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The Influence of Organizational Culture and Transformational Leadership on Employee Performance at PT PLN (Persero) South Sumatera, Jambi and Bengkulu

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ABSTRACT

Purpose: This study examines how organizational culture and transformational leadership affect employee performance at PT PLN (Persero) South Sumatera, Jambi, and Bengkulu.

Methodology/approach: This study used a quantitative approach involving 288 employees of PT PLN (Persero) in South Sumatera, Jambi, and Bengkulu, selected using total sampling. Data were collected via a closed questionnaire and analyzed using continuum lines and SEM-PLS with SmartPLS for hypothesis testing.

Results/findings: The study found a strong organizational culture, effective transformational leadership, and high employee performance. Organizational culture significantly affects performance, while transformational leadership shows a positive but insignificant effect.

Conclusions: Organizational culture significantly enhances employee performance, while transformational leadership has a positive but insignificant impact.

Limitations: This study uses limited samples and settings, reducing generalizability. External factors and measurement reliability may also affect result validity.

Contribution: This study enhances scientific understanding and offers a practical strategy to improve organizational culture quality through transformational leadership aligned with the company's vision and mission.

Keywords: *Organizational Culture, Transformational Leadership, Employee Performance*

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1. Introduction

PT PLN (Persero) is a State-Owned Enterprise (SOE) formed to provide adequate and reliable electricity to the public. It is profit-driven and fulfils government commitments in the electricity sector to aid development through the application of the principles of Limited Liability companies. To achieve its goals, the PLN is committed to running its energy business and adjacent industries to prioritize the

happiness of its customers, employees, and shareholders. Equally important to PLN is the goal of electric power as an economic activity driver and its use of electric power as a medium to enhance people's lives. Every day, PLN eliminates its impact on the environment as much as possible through its operations. On July 1, 2020, Erick Thohir, Minister of State-Owned Enterprises, announced AKHLAK Culture as the official core value via SE-7 / MBU/07 / 2020. A moral axis for "trustworthy, competent, harmonious, loyal, adaptive, and collaborative is arithmetic. The SOE minister put this concept into a circle that has since established a new standard for the company's culture as a whole. All employees may be united in their pursuit of the company's advancement through the adoption of AKHLAK culture, which is anticipated to become a work guideline (Omaleng, 2025).

Currently, electricity is one of the primary needs of every human being and is increasing exponentially along with the development of technology and digitalization. Current human activities cannot be separated from the role of electrical energy from the household scale to the industrial scale. In 2015, President Joko Widodo launched the 35,000 MW project, a strategic program implemented by PT PLN (Persero), a renewable energy provider that has been running its business from sunrise to sunset to meet the needs of its customers. When reaching the Nawacita goal of economic independence through energy sovereignty, the program resulted in an agreement to build power plants with an average capacity addition target of 7000 MW per year. One of the important issues that corporate performance targets is increasing revenue through electricity sales. Electricity sales up to March 2023 reached 68.42 TWH or 96% of the target up to March 2023 of 70.63 TWH, for all regions. and subsidiaries did not achieve an electricity sales target until March 2023.

In accordance with the corporate strategic theme, which is reduced to each division and operational unit including PT PLN (Persero) South Sumatera, Jambi and Bengkulu, then based on the management contract organizational performance is reduced to individual performance, at PT PLN (Persero) employee performance management is regulated through Directors' Regulation Number 0045.P/DIR / 2017 focuses on improving the performance of a company's employees through the implementation of the PLN's performance management system, which consists of three phases: planning, monitoring, and evaluation. This study concentrates on elements of organizational culture and leadership because, as Kasmir (2018) explains, no measurements have been taken regarding the impact of organizational culture and leadership on employee performance. Consequently, this phenomenon was investigated. Other factors that can affect employee performance include knowledge, work design, personality, motivation, leadership style, organizational culture, job satisfaction, and the surrounding work environment (Salsabila & Isyanto, 2025).

Based on employee performance measurements from 2021 to 2023, which indicate stagnation or even a decline from the previous semester, PT PLN (Persero) uses the average Performance Target Value (NSK) and Individual Competency Value (NKI) to measure employee performance. According to Kasmir (2018), there are several factors that can influence employee performance: ability and expertise, knowledge, work design, personality, work motivation, leadership style, organizational culture, job satisfaction, and the surrounding work environment. This research focuses on aspects of organizational culture and leadership because no measurements have been carried out regarding the influence of organizational culture and leadership on employee performance (Hilarianty & Maisela, 2024).

The challenges of the electricity business in the future are increasingly challenging, and appropriate and effective corporate strategies need to be able to overcome them (Nicolin & Sabeni, 2013). A company's ability to communicate its vision, mission, and goals to its employees, as well as the specific objectives, activities, and metrics by which its success is measured, is critical to the success of any business strategy. For this reason, businesses such as PT PLN (Persero) need to make an effort to assess the effectiveness of their corporate strategy and, by extension, its implementation. Looking back at past successes is more of a focus for PLN when assessing their business strategy. With any luck, PLN will

also be able to shed light on the future worth of human and organizational capital. It is imperative that PT PLN (Persero) enhance its corporate culture in order to be ready for the aftermath. Observable patterns of organizational behavior reveal the nature of the connection between company culture and productivity. An effective company culture is shaped by its employees, and serves as a framework for how to conduct themselves while working. Tsai (2011) that one study on organizational culture found that employees in companies with strong cultures were more committed to their work than in companies with weak cultures. This suggests that strong culture is closely associated with high organizational performance.

