



Enhancing Employee Performance by Strengthening Organizational Culture, Transformational Leadership, and Job Satisfaction

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ABSTRACT

This study aims to determine the effect of Strategies to Improve Employee Performance Through Strengthening Organizational Culture, Transformational Leadership, and Job Satisfaction. The population in this study consisted of permanent operational staff employees at multifinance companies in DKI Jakarta Province, totaling 265 employees. The sampling technique used was purposive sampling with total samples size of 160 respondents. The data analysis method used in this study was path analysis supported by normality, homogeneity, linearity, and Sobel tests to examine direct and indirect effects among variables. The study's findings indicate that there is a significant positive effect of Organizational Culture on Employee Performance. There is also a significant positive effect of Transformational Leadership on Employee Performance. Furthermore, Job Satisfaction has the strongest positive effect on Employee Performance. In addition, both Organizational Culture and Transformational Leadership also have significant indirect effects on Employee Performance through Job Satisfaction. Simultaneously, organizational culture, transformational leadership, and job satisfaction contribute significantly to improving employee performance in the multifinance sector.

INTRODUCTION

In an increasingly competitive business environment, multifinance companies in Indonesia – particularly those operating in DKI Jakarta – are facing significant challenges in boosting productivity and maintaining competitiveness. One of the key determinants of a company's success lies in employee performance. This performance is influenced not only by individual capabilities but also by the quality of leadership and the organizational culture fostered within the company. The multifinance sector in Indonesia, especially in DKI Jakarta, plays a vital role in supporting the national economy by providing financing for motor vehicles, property, heavy machinery, and other forms of consumer credit. With the growing demand for financing services, these companies must navigate considerable obstacles to sustain high employee performance amid intensifying market competition. Employees in this industry serve in diverse roles, including sales, customer service, credit analysis, collections, and risk management. According to a survey by the Association of Indonesian Financing Companies (APPI), the multifinance industry experienced a downturn in sales performance in 2024. Furthermore, data from the Financial Services Authority (OJK) indicates that the sector's profit declined to IDR 18.72 trillion as of October 2024 3.55% drop compared to IDR 19.41 trillion in the similar period the previous year.

Based on data from the Financial Services Authority (OJK) in 2023, there were over 160 multifinance companies that were officially registered and licensed. The role of OJK as a regulatory body is crucial in ensuring that these companies operate in compliance with prevailing regulations, uphold industry stability, and protect consumers from harmful practices. The supervision of multifinance companies is conducted in accordance with OJK Regulation No. 35/POJK.05/2018 on the Operation of Financing Company Businesses and OJK Regulation No. 71/POJK.05/2016 on the Financial Soundness of Financing Companies. These regulations cover key areas such as minimum capital requirements, risk management, corporate governance (Good Corporate Governance), and consumer protection. Through stringent oversight by OJK, it is anticipated that multifinance companies will conduct their business in a healthy, accountable, and transparent manner. The multifinance industry plays a vital role in Indonesia's economy, particularly in providing financing solutions for vehicles, properties, heavy equipment, and both consumer and productive credit. In executing these functions, Human Resources (HR) serve as a crucial factor influencing the success of multifinance companies. The overall performance of these companies is significantly impacted by the effectiveness and productivity of their HR. Strategic contributions of HR in enhancing company performance include improving productivity and operational efficiency. Skilled and well-trained employees contribute to streamlining processes—ranging from credit analysis to customer service—which leads to faster decision-making and heightened customer satisfaction.

Minimizing the Risk of Bad Debt (NPF) With good HR management, companies can recruit and train workers who are able to conduct accurate credit analysis and implement effective collection strategies to reduce NPF figures,

increase Customer Loyalty Employees who have good communication skills and are able to provide quality service will increase customer loyalty, which ultimately has an impact on the company's business growth. Human Resources are the main asset in the multifinance industry that directly contributes to the company's performance and success. Good HR management, effective leadership, and a strong organizational culture will increase employee job satisfaction, which ultimately has an impact on the company's growth and competitiveness in the financing industry. HR Challenges in the Multifinance Industry Although it has a very important role, HR in the multifinance industry also faces various challenges, including high turnover rates, tight competition in the financial industry causing many employees to move to other companies with more attractive offers. High Target Pressure: Employees in marketing and collection often face pressure to achieve certain targets, which can increase work stress levels. Adapting to Technology, multifinance companies are increasingly adopting digital technology in their operations, so employees must continue to improve their competence in the use of digital systems and data analytics.

THEORETICAL REVIEW

Transformational Leadership

Williams, Brian K., and Angelo Kinicki. Management: An Overview of Practice. (2008:44) McGraw-Hill, New York namely Transformational leadership is leadership that changes employees to pursue organizational goals beyond personal interests. Transformational leaders will make an effort to move, influence, and grow as leaders. Additionally, the following are mentioned as performance indicators of transformational leadership: 1) Charisma. Providing a vision and mission; instilling a sense of pride; gaining respect and trust; 2) Inspiration. Communicating high expectations; using symbols to focus efforts; expressing important goals in a simple way; 3) Intellectual stimulation. Increasing intelligence; rationality; and careful problem solving; 4) Individual consideration. Providing personal attention; treating each employee individually; training; advising.

Job Satisfaction

According to J.A. Colquitt, J.A. Lepine, and M.J. Wesson (2011:104-126) Job satisfaction refers to the emotional condition of employees that arises from the assessment of their work, or experiences in their work. It is also stated that there are 5 indicators of Job Satisfaction that employees most want to obtain, namely 1) salary (high and certain) 2) promotion (opportunity based on performance and ability) 3) superior supervision (good working relationship with superiors, and giving awards) 4) coworkers (good and responsible relationship) 5) the work itself (freedom to realize abilities, creativity, achievements, etc.).

Organizational Culture

Organizational culture is defined by Dungers (2023) as the norms, values, assumptions, beliefs, philosophies, organizational practices, and so on that have

been established over a long period of time by the founders and leaders of the firm, and members of the organization that are socialized, instructed, and used in corporate activities to produce goods, serve customers, and accomplish organizational objectives. Robbins & Judge (2017) states that organizational culture is a norm and values that are formed and applied by a company to influence the characteristics or behavior in leading its employees so that they can complete tasks on time and guide employees in achieving organizational goals. Schein (2015:98) states that organizational culture is a collection of inherent and unconscious beliefs and norms accepted by members that direct their behavior and provide a basis for a common understanding of their world.

METHODOLOGY

This research is descriptive, meaning it tries to explain the features of the research variables, according to the research objectives.. From the type of study (type of investigation), this type of research is verification or causality (causal study), because this study wants to find the cause or causal relationship of one or more problems. The population in this study were operational staff employees with permanent employee status at multifinance companies in DKI Jakarta, totaling 265 operational staff with permanent employee status.

RESULT AND DISCUSSION

Normality Test

Normality Test of Performance Variables

Tabel 1. Normality Test of Performance Variables

One-Sample Kolmogorov-Smirnov Test			
			Kinerja
N			160
Normal Parameters ^{a,b}	Mean		122,5
	Std. Deviation		15,2
Most Extreme Differences	Absolute		0,072
	Positive		0,072
	Negative		-0,065
Test Statistic			0,037
Asymp. Sig. (2-tailed) ^c			0,040
Monte Carlo Sig. (2-tailed) ^d	Sig.		0,041
	99% Confidence Interval	Lower Bound	0,035
		Upper Bound	0,046
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 743671174.			

Based on table 1 which shows the results of the normality test using the Kolmogorov-Smirnov test at a significance level of 0.05, the test statistics result

of 0.037 is smaller than the significance level of 0.041. In this case, Ho is accepted and H1 is rejected, meaning the data is normally distributed.

Normality Test of Job Satisfaction

Tabel 2. Normality Test of Job Satisfaction

One-Sample Kolmogorov-Smirnov Test			
		Kepuasan Kerja	
N	160		
Normal Parameters ^{a,b}	Mean	124,76	
	Std. Deviation	15,35	
Most Extreme Differences	Absolute	0,076	
	Positive	0,070	
	Negative	-0,076	
Test Statistic		0,076	
Asymp. Sig. (2-tailed) ^c		0,024	
Monte Carlo Sig. (2-tailed) ^d	Sig.		
	99% Confidence Interval	Lower Bound	0,022
		Upper Bound	0,030
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1502173562.			

Based on table 2 which shows the results of the normality test using the Kolmogorov-Smirnov test at a significance level of 0.05, the test statistics result of 0.076 is smaller than the significance level of 0.126. In this case, Ho is accepted and H1 is rejected, meaning the data is normally distributed.

