0.361	0.000	Valid
	x2.34	0.494	0.361	0.006	Valid
	x2.35	0.571	0.361	0.001	Valid
	x2.36	0.478	0.361	0.008	Valid
	x2.37	0.090	0.361	0.635	Not Valid
	x2.38	0.603	0.361	0.000	Valid
	x2.39	0.581	0.361	0.001	Valid
	x2.40	0.612	0.361	0.000	Valid

Source: Own compilation

Based on the results of the validity test shown in Table 7, the items found to be invalid are items 5, 12, 20, 29, and 37. Valid items include 1–4, 6–11, 13–19, 21–28, and 30–40. Consequently, the invalid items were removed from the data tabulation and excluded from the measurement of the transformational leadership variable.

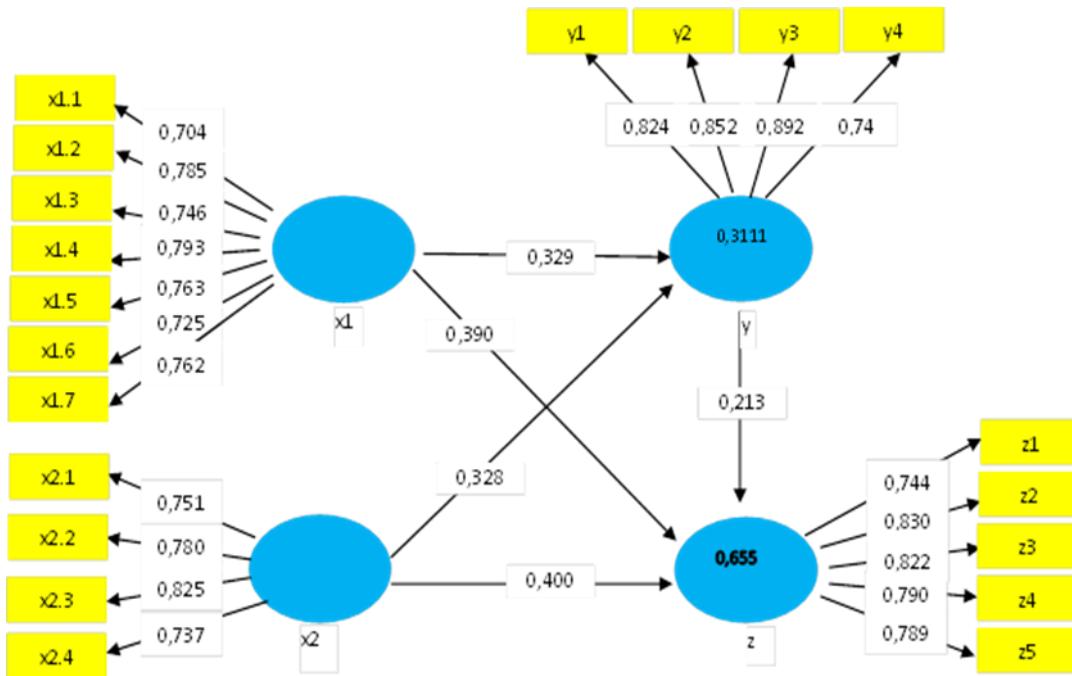
Table 8. Reliability Test of the Transformational Leadership Variable

Cronbach's Alpha	Number of Items
0.935	35

Source: Processed data, 2025

Based on the reliability test results in Table 8, with 35 items tested, the Cronbach's Alpha coefficient was 0.935. Since this value exceeds the threshold of 0.70 ( $0.935 > 0.70$ ), the items used to measure the transformational leadership variable are considered reliable and internally consistent.