Managers at PT PLN (Persero) are attempting to foster an atmosphere conducive to transformational leadership through initiatives such as the leader's Talk Series 2023, digital leadership, Leadership Awards, Leadership Learning. As part of its leadership development program, the PLN began with talent acquisition and progressed in stages through talent classification and monitoring. The program also includes an onboarding program for newly promoted employees to help them explore their secondary competencies, and a talent development program to help them close the competency gap by strengthening competencies that are adapted to business trends and organizational needs. Thirdly, there is nurturing, the goal of which is to prepare individuals for leadership roles. It is believed that this leadership program might stifle organizational performance. Researchers have found that in order to keep their staff motivated and achieve better results. Because there is always room for development, leadership-related programs are always being reviewed and enhanced.

2. Literature Review

A company's culture comprises its established norms and practices for how its employees and customers are expected to behave and interact with one another and with the outside world. Members base their thoughts and actions on these reference points, which include standards, regulations, and values. Culture consists of shared beliefs and values that provide norms for behavior and serve as broad guidelines in the organization. These norms influence decisions, guide interpretations of events, and help members understand what behaviors are acceptable (Chatman & O'Reilly, 2016). Organizational culture, according to, is what sets one company apart from another via the common Sense held by its members. Organizational stability is the result of a robust culture. One might learn about the cultural advantages and disadvantages. A strong company culture is one in which the majority of workers support the company's stated goals and objectives; a poor culture is one in which workers have divergent views (Robbins & Judge, 2011). When a company has a strong culture, its members strongly believe in and support its fundamental principles. High levels of sharing intensity provide an Robbins and Judge (2011) environment with high levels of behavioural control, according to Wiener quoted in Robbins and Judge (2011), which in turn strengthens the culture and its impact on the behaviour of organisational members. To build organizational culture, Sihite, Buchdadi, and Pahala (2024) emphasized the need for synergistic transformation. Individuals are ill-equipped to deal with change because of a lackluster organizational culture. Their ideals, both personal and collective, were those they had held previously. They are averse to change and would rather continue doing things in the same way they always have, particularly if it means learning something new.

According to (D. R. Denison & Mishra), the business inflation performance. In his theoretical explanation of the four elements that impact organizational success, DR Denison (2009) establishes a connection between culture and this concept. First, the beliefs and values of an organization's members directly affect their level of effectiveness. Second, the principles, beliefs, and actions of an organization's members determine its efficacy. Third, the organizational policies and practices that are based on the fundamental beliefs and values of the organization determine how successful the organization is. Fourth, the environment in which an organization operates, its rules and procedures, and its fundamental beliefs and values all contribute to its level of effectiveness. According to the model, four aspects of company culture are thought to correlate with the degree of efficiency in the

company. Engagement, Consistency, Adaptability, and Mission are the four facets of a culture. Denison's model addresses the four critical components of an organization ((DR Denison, 2011).

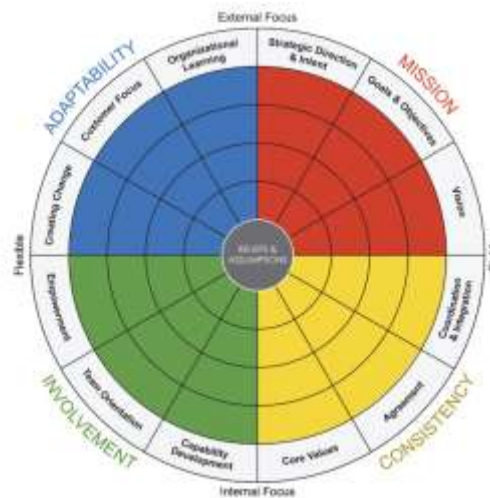


Figure 1. The Denison Organizational Culture Model

Leadership plus transformative leadership is the root of the transformational leadership phase. In English, "to transform" means to change into a different form, "and this is where the word transformational" originates. While research on transformative leadership is not new, the majority of traditional ideas are the author's main focus, highlighting several leadership styles, such as democratic, authoritarian, pseudo-democratic, and situational. According to Chunhui, Azar, and Ahmad (2023), who describe idealized influence and inspirational motivation as the two core subunits that constitute the charismatic-based aspect of transformational. Chunhui et al. (2023) emphasize that charisma serves as the primary ingredient in the transformational process, enabling leaders to inspire admiration and respect among their followers. The authors explain that leaders exhibiting idealized influence act as moral exemplars who foster trust, confidence, and collective identification, while inspirational motivation allows them to articulate an inspiring vision that evokes enthusiasm and commitment. Together, these dimensions create a charismatic behavior framework within transformational leadership that drives employees to transcend personal interests for the greater good of the organization. Moreover, Lin et al. highlight that empirical studies have consistently found positive effects of idealized influence and inspirational motivation on employee outcomes such as job satisfaction, engagement, and performance, though research distinguishing these two constructs remains limited. Hence, the work of Chunhui et al. (2023) providing contemporary evidence that charisma—in the form of idealized influence and inspirational motivation—remains central to understanding the moral, emotional, and motivational mechanisms of transformational leadership in modern organizational contexts.

