

ABSTRACