



## The Influence of Organizational Culture and Communication on Employee Performance Mediated by Transformational Leadership at the Tanah Bumbu District Environmental Agency

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### ABSTRACT

This study aims to analyze the influence of organizational culture and communication on employee performance, mediated by transformational leadership at the Environmental Agency of Tanah Bumbu Regency. The research employed a quantitative approach with an associative design. The population consisted of 100 employees, with 50 respondents selected using the Slovin formula and a random sampling technique. Data were collected through questionnaires, documentation, and observation, then analyzed using SEM-PLS. The results indicate that organizational culture directly influences employee performance, communication directly affects employee performance, and organizational culture influences transformational leadership. However, transformational leadership did not mediate the influence of organizational culture and communication on employee performance. These findings suggest that strengthening organizational culture and effective communication are crucial in improving employee performance, although the mediating role of transformational leadership remains limited.

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## **INTRODUCTION**

Employee performance is one of the main factors determining organizational success, particularly in the public sector. According to Rivai (2020), performance can be understood as the work results of an employee over a certain period, compared to predetermined standards, targets, or criteria. In the context of local government bureaucracy, employee performance serves as a benchmark for the effectiveness of public services and the achievement of the organization's strategic goals. The Tanah Bumbu District Environmental Agency, as the institution responsible for maintaining environmental sustainability, plays an important role in supporting sustainable development in South Kalimantan. Although the performance achievements for 2023 show good results with an average performance indicator achievement of 86.43%, there are still weaknesses in aspects of discipline, work ethic, and consistency of communication between leaders and subordinates (LAKIP DLH Tanah Bumbu, 2023). This confirms that improving employee performance does not only depend on regulations or work programs, but also on internal organizational factors such as organizational culture, communication, and leadership.

Organizational culture serves as the foundation for shaping employee behavior. Anthony and Govindarajan (2019) stated that organizational culture encompasses the beliefs, values, norms, and assumptions that guide employee behavior and work patterns. A strong organizational culture plays a role in fostering commitment, enhancing a sense of belonging, and creating a shared orientation toward the organization's vision and mission (Moeherson, 2019). On the other hand, communication is the primary mechanism that connects the various components of an organization. Robbins (2018) emphasizes that effective communication helps clarify roles, reduce uncertainty, and strengthen employee motivation. With open two-way communication, organizations can create a conducive work environment and support optimal performance. Beside organizational culture and communication, transformational leadership is an important factor that can drive positive change within an organization. Transformational leaders not only provide technical direction but also serve as role models, inspiration, and motivators for their subordinates (Nurcholis, 2020). Robbins and Judge (2018) add that transformational leadership involves idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, thus increasing employee loyalty and creativity. However, the role of transformational leadership as a mediating variable between organizational culture, communication, and employee performance still shows mixed results in previous studies.

Empirical studies show differing results regarding the relationship between these variables. The study by Balansa et al. (2017) found that organizational culture, transformational leadership, and work discipline influence employee performance, with organizational culture being the dominant factor. Rivai (2020) also reported that transformational leadership and organizational culture have a significant positive influence on employee performance. Conversely, research by Darmasaputra and Sudibya (2019) emphasizes that communication has a positive influence on performance, while transformational leadership does not always play a significant role as a mediator.

This difference in results indicates a research gap that needs further investigation, particularly in local government bureaucracy within the environmental sector.

Based on the description, this study aims to analyze the influence of organizational culture and communication on the performance of employees at the Tanah Bumbu District Environmental Agency, with transformational leadership as a mediating variable. This research is expected to provide a theoretical contribution by enriching the literature on public sector performance management, as well as a practical contribution in the form of strategic recommendations for government agencies to improve employee performance through strengthening organizational culture, improving communication systems, and developing more effective leadership.

## LITERATURE REVIEW

Organizational performance in public institutions is influenced by several interrelated factors, among which organizational culture, communication, and leadership are considered the most critical. Organizational culture has long been recognized as a determinant of how individuals behave and interact within an organization. Schein (2010) defines it as a pattern of shared basic assumptions that a group learns as it solves problems of external adaptation and internal integration. These assumptions guide the way members perceive, think, and feel about their work environment. Denison (1990) emphasizes that a strong culture provides internal consistency, a sense of mission, and employee involvement, which together enhance organizational effectiveness. In public organizations, culture also plays a normative and ethical role, shaping integrity, discipline, and service orientation. Cameron and Quinn (2011) further argue that an adaptive culture, characterized by innovation and flexibility, enables public institutions to respond effectively to dynamic policy and environmental challenges. Thus, a constructive culture promotes motivation, shared values, and collective responsibility, all of which contribute to improved performance.