Bakker, Hetland, Olsen, and Espevik (2023) charismatic leadership, thoughtfulness toward others, and intellectual stimulation are the three hallmarks of transformational leadership in its early stages. Two branches of charismatic behavior emerged as the field progressed: inspiring motivation and charismatic influence. There is no way to distinguish between charismatic and inspiring motivations from an empirical standpoint. However, owing to the conceptual distinctions, the two variables mentioned above may be considered distinct. Transformational leadership consists of four elements which are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Khan, Rehmat, Butt, Farooqi, & Asim, 2020).

According to Saif et al. (2025), transformational leaders demonstrate charisma and moral integrity, serving as ethical role models who foster followers' trust, admiration, and respect, which embodies the essence of idealized influence. Through inspirational motivation, leaders communicate a compelling

vision of the future that instills enthusiasm and emotional commitment among subordinates, inspiring them to achieve shared goals and exceed expectations. The dimension of intellectual stimulation encourages creative thinking, problem-solving, and innovation by challenging followers to question assumptions and explore alternative perspectives, thereby cultivating a culture of learning and adaptability. Lastly, individualized consideration reflects leaders' attentiveness to the unique needs and aspirations of their followers, offering mentorship, empathy, and personal support that promote individual growth and organizational harmony. Collectively, these four components establish the psychological and behavioral foundation of transformational leadership, enabling leaders to motivate followers beyond self-interest toward collective achievement and long-term organizational success

Thompson, Buch, Thompson, and Glasø (2021) demonstrate that the effectiveness of transformational leadership is rooted in behaviors perceived as fair, respectful, and consistent with moral and ethical standards. Leadership grounded in these values fosters stronger emotional attachment and organizational commitment, as followers feel appreciated and treated with dignity. Furthermore, transformational leadership encourages positive follower behavior through the principle of social reciprocity, in which fair and respectful treatment is reciprocated with enhanced performance and loyalty toward the organization. In this context, interactional justice serves as a psychological mechanism that bridges the relationship between leadership and work outcomes, reinforcing the belief that true leadership inspires not only through vision or charisma but also through the application of universal ethical values. Therefore, as emphasized by Thompson et al. (2021), transformational leadership that prioritizes morality and respect for human dignity represents the concrete Leadership serves as a means of advancing moral, spiritual, and social development within modern organizations. Transformative leadership Vu, Nguyen, and Le (2025) is a method for piquing workers' interests in a company. Employees gain inspiration and develop feelings of loyalty, respect, trust, awe, and admiration for their superiors. Workers spend more time and effort because they are intrinsically motivated to do a good job and work independently. Displaying charismatic behavior, inspiring motivation, intellectual stimulation, and delivering personalized attention to employees are qualities of a successful transformational leadership style.

Mangkunegara and Prabu (2000) said that performance is derived from the phrases "job performance" or "actual performance," and it refers to the end result of an employee's efforts in fulfilling their assigned tasks. Performance, according to Ahmad, Handaru, and Usman (2022), is the end result of workers' efforts to accomplish organizational objectives in a way that is consistent with their values and duties given to them. Work and behavior on the job that leads to completing assigned tasks and duties within the allotted time is what makes up performance, according to (Yang, Obrenovic, Kamotho, Godinic, & Ostic, 2024). Additionally, performance management is essential for firms to achieve strong performance. Performance management is a management style that prioritizes performance through constant and open communication to ensure that everyone is in the same room and works towards the same goal. According to (Jatmiko & Wahyuningtyas, 2021), leaders must periodically evaluate and re-socialize targets, as well as the company's vision and mission, so that employee motivation is formed and employee performance improves. A leader should be able to lead the entire team to run the vision and mission of the company and improve employee performance will be better (Saputra & Wahyuningtyas, 2021).

The assessment dimensions of employee work vary by company. Gomes (2003) defined the dimensions of performance assessment as follows:

- a) Quantity of work: a measurement related to the amount of work carried out in a specified time period. According to Ramadhan and Sembiring (2014), quantity is measured as the amount of work completed according to standards, better work results, and the number of errors that are minimized. It can be concluded that the quantity of work is related to how much work can be completed within a previously determined period and the conditions that have been set.