Normality Test of Organizational Culture

Tabel 3. Normality Test of Organizational Culture

One-Sample Kolmogorov-Smirnov Test			
		Organizational Culture	
N	160		
Normal Parameters ^{a,b}	Mean	138,77	
	Std. Deviation	16,98	
Most Extreme Differences	Absolute	0,065	
	Positive	0,065	
	Negative	-0,050	
Test Statistic		0,065	
Asymp. Sig. (2-tailed) ^c		0,093	
Monte Carlo Sig. (2-tailed) ^d	Sig.		
	99% Confidence Interval	Lower Bound	0,085
		Upper Bound	0,100
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 624387341.			

According to table 3, which displays the findings of the Kolmogorov-Smirnov test for normalcy at a significance level of 0.05, the test statistics result of 0.065 is less than the significance threshold of 0.092. In this instance, H1 is refused and Ho is approved, meaning the data is normally distributed.

Normality Test of Transformational Leadership Variables

Table 4. Normality Test of Transformational Leadership Variables

One-Sample Kolmogorov-Smirnov Test		
		Transformational Leadership
N		160
Normal Parameters ^a b	Mean	119,62
	Std. Deviation	15,76
Most Extreme Differences	Absolute	0,095
	Positive	0,050
	Negative	-0,095
Test Statistic		0,095
Asymp. Sig. (2-tailed) ^c		0,106
Monte Carlo Sig. (2-tailed) ^d	Sig.	
	99% Confidence Interval	Lower Bound
		Upper Bound
		0,000
		0,002

Based on table 4 which shows the results of the normality test using the Kolmogorov-Smirnov test, the test statistics result of 0.095 is smaller than the significance level of 0.201. In this case, Ho is accepted and H1 is rejected, indicating a properly distributed set of data.

ANOVA						
Organizational Culture						
	Sum of Squares	df	Mean Square	F Hitung	F Tabel	Sig.
Between Groups	30287,981	64	473,250	3,008	2,430	0,005
Within Groups	44589,619	95	469,364			
Total	74877,600	159				

Homogeneity Test of Organizational Culture (X1) with Performance (Z)

The results of the homogeneity test based on ANOVA show that the F-count value (3.008) is smaller than the F-table value (2.430) at a significance level of 0.05. This means that the data X1 and Z have the same variation, meaning homogeneous. In other words, the variance between groups is considered homogeneous, and the null hypothesis stating that there is no difference between

groups is accepted. This test provides an indication that Organizational Culture does not differ significantly between the groups tested.

Homogeneity Test of Transformational Leadership (X2) with Performance (Z)

ANOVA						
Transformasional Leadership						
	Sum of Squares	df	Mean Square	F Hitung	F Tabel	Sig.
Between Groups	30287,981	64	473,250	2,828	2,430	0,005
Within Groups	44589,619	95	469,364			
Total	74877,600	159				

The results of the homogeneity test based on ANOVA show that the F-count value (2.828) is smaller than the F-table value (2.430) at a significance level of 0.05. This means that the X2 and Z data have the same variation, meaning homogeneous. In other words, the variance between groups is considered homogeneous, and the null hypothesis stating that there is no difference between groups is accepted. This test indicates that Transformational Leadership does not differ significantly between the groups tested.

Homogeneity Test of Job Satisfaction (Y) with Performance (Z)

ANOVA						
Job Satisfaction						
	Sum of Squares	df	Mean Square	F Hitung	F Tabel	Sig.
Between Groups	63989,767	63	1015,711	8,956	2,430	0,000
Within Groups	10887,833	96	113,415			
Total	74877,600	159				

The results of the homogeneity test based on ANOVA show that the F-count value (8.956) is smaller than the F-table value (2.430) at a significance level of 0.05. This means that the Y and Z data have the same variation, meaning homogeneous. In other words, the variance between groups is considered homogeneous, and the null hypothesis stating that there is no difference between groups is accepted. This test indicates that Job Satisfaction does not differ significantly between the groups tested.

Linearity Test of Organizational Culture (X1) with Performance (Z)

ANOVA Table					
	Sum of Squares	df	Mean Square	F	Sig.