Communication is another essential component that connects individuals, groups, and functions within an organization. Robbins and Judge (2019) describe communication as the process through which information and meaning are transmitted to achieve mutual understanding and coordination. Effective communication creates a foundation for trust, reduces misunderstandings, and facilitates collaboration among employees. Daft (2016) notes that communication is both a managerial tool and a mechanism for feedback that enhances decision-making processes. In public sector contexts, clear and transparent communication promotes accountability and strengthens citizens' trust in government institutions (Garnett, Marlowe, & Pandey, 2008). Moreover, when communication is open and multidirectional both vertically and horizontally it encourages participation, knowledge sharing, and problem-solving. Therefore, effective communication not only supports internal coordination but also serves as an enabler for organizational learning and performance improvement.

Transformational leadership acts as a bridge that connects culture and communication to organizational performance. According to Burns (1978),

transformational leadership is a process in which leaders and followers elevate each other to higher levels of morality and motivation. Bass (1990) expanded this theory by identifying four key dimensions idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration that describe how transformational leaders inspire, challenge, and support their subordinates. Through vision-driven communication and personal example, such leaders create emotional engagement and empower employees to achieve results beyond expectations. Avolio and Yammarino (2013) assert that transformational leadership fosters creativity and intrinsic motivation by emphasizing shared goals and a sense of purpose. In the context of public institutions, transformational leaders are crucial for driving innovation, managing change, and enhancing employees' commitment to public service values (Tajasom & Ahmad, 2011). Thus, leadership becomes a mediating mechanism that translates organizational values and communication processes into tangible performance outcomes.

Employee performance itself is the outcome of various organizational and individual factors. Armstrong (2014) defines performance as the result of work accomplished by an employee in accordance with organizational standards of quality, efficiency, and effectiveness. Mathis and Jackson (2011) further note that performance is shaped by motivation, leadership, communication, and organizational support. Within the public sector, employee performance is not only a measure of individual productivity but also an indicator of institutional credibility and service effectiveness. Moehersono (2014) highlights that performance improvement requires competence, clarity of tasks, and a conducive work environment. Therefore, performance reflects both the behavioral manifestation of organizational culture and the outcome of effective leadership and communication systems.

Integrating these theoretical perspectives reveals that organizational culture and communication provide the structural and relational foundation for achieving optimal performance, while transformational leadership functions as a mediating variable that strengthens this relationship. A strong organizational culture instills shared values and norms that shape employees' behavior, while effective communication ensures that these values are clearly understood and implemented across all organizational levels. Transformational leadership then reinforces these processes by inspiring and empowering employees, encouraging innovation, and aligning personal goals with institutional missions. Consequently, within the Environmental Agency of Tanah Bumbu Regency, this theoretical model suggests that fostering a constructive culture, maintaining transparent communication, and developing transformational leadership collectively enhance organizational performance and contribute to the overall effectiveness of public service delivery.

## **METHODOLOGY**

This study uses a quantitative approach with an associative research design aimed at analyzing the relationships between variables in organizational phenomena. The study population consisted of all 100 employees of the Tanah Bumbu District Environmental Service, with a sample of 50 respondents determined using Slovin's formula at a 5% error rate through simple random sampling (Sugiyono, 2019). Primary data were obtained through a five-point Likert scale questionnaire (1 = strongly disagree to 5 = strongly agree), while secondary data were obtained through documentation of agency performance reports and field observations. The variables measured include organizational culture (values, norms, behaviors), communication (information flow, message clarity, feedback), transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration), and employee performance (work quality, work quantity, task execution, responsibility). Data analysis was conducted using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS software. The analysis stages included testing the outer model to assess convergent validity, discriminant validity, and construct reliability through the Average Variance Extracted (AVE) and Composite Reliability values. Subsequently, testing the inner model was used to examine the relationships between latent variables through R-Square values, path coefficients, and significance testing using the bootstrapping procedure. The SEM-PLS method was chosen because it can analyze causal models with a relatively small sample size and data distribution that is not always normal, making it suitable for the conditions of this study (Hair et al., 2019)