- b) Quality of work: measurements related to the quality of work achieved based on conformity requirements. According to (Ramadhan & Sembiring, 2014), work quality is measured by examining the accuracy, neatness, and success of work results in accordance with expected quality standards. It can be said that quality of work is related to work results that meet a predetermined process standard and the results are close to ideal conditions.
- c) Job Knowledge, a measurement of the breadth of knowledge about jobs and skills. According to J. A. Colquitt, Lepine, and Wesson (2015) job knowledge is the application of theoretical and analytical knowledge obtained through formal education and continuous learning. It can be concluded that job knowledge contains both theoretical and practical knowledge as well as work experience.
- d) Creativeness Measurement related to the authenticity of the ideas raised and actions to resolve the problems that arise. According to J. A. Colquitt et al. (2015), creativity at work is the extent to which individuals develop ideas or result well and usefully. It can be said that creativeness is a condition where someone can channel new ideas or new points of view in their work.
- e) Cooperation Measurement is related to the willingness to cooperate with fellow members of the organization. According to Ramadhan and Sembiring (2014), this is measured by maintaining good relationships with colleagues, working well, and communicating well. Apart from this, cooperation can be said to be a good social relationship between colleagues by working together and communicating well.
- f) Dependability Measurement related to awareness of trustworthiness in terms of attendance and work completion. According to Yelboğa (2012) dependability concerns an individual's ability to complete work precisely and accurately. It can be said that dependability is a person's ability to work thoroughly, accurately, and meticulously, so that the results of their work can be trusted.
- g) Initiative, a measure relating to enthusiasm for carrying out new tasks and increasing responsibility. According to Wihler, Blickle, Ellen III, Hochwarter, and Ferris (2017), initiative is related to readiness to carry out new tasks. In addition, initiative is a person's active attitude toward carrying out a new task or looking for a new task.
- h) Personal qualities are paced with friendliness, personability, and leadership. According to J. A. Colquitt et al. (2015), individual personality is related to accuracy, friendliness, openness to new things, ease of socialization, and tendency to be calm when facing problems. It can also be said that personal qualities are the positive personalities and attitudes shown at work.

Organizational culture is a fundamental determinant of behavior, decision-making, and performance in organizations. It encompasses shared values, beliefs, and assumptions that guide how employees perceive, think, and react to internal and external challenges. According to Daniel Denison et al. (2014), organizational culture influences effectiveness through four dimensions—mission, adaptability, involvement, and consistency—that determine how well an organization integrates and responds to change. Recent findings by Aman (2019) highlight that a strong and adaptive culture enhances employee commitment, trust, and alignment with company goals. Similarly, Rojak, Sanaji, Witjaksono, and Kistyanto (2024) found that employees in organizations with supportive cultural values display higher levels of innovation and performance, as culture shapes both intrinsic motivation and behavioral norms.

Transformational leadership complements organizational culture by providing direction and emotional influence that foster individual and collective growth. Transformational leaders articulate a compelling vision, stimulate creative thinking, and act as role models for ethical behavior and dedication (Jun & Lee, 2023). Research by Saira, Mansoor, and Ali (2021) demonstrated that transformational leadership significantly improves performance through mediating variables such as trust, empowerment, and job satisfaction. Moreover, Ariussanto, Tarigan, MM, and Singh (2020) observed that leaders who inspire, intellectually stimulate, and provide individualized consideration foster a high-performance culture that motivates employees to exceed expectations. Within the context of state-owned enterprises, transformational leadership is crucial in promoting innovation and accountability while reinforcing organizational culture (Nugroho, Erari, & Adji, 2021).

Employee performance reflects the effectiveness of individual efforts toward achieving organizational goals and is often measured through productivity, quality, and engagement indicators. According to L. Colquitt and Wesson (2009), performance outcomes are not merely determined by skill but also by the environment and leadership that supports employee growth. Sindakis, Kitsios, Kamariotou, Aggarwal, and Cuervo (2024) identified that supportive work environments, effective leadership, and organizational learning culture substantially improve employee output. Likewise, Piwovar-Sulej and Iqbal (2023) emphasized that when leaders consistently reinforce cultural norms and empower employees, their performance becomes more stable and sustainable.

Recent empirical studies have increasingly emphasized the dynamic interaction between leadership, culture, and performance within complex organizations. According to Nguyen, Hang, Hiep, and Flynn (2023), transformational leadership and organizational culture are interdependent constructs that together create psychological safety and innovation, leading to superior performance outcomes. Leaders who foster a participative and trust-based culture encourage employees to take initiative and engage in creative problem-solving, which enhances both task and contextual performance. Furthermore, Piwovar-Sulej and Iqbal (2023) highlighted that sustainable performance in organizations relies heavily on leadership practices that align with cultural values promoting collaboration and continuous learning. When leadership and culture are congruent, employees demonstrate higher commitment and reduced resistance to change, resulting in organizational resilience.

In the context of state-owned enterprises, Ilham (2018) found that leadership effectiveness is mediated by cultural adaptability, suggesting that rigid or hierarchical cultures may inhibit transformational efforts. Cultural flexibility allows leaders to adjust strategies and communication patterns to fit the evolving organizational environment, thereby improving both employee satisfaction and productivity. From a behavioral perspective, Ye, Liu, and Tan (2022) demonstrated that empowering leadership behaviors—such as delegation, encouragement, and open feedback—strengthen employees' self-efficacy and role clarity. These effects are amplified when embedded within cultures that reward innovation and teamwork. This finding aligns with Daniel Denison et al. (2014), which underscores adaptability and involvement as crucial dimensions of cultural effectiveness.