The results of the structural model estimation are presented in Figure 2 below :



**Figure 2. Structural Model**

Source: Own compilation

Based on the structural model above, the following structural equations are obtained:

$$\begin{aligned} Y &= 0.329X_1 + 0.328X_2, & R^2 &= 0.311 & \text{(Model 1)} \\ Z &= 0.390X_1 + 0.400X_2 + 0.213Y, & R^2 &= 0.655 & \text{(Model 2)} \end{aligned}$$

From Equation (Model 1), it can be seen that the relationship between organizational culture and transformational leadership with decision-making is positive. This suggests that an increase in organizational culture and transformational leadership is associated with an increase in decision-making, and vice versa. The coefficient for organizational culture is 0.329, indicating that a one-unit increase in organizational culture leads to a 0.329-unit increase in decision-making. Similarly, the coefficient for transformational leadership is 0.328, which means a one-unit increase in transformational leadership results in a 0.328-unit increase in decision-making. The coefficient of determination ( $R^2$ ) for Equation (1) is 0.311, indicating that organizational culture and transformational leadership together explain 31.1% of the variance in decision-making, while the remaining 68.9% is attributed to other unobserved factors.

Equation (Model 2) reveals that the relationship between organizational culture, transformational leadership, and decision-making with performance is also positive. This implies that improvements in these three variables are associated with improved performance. The coefficient for organizational culture is 0.390, indicating that a one-unit increase in organizational culture increases performance by 0.390 units. The coefficient for transformational leadership is 0.400, suggesting that a one-unit increase in transformational leadership improves performance by 0.400 units. Meanwhile, the coefficient for decision-making is 0.213, meaning a one-unit increase in decision-making enhances performance by 0.213 units. The coefficient of determination ( $R^2$ ) for Equation (2) is 0.655, signifying that 65.5% of the variation in performance is explained by organizational culture, transformational leadership, and decision-making, with the remaining 34.5% influenced by other factors not included in the model.

Hypothesis testing was conducted based on the structural model using the  $t$ -value approach. The hypotheses were tested by comparing the calculated  $t$ -value ( $t$ -statistic) with the critical  $t$ -table value at a 5% significance level ( $\alpha = 0.05$ ) and degrees of freedom ( $n -$

2), which yielded a critical value of 1.656. The *t*-values resulting from the analysis can be seen in **Figure 3** below:

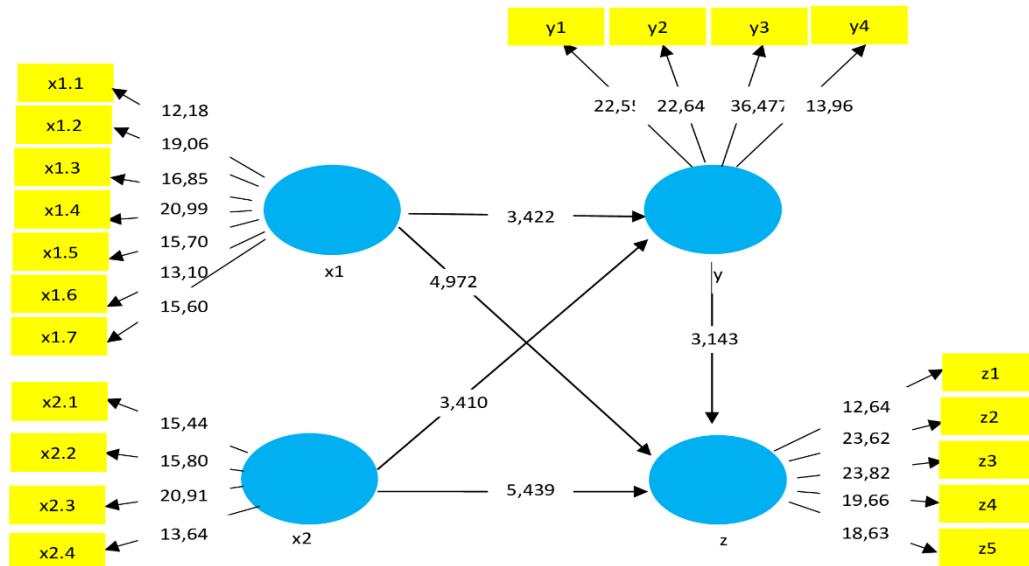


Figure 3. Structural Model t-Value  
 Source: Own compilation

Table 8. Summary of Hypothesis Testing

Hypothesis	Variable Relationship	Standardized Coefficient	t-value (> 1.658)	p-value (< 0.05)	Conclusion
Hypothesis 1	Organizational Culture → Decision-Making	0.329	3.422	0.001	Accepted
Hypothesis 2	Transformational Leadership → Decision-Making	0.328	3.410	0.001	Accepted
Hypothesis 3	Organizational Culture → Performance	0.390	4.972	0.000	Accepted
Hypothesis 4	Transformational Leadership → Performance	0.400	5.439	0.000	Accepted
Hypothesis 5	Decision-Making → Performance	0.213	3.143	0.002	Accepted
Hypothesis 6	Organizational Culture → Decision-Making → Performance	0.070	2.312	0.020	Accepted
Hypothesis 7	Transformational Leadership → Decision-Making → Performance	0.069	2.308	0.020	Accepted

Source : Own compilation

## DISCUSSION

The results of this study demonstrate that organizational culture has a significant influence on decision-making processes. Elements such as organizational identity, group orientation, employee focus, integration, control, risk tolerance, and reward systems form the foundational framework through which decisions are made. An open, participative, and innovation-supportive culture promotes decisions that are timely, accurate, and ethically grounded. Conversely, rigid and bureaucratic cultures tend to hinder decision-making effectiveness. Culture also shapes whether decisions are centralized or collaborative, and defines acceptable levels of risk. These findings are in line with those of Nurhikmah et al. (2024), and Sitorus et al. (2025), who found that a strong organizational culture significantly enhances decision-making quality by influencing employee behavior, values, and interactions.

Transformational leadership likewise plays a pivotal role in enhancing decision-making quality. Through its core dimensions—charisma, inspirational motivation, intellectual stimulation, and individualized consideration—transformational leaders foster long-term vision, team participation, and ethical deliberation in organizational decisions. They cultivate an environment that encourages open expression of ideas and courageous, innovative decision-making, thereby fostering a sense of ownership among employees. This leadership style also facilitates organizational adaptability to change. These findings are consistent with those of Fauzi et al. (2023), Hendriani et al. (2024), and Junyanti and Septiana (2024), who concluded that transformational leadership has a positive and significant impact on the quality, boldness, and inclusivity of decision-making processes.

Furthermore, organizational culture exerts a substantial influence on employee performance. A strong and positive culture enhances motivation, loyalty, professionalism, and job satisfaction. When organizational values align with individual values, emotional bonds are formed, reinforcing work spirit and collaboration. A culture that supports innovation, teamwork, and work-life balance contributes to a productive and sustainable work environment. Conversely, toxic and unsupportive cultures increase turnover and diminish productivity. These findings are supported by studies conducted by Nuhe et al. (2021), Reza and Silalahi (2021), and Enrique and Krisyanto (2024), which confirm that a positive organizational culture is critical to achieving optimal performance outcomes.

The study further confirms that transformational leadership significantly affects employee performance. This influence is manifested through its four primary indicators: charisma, inspirational motivation, intellectual stimulation, and individualized consideration. Transformational leaders not only direct but also inspire, motivate, and empower employees to reach their full potential. They articulate a compelling vision, instill meaning in work, and cultivate intrinsic motivation. This fosters a conducive work environment for performance enhancement. Transformational leaders also encourage innovative thinking, provide personalized support through coaching, and build strong emotional connections with their teams—ultimately increasing job satisfaction and employee loyalty. These findings are consistent with those of Putra and Sudibya (2019), Sopiah (2022), Prasetya and Sekarwati (2024), and Amaliah (2023), who emphasized the positive effect of transformational leadership on employee performance.