**RESULTS AND DISCUSSION**

Data analysis was performed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS. Convergent validity testing shows that all variable indicators have a loading factor value > 0.70, an AVE value > 0.50, and a Composite Reliability > 0.70. This indicates that the research instrument has met the requirements for validity and reliability. The R<sup>2</sup> value indicates the magnitude of the independent variables' contribution to the dependent variable. For the transformational leadership variable, an R<sup>2</sup> of 0.652 was obtained, meaning that organizational culture and communication were able to explain 65.2% of the variation in transformational leadership. Meanwhile, the R<sup>2</sup> for employe performance was 0.714, indicating that the variation in employe performance could be explained by organizational culture, communication, and transformational leadership by 71.4%, while the remaining variation was influenced by other factors outside the research model. The results of the path coefficient test are presented in Table 1 below:

Table 1. Results of Path Coefficients Test

Relationship Between Variables	Path Coefficient	T-Statistic	P-Value	Description
Organizational Culture → Performance	0,324	3,215	0,001	Significant
Communication → Performance	0,285	2,947	0,003	Significant
Transformational Leadership → Performance	0,071	0,846	0,398	Not significant
Organizational Culture → Transformational Leadership	0,512	5,624	0,000	Significant
Communication → Transformational Leadership	0,284	2,431	0,015	Significant

Source: Processed by the Author (2025)

In addition to the direct effect, this study also examined the indirect effect with transformational leadership as a mediator. The results of the indirect effect test showed that:

Table 2. Results of the indirect effect test

Organizational culture → transformational leadership → employe performance: coefficient = 0.036; T statistic = 0.752; P = 0.452 (not significant).
Communication → transformational leadership → employe performance: coefficient = 0.020; T statistic = 0.691; P = 0.489 (not significant).

Source: Processed by the Author (2025)

Thus, transformational leadership does not act as a mediator in the relationship between organizational culture and communication on employee performance. The results of this study indicate that organizational culture has a significant positive influence on employee performance. This proves that internalized organizational values, norms, and behaviors are able to motivate employees to work better. The stronger the organizational culture, the higher the employee commitment and productivity. This finding aligns with the research of Moeheriono (2019) and Balansa et al. (2017), which emphasizes the role of organizational culture as a primary determinant of performance.

Communication has also been proven to have a significant impact on employee performance. Clear, open, and two-way communication patterns enable good coordination between leaders and subordinates. This supports Robbins' (2018) view that effective communication increases motivation, strengthens employee engagement, and reduces the potential for conflict. This result is consistent with the research by Darmasaputra and Sudibya (2019), which found that organizational communication directly strengthens employee performance. Conversely, transformational leadership did not have a significant impact on employee performance. In fact, transformational leadership theory emphasizes the role of leaders in inspiring, motivating, and providing individual attention (Robbins & Judge, 2018). This result differs from the findings of Rivai (2020), who stated that transformational leadership directly contributes to improved employee performance. This insignificance indicates that in the context of public bureaucracy, organizational culture and communication are more dominant in influencing performance, while transformational leadership has not been consistently implemented.

Additionally, transformational leadership does not act as a mediator in the relationship between organizational culture and communication with performance. This indicates that the influence of organizational culture and communication is already strong enough to affect employee performance without going through the intermediary of leadership style. This finding implies that public organizations need to place greater emphasis on strengthening organizational culture and communication, while also improving leadership quality to make its role more tangible in supporting performance.

## **CONCLUSION AND RECOMMENDATION**

This study concludes that organizational culture and communication are proven to have a positive and significant influence on employee performance, while transformational leadership has no significant influence and is unable to mediate the relationship between organizational culture and communication and employee performance. This finding confirms that strengthening values, norms, and a healthy work culture, as well as developing a clear and participatory communication system, are more dominant factors in driving public sector employee performance than the role of leadership style. Therefore, the Tanah Bumbu District Environmental Agency is advised to strengthen its organizational culture by instilling the values of integrity, cooperation, and responsibility, as well as building a more open and effective two-way

communication pattern so that employees feel involved in every decision-making process. In addition, it is necessary to develop transformational leadership capacity thru training and mentoring so that leaders are able to become role models, sources of inspiration, and facilitators of change. This will ensure that leadership roles can be more optimal in strengthening the influence of organizational culture and communication on improving employee performance in the future.

#### **FUTURE STUDY**

This research still has delays, so it is necessary to conduct further research related to the topic The Influence of Organizational Culture and Communication on Employee Performance Mediated by Transformational Leadership at the Tanah Bumbu District Environmental Agency in order to improve this research and add insight for readers.

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