Moreover, Kim and Yoon (2025) observed that empowering leadership contributes significantly to adaptive performance when supported by organizational norms that value knowledge sharing and collaboration. This integration highlights how leadership and culture jointly influence behavioral outcomes beyond mere compliance, promoting proactive engagement and innovation. Recent meta-analyses by Chaiyapruksayanonde and Ponchaitiwat (2025) confirm that a supportive work environment, effective leadership, and a strong learning culture together create a synergistic effect that sustains performance over time. These findings reinforce the argument that culture mediates the relationship between leadership and performance, providing a behavioral and motivational foundation for organizational success. Lastly, Uddin, Azim, and Islam (2023) reaffirmed that shared organizational values act as a bridge between leadership vision and employee behavior. When cultural alignment exists, leadership becomes more credible, and employees internalize organizational goals as personal commitments. This harmony between cultural identity and transformational influence forms the cornerstone of high-performing, innovative organizations.

The interplay between organizational culture and transformational leadership creates a synergistic effect on performance outcomes. A study by Alipio, Avecillas, Santivañez, Mendoza, and Benites (2023) confirmed that culture mediates the relationship between leadership and performance, as shared values amplify the influence of leaders on employee behavior. This suggests that leadership practices are most effective when embedded within a strong cultural framework that promotes collaboration, innovation, and continuous improvement. Therefore, organizations such as PT PLN (Persero) must focus on nurturing a culture aligned with corporate values (such as AKHLAK) while simultaneously developing

transformational leaders capable of translating these values into day-to-day performance excellence. This study is based on the following hypotheses: First, organizational culture affects employee performance. Second, transformational leadership affects employees' performance. Third, organizational culture and transformational leadership affect employee performance.

3. Research Methods

This study employed a quantitative research design to analyze the influence of organizational culture and transformational leadership on employee performance at PT PLN (Persero) South Sumatra, Jambi, and Bengkulu. The population consisted of all employees within these regional offices, and a total sampling technique was used, resulting in 288 respondents. Data were collected using a structured questionnaire with closed-ended statements measured on a Likert scale. The instrument was tested for validity and reliability before full distribution to ensure consistency and accuracy of the responses. Data analysis was performed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach through SmartPLS 4.0 software. This method was selected because it can effectively analyze complex causal relationships between latent variables and test mediation effects. The analysis stages included measurement model (outer model) evaluation for validity and reliability testing, followed by structural model (inner model) evaluation to test hypotheses and determine the strength of relationships among variables. The decision-making criteria were based on p-values (<0.05) and t-statistics (>1.96) for significance testing. Furthermore, model fit was assessed using R-square, Q-square, and SRMR indicators to ensure predictive relevance and overall model adequacy. This methodological approach provided robust empirical evidence of the impact of cultural and leadership factors on employee performance, allowing generalization within the organizational context of PT PLN.

4. Results and Discussion

4.1 Respondents Characteristics

This study included 288 employees from the PT PLN (Persero) in the South Sumatera, Jambi, and Bengkulu areas. The following is a breakdown of the respondent demographics by age and gender based on the data collected for this study.

Table 1. Respondents Characteristics

Characteristics	Category	Freq	Percentage
Gender	Male	187	64,9%
	Female	101	35,1%
Year	< 25 years old	9	3,1%
	26 – 33 years old	144	50%
	34 – 42 years old	109	37,8%
	43 – 50 years old	19	6,6%
	>50 years old	7	2,4%

based on gender The majority of respondents were male (64.9%), while the remaining 35.1% were female employees. This means that most PT PLN (Persero) South Sumatra, Jambi, and Bengkulu are dominated by male employees. According to the age of the respondents, most of the employees of PT PLN (Persero) South Sumatra, Jambi, and Bengkulu were aged 26 – 33 years (50%), while the remaining 37.8% were aged 34 – 42 years, 6.6% were aged 43 – 59 years, 3.1% were aged <25 years, and 2.4% were >50 years. This means that the majority of PT PLN (Persero) Main Unit South Sumatra, Jambi, and Bengkulu employees were aged 26 – 33 years.

With 22 statements representing organizational culture, nine statements representing transformational leadership, and 16 statements representing employee performance, we have a comprehensive model for this variability. The descriptive analysis of each variable is presented in Figures 2, 3, and 4.