The analysis also demonstrates that decision-making significantly affects performance. In this study, decision-making is assessed through indicators such as clear objectives, identification of alternatives, consideration of unknown factors, and mechanisms for outcome evaluation. Effective decision-making helps employees understand their roles, sharpen their work focus, and reduce ambiguity. Moreover, involving employees in decision-making processes fosters a sense of ownership, boosts loyalty, and strengthens work enthusiasm. A workplace shaped by fair, transparent, and accountable decisions encourages initiative and responsibility, thereby driving higher performance. This conclusion is supported by findings from Nuhe (2021), Afrianti et al. (2021), and Mulyadi et al. (2025), who noted that high-quality decision-making has a positive impact on employee performance.

The findings also reveal that organizational culture significantly influences performance through decision-making as a mediating variable. Organizational culture—measured by indicators such as identity, group orientation, employee focus, integration, control, risk tolerance, and reward criteria—shapes mindsets and attitudes in the decision-

making process. A culture that promotes collaboration, innovation, and openness leads to more participatory and adaptive decisions. Organizational values, when deeply embedded, indirectly guide the decision-making process, ultimately affecting performance. When culture fosters engagement and trust, decisions are more likely to be accepted and responsibly implemented by employees. This creates a harmonious work atmosphere and enhances overall organizational effectiveness. These findings align with those of Nuhe et al. (2021), Afrianti (2021), and Ningsih et al. (2024), who confirmed that organizational culture indirectly affects employee performance through the quality of decision-making.

The study finds that transformational leadership also influences performance through decision-making as a mediating variable. This suggests that the impact of transformational leadership is not only direct but is also reinforced by the leader's ability to facilitate strategic and inclusive decision-making processes. Transformational leaders guide their teams in making decisions that align with the organization's long-term vision, uphold procedural fairness, and involve the participation of all team members. By engaging employees in this process, leaders foster a sense of ownership, trust, and commitment toward the decisions made, thereby enhancing implementation effectiveness and performance outcomes. This strengthens overall organizational performance. These findings are consistent with studies by Tarup et al. (2017), Arsyad et al. (2022), and Ningsih et al. (2024), which emphasized that the effect of transformational leadership on performance is mediated by decision-making quality. Thus, it can be concluded that the success of transformational leadership lies not only in its capacity to motivate employees, but also in its ability to shape a decision-making process that is fair, visionary, and participative.

## **CONCLUSIONS AND SUGGESTIONS**

### **CONCLUSIONS**

Transformational leadership, organizational culture, and decision-making processes play a significant role in enhancing employee performance. Transformational leadership has been shown to influence performance both directly and indirectly through its effect on decision-making. Leaders who possess vision, inspire others, offer individualized consideration, and foster innovation create a work climate conducive to employee engagement in high-quality decision-making processes. Similarly, organizational culture contributes indirectly to performance through the mediation of decision-making. A strong and positive culture promotes collaborative values, openness, and accountability, which are reflected in the way strategic decisions are formulated within the organization. Overall, the findings underscore that decision-making serves as a critical mediating mechanism that links leadership and organizational culture to performance outcomes. Effective decision-making enhances clarity of purpose, strengthens employee accountability, and fosters greater participation. Consequently, to sustainably improve employee performance, organizations must cultivate transformational leadership and develop a healthy work culture, while ensuring that decision-making processes are participatory, transparent, and results-oriented.

### **SUGGESTIONS**

This study highlights the importance of transformational leadership, organizational culture, and decision-making in improving employee performance. Practically, the findings imply that organizations particularly in the public sector such as regional governments should promote inspirational leadership styles and cultivate a work culture that values openness and collaboration. Furthermore, participatory and data-driven decision-making processes should be prioritized to foster employee involvement and motivation toward achieving optimal performance. Theoretically, this study reinforces existing literature on the interrelationships among leadership, culture, and performance through the mediating role of decision-making mechanisms.

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