Kinerja Budaya Organisasi	Between Groups	(Combined)	30287,981	64	473,250	1,008	0,480
		Linearity	5103,542	1	5103,542	10,873	0,001
		Deviation from Linearity	25184,438	63	399,753	0,852	0,751
	Within Groups		44589,619	95	469,364		
	Total		74877,600	159			

The results of the linearity test of the Organizational Culture variable with Performance show that the Sig. = 0.001 value for Linearity, which is smaller than 0.05, indicates a significant and The two variables have a linear connection. Thus, it can be concluded that the relationship between Organizational Culture and Performance is linear. The outcomes are displayed in the following scatter diagram:

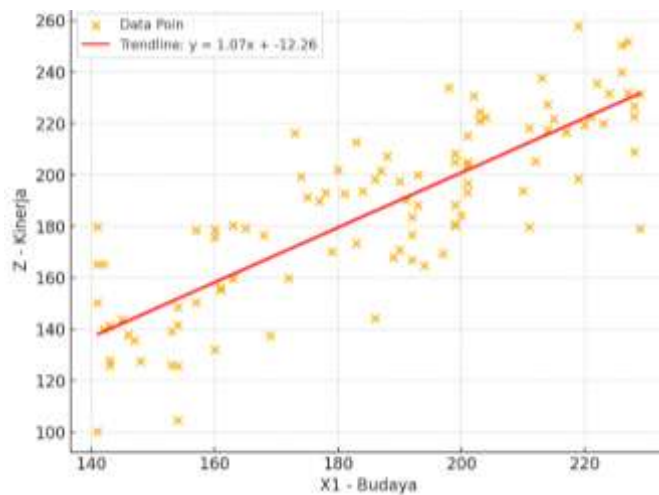


Figure 1. Radiation Diagram of Linearity Test Results of Variable X1 against Z

Linearity Test of Transformational Leadership (X2) with Performance (Z)

ANOVA Table							
			Sum of Squares	df	iMean iSquare	F	Sig.
Kinerja Kepemimpinan Transformasional	Between Groups	(Combined)	35250,638	65	542,318	1,286	0,131
		Linearity	5682,465	1	5682,465	13,480	0,000
		Deviation from Linearity	29568,173	64	462,003	1,096	0,339
	Within Groups		39626,962	94	421,563		

	Total	74877,60 0	159			
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A substantial linear association between the two variables is indicated by the linearity test results of the Transformational Leadership variable with Performance, which show a Sig. value = 0.000 for Linearity, which is less than 0.05. Consequently, it may be said that there is a linear link between transformational leadership and performance. The scatter diagram that follows shows the results:

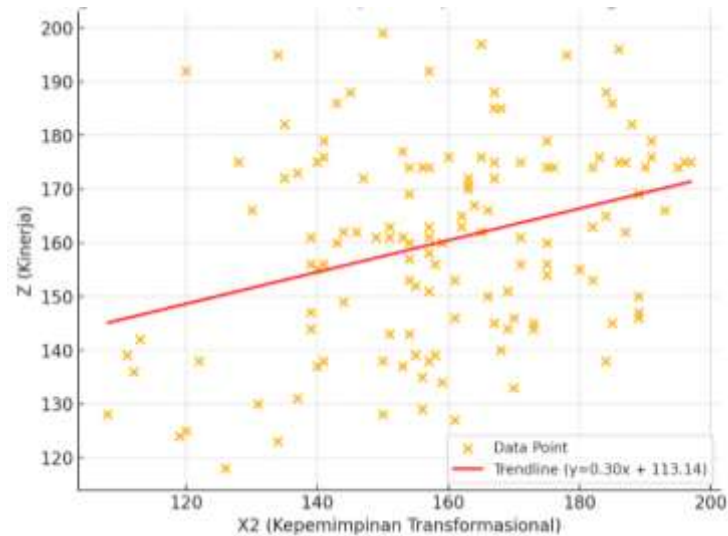


Figure 2. Radiation Diagram of Linearity Test Results of Variable X2 against Z

Linearity Test of Job Satisfaction (Y) with Performance (Z)

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Kinerja Kepuasan Kerja	Between Groups	(Combined)	63989,767	63	1015,711	8,956	0,000
		Linearity	43634,903	1	43634,903	384,737	0,000
		Deviation from Linearity	20354,864	62	328,304	2,895	0,300
	Within Groups		10887,833	96	113,415		
	Total		74877,600	159			

A substantial linear relationship between the Job Satisfaction and Performance variables is indicated by the linearity test results, which show a Sig. value = 0.000 for Linearity, which is less than 0.05. Therefore, it may be said that job satisfaction and performance have a linear relationship. The results are displayed in the scatter diagram below:

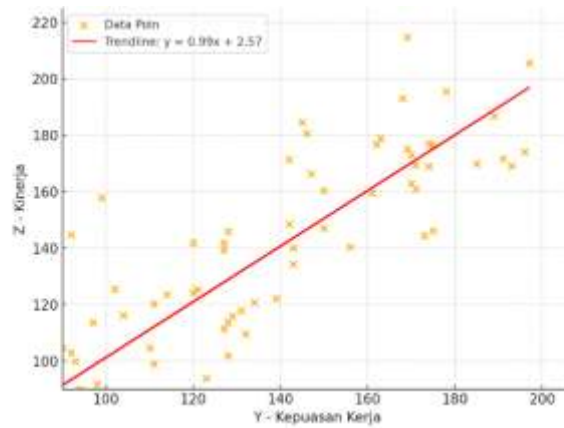


Figure 3. Radiation Diagram of Linearity Test Results of Variable Y against Z

DISCUSSION

The Influence of Organizational Culture on Performance

In light of the path analysis and Sobel test findings, it could be concluded that Organizational Culture (X1) has a significant direct influence on Performance (Z). The path coefficient value (PL β) of 0.283 with a significance level of $0.035 < 0.05$, indicates that the more positive the organizational culture applied, the employee performance will tend to increase. This indicates that values, norms, and work practices in the organization play an important role in encouraging the achievement of more optimal work results. Furthermore, it was also found that there was an indirect influence of organizational culture on performance through job satisfaction (Y). This is indicated by the indirect path value ($0.151 \times 0.777 = 0.1173$) and the Sobel test results of $1.809 > 1.645$, which means significant at the 5% level. This means that a strong organizational culture also increases job satisfaction, which then contributes positively to increased performance. This is in line with the principle that a healthy and supportive work environment will increase employees' sense of belonging, pride, and comfort, so that they are more motivated to give their best performance.

The Influence of Transformational Leadership on Performance

The path analysis's findings, which show a path coefficient value of 0.258 and a significance level of $p = 0.010 < 0.05$, indicate that transformational leadership (X2) significantly affects performance (Z). This suggests that the more transformational leadership is used in an organization, the better the employees' performance will be. Transformational leadership (X2) has a substantial indirect impact on performance through the job satisfaction variable (Y), in addition to its direct influence. Job satisfaction has a strong mediating influence, as indicated by the indirect path coefficient of 0.352 and the Sobel test value of $2.330 > 1.645$.

The Influence of Job Satisfaction on Performance

With a path coefficient value (PL β) of 0.777 and a significance value of $0.000 < 0.05$, the path analysis results shown in Table 1.7.3 show that the Job Satisfaction variable (Y) has a significant direct influence on Performance (Z). This means that the influence is very strong and statistically significant. Therefore, it may be inferred that employees' performance will increase in

proportion to their level of job satisfaction. This implies that when workers are happy with their jobs in terms of the work environment, rewards, relationships between employees, and self-development, their motivation, commitment, and productivity will increase directly and significantly.

The Influence of Organizational Culture on Job Satisfaction

Considering the outcomes of the path analysis mentioned in sub-chapter 1.7.4, it can be concluded that organizational culture (X1) has a direct influence on job satisfaction (Y) with a path coefficient value (PL β) of 0.151 and a probability significance (PTL) of 0.041, which is below the significance limit of 0.05. This shows that the stronger the organizational culture in an institution, the level of employee job satisfaction also tends to increase significantly. A good organizational culture creates a supportive, open, and value-aligned work environment, which ultimately encourages employees to feel more comfortable, valued, and satisfied with their jobs.

CONCLUSION AND RECOMMENDATION

Based on the outcome of the analysis, Organizational culture has a significant direct and indirect influence on employee performance through job satisfaction. A positive work culture increases a sense of belonging, comfort, and work motivation. Transformational leadership directly improves employee performance and also has an effect through increased job satisfaction. This leadership style is able to inspire and motivate employees personally and professionally. Job satisfaction has the most dominant influence on employee performance. The higher the job satisfaction, the higher the employee motivation, loyalty, and productivity.

FURTHER STUDY

Based on these findings, further research can be directed to further explore other factors that mediate or moderate the relationship between organizational culture, transformational leadership, and employee performance. For example, the role of organizational commitment, work-life balance, or psychological climate can be studied as additional variables that increase understanding of the dynamics of job satisfaction and performance. In addition, further studies can also be conducted with a longitudinal approach to see changes in influence over time, and conducted in various industrial sectors to obtain broader generalization of findings.

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