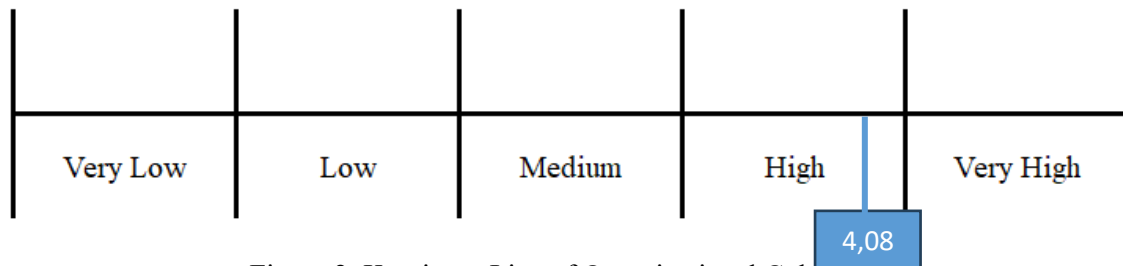


Figure 2. Kontinum Line of Organizational Culture

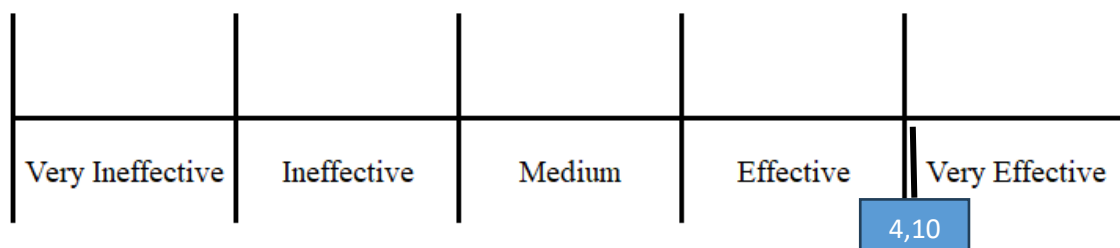


Figure 3. Kontinum Line of Transformational Leadership

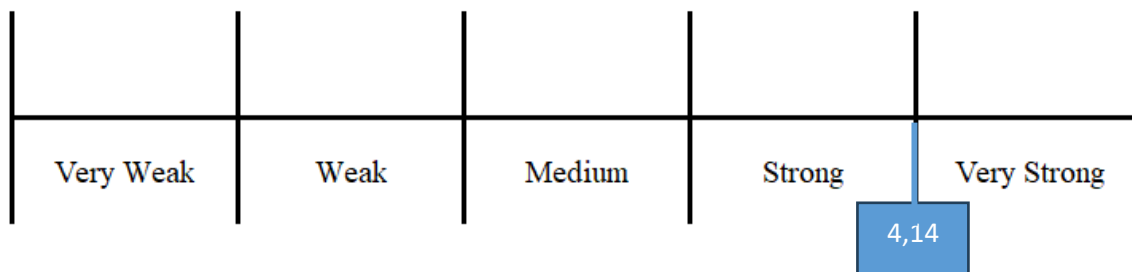


Figure 4. Kontinum Line of Employee Performance

This study used the SEM PLS analysis method to examine the effect differences between the variables. The SEM PLS analysis consists of two parts: outer and inner model testing phases. The validity and reliability of each concept and its indicators were checked during the outer model testing step, whereas the relationships between variables were checked during the inner model testing stage.

Evaluation of The Measurment Model (Outer Model)

An important part of the testing phase is ensuring the convergence validity and discrimination of the model of interest as well as its composition. The indicators in the PLS model must meet the convergence, discrimination, and composite reliability criteria before the analytical results can be used to test the research hypotheses. It is necessary to check the PLS model that uses algorithmic labels to obtain the results of the external model test. Here, is the output from the SEM PLS model after iterations using the algorithmic label:

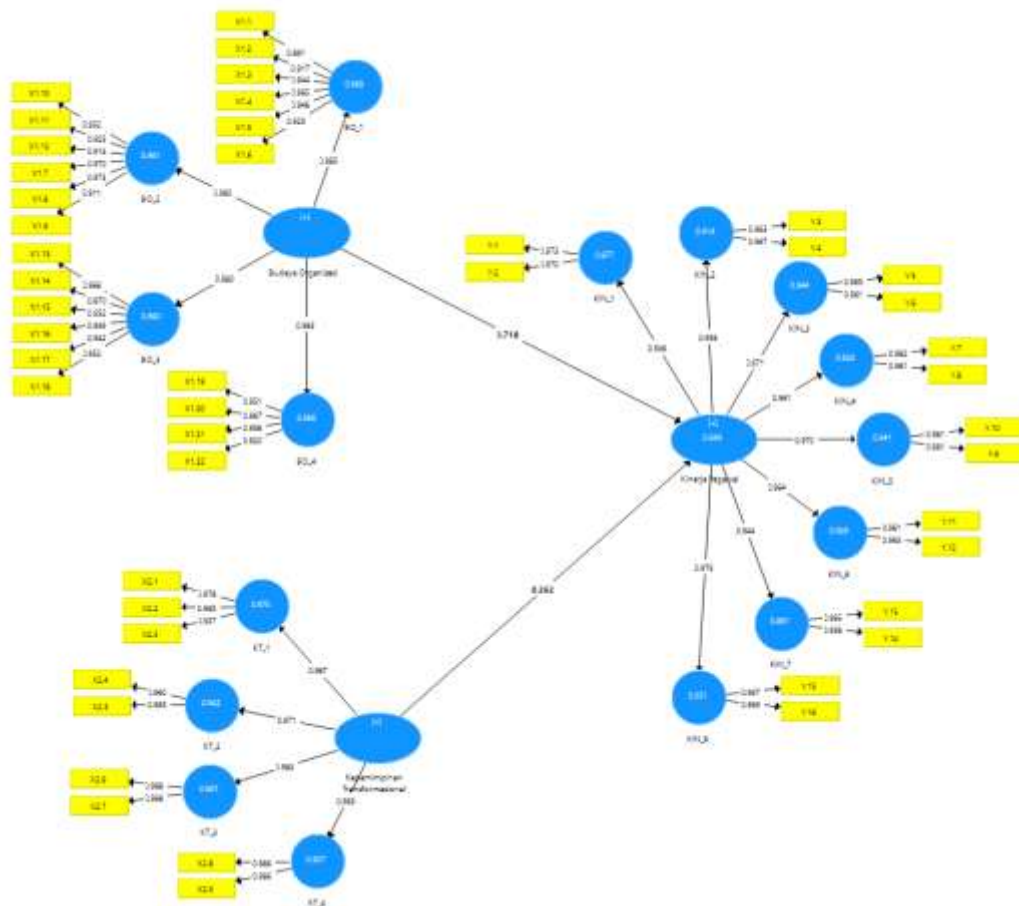


Figure 5. Outer Model

4.2 Convergent Validity

The values of the outer loading or loading factors were used to test the convergent validity. If the outer loading value is greater than 0.7, then the indicator is considered to achieve convergent validity, which is a positive category. The indicator's outer loading values for the study variables are as follows: Based on the results of the outer loading on the reflectivity indicator, the majority of survey respondents were able to meet the expectations of the variable price indicator. This means that the experiment may proceed to the AVE experiment step because the output value was greater than 0.7. We now have a more transparent loading factor and AVE model parameters.

4.3 Discriminant Validity

The purpose of using discriminant validity is to ensure that each concept's latent variables are distinct from one another. If the value of $\sqrt{\text{AVE}}$ (diagonal angle) for each exogenous construct is greater than the correlation between that construct and other constructs (angles below and above $\sqrt{\text{ave}}$), the model has very good discriminant validity. According to Ghazali (2016), the optimal value was greater than 0.5. The results of the discrimination validity test consistently show that the value (Ave) of each construct is greater than its correlation coefficient with other constructs, indicating that all constructs in this PLS model have met the specified discrimination validity. Hetero transparency Ratio (HTMT) value tests between different constructs, such as fornication theft and cross-loading tests, to determine discriminant validity. Another approach to determining discriminatory validity is the HTMT. In this case, the multi-trait-multi-trait matrix was the basis for the evaluation. The HTMT value must be less than 0.9 to confirm the validity of discrimination between two reflective concepts (Hair et al., 2022). For the test to be considered valid, the HTMT value between the PLS model and all the other models

must be less than 0.9. According to the test results, the HTMT values between the two models did not exceed 0.9; therefore, all PLS models met the criteria for discriminatory validity. The Data required to achieve the validity of discrimination is the PLS outer model according to the outcomes of the three testing methods. The composite reliability test is the next step in this testing process.

4.4 Composite Reliability

Construct reliability can be assessed using the Cronbach's alpha value and the Composite Reliability value of each construct. The recommended composite reliability and Cronbach's alpha values are greater than 0.7; however, in development research, because the loading factor limit used is low (0.5), low composite reliability and Cronbach's alpha values are still acceptable as long as the requirements for convergent validity and validity have been met.

Table 2. Composite Reliability

Construct	Cronbach's Alpha	Composite Reliability	Reliability
BO	0,992	0,992	reliable
KIN	0,990	0,990	reliable
KT	0,986	0,988	reliable

4.5 Evaluation of Inner Model

Improving the model's fit is the first step in the model-testing process, verifying that the estimated PLS model accurately describes the population's true state by comparing it to the data. This model was used to test the relationship between research variables.

4.6 R-Square Test

Vhin (1998) In terms of endogenous prediction, the PLS model is said to be good when the R-squared value is more than 0.67, it is said to be weak when the R-squared values are between 0.33 and 0.67, and it is said to be weak when the R-squared values are between 0.19 and 0.33. The coefficient of variation of employee employment is 0.949, which is considered strong according to the data in Table 4.15.

Table 3. R- Square

Variable	R Square	Criteria
Employee Performance	0,949	<i>strong</i>

4.7 Q-Square Test

Q Square shows the predictive relevance of the model, where a Q Square value of 0.02 – 0.15 indicates that the model has small predictive relevance, a Q Square of 0.15 – 0.35 indicates that the model has moderate predictive relevance, and Q square > 0, 35 shows the large predictive relevance of the model (Chin, 1998). The analysis results in Table 4.16 show that the Q Square of employee performance is in the big predictive relevance category.

Table 4. Q- Square

Latent Variable	Q Square	Criteria
Employee Performance	0,791	<i>Big Predictive relevance</i>

4.8 SRMR Model

In addition to the R - and Q-values, the compliance value of the SRMR model indicates the quality of the model. If the SRMR estimate value was less than 0.08, the model was considered very good, and if the SRMR estimate value was between 0.08% and 0.01%, the model was considered very good. The analysis table shows that the SRMR model estimate value was 0.046, which is included in the pure perfect fit category.

Table 5. SRMR

Component	SRMR	Estimated Model
Saturated Model	0,045	<i>Perfect fit</i>
Estimated Model	0,046	

4.9 Multicollinearity test

Multicollinearity in the SEM PLS model was tested based on the VIF value of the inner model. The SEM PLS model must be free from multicollinearity, as indicated by a VIF inner model value of < 5.00 . The analysis results in the following table show that the VIF value of the inner model for all constructs is < 5.00 , indicating that there is no multicollinearity in the regression model.

4.10 Direct Effect Test

When the model is fitted, PLS analysis can be used to test the correlation between the variables. This impact evaluation category included the following tests: direct, indirect, and total effects. Tests of inter-variable impacts were based on the following findings from the 500-sample PLS model estimates using the bootstrapping technique:

Table 6. Direct Effect Test

	Original Sample (O)	T Statistics (O/STDEV)	P Values
BO -> KIN	0,718	3,534	0,000
KT -> KIN	0,262	1,249	0,212

When external factors have an immediate and unmediated impact on internal factors, this phenomenon is called a direct influence or direct effect. Path coefficients, p-values, and T-statistics reveal the direction and importance of direct effects for routes linking endogenous and exogenous variables in the PLS SEM analysis. If the p value for the interaction between variables is less than 0.05 and the T-statistic is greater than 1.96 (two-tailed α 5%), and greater than 1.65 in the single-tailed test, it can be concluded that the exogenous variable has a significant effect on the endogenous variable, with the direction of influence consistent with the t-test coefficient. In addition, according to Hair et al. (2022), if the p-value is more than 0.05 and the T-statistic is less than 1.96 in two samples (t-value of two samples, 5%), and less than 1.65 in one sample, it can be concluded that the exogenous variable has no significant effect on the endogenous variable. Among the results of the experiment are the following:

- a) Organizational culture has a positive and significant effect on employee performance, as shown by a p-value of $0.000 < 0.05$ T statistic $3.534 > 1.96$, and a coefficient on the positive path of 0.718, which means that the higher the employee's organizational culture, the higher the employee performance, and conversely, a low organizational culture tends to have low employee performance.
- b) Transformational leadership does not have a positive and significant effect on organizational culture, as shown by a p-value of $0.212 > 0.05$ T statistic $1.249 < 1.96$, which means that the level of transformational leadership cannot have an effect on the level of employee performance.

4.11 Coefficient of determination

The external variables of the research model simultaneously impact the endogenous variables in a structural model. A clear determination coefficient value indicates that every exogenous factor significantly affects the endogenous. The coefficient of determination required by the value of the square of R. This number can be interpreted as a percentage (from 0 to 100%) or as a number between 0 and 1. Exogenous exogeneity often increases with increasing coefficients and with the number of

endogenous variants described. However, a small determination coefficient indicates that there are many extra-exogenous factors that may affect endogenous factors, meaning that exogenous influences are weak.

Table 7. Coefficient of Determination Test

	R Square	R Square Adjusted
Employee Performance	0,949	0,945

4.12 Test the Hypothesis

It is possible to test the study's hypotheses using data that have already been collected. We used the T-statistic and p-values to evaluate the research hypotheses. If the p-value was less than 0.05, the null hypothesis was accepted (Hair et al., 2022). According to all the hypothesis tests, efficacy is affected by business practices. Organizational behavior positively affects employee performance, according to the analysis, with a p-value of less than 0.05, a t-statistic of more than 1.96, and a beta coefficient of 0.718. Therefore, the hypothesis is accepted, and it can be concluded that organizational culture positively influences employee performance. The results of the analysis show that the p-value of the influence of transformational leadership on employee performance is 0.212, T statistic 1.249, because the p-value is > 0.05, T statistic < 1.96; thus, the hypothesis is not accepted, and it can be concluded that transformational leadership has no significant effect on employee performance.

5. Conclusion

The following is a summary of the research on the effects of organizational theory and transformational leadership on employee performance at PT PLN (Persero) Sumatera Selatan, Jambi, and Bengkulu:

1. Organizational culture significantly and positively affects employee performance. Put simply, a more favorable culture inside an organization may lead to higher performance from its employees.
2. Employee performance is unaffected by transformative leadership; in other words, effective transformational leadership has failed to provide noticeable gains in productivity.

Based on the evaluation results, companies are advised to contribute time and resources to develop and strengthen a positive organizational culture. This can be achieved by setting clear values, consistent communication, and rewarding behaviors that support the desired culture. Changes in organizational policies and practices must support and promote the desired culture. For example, reward and recognition systems can reinforce cultural values, whereas employee selection and development processes can consider cultural fit. Management needs to conduct a careful evaluation of the leadership styles existing in the organization. Although transformational leadership does not directly improve performance, it is necessary to assess whether this leadership style fits the organizational context and demands. Leaders in organizations must receive appropriate training and development to strengthen their leadership skills. This includes the ability to adapt to change, motivate over time, and inspire desired cultural change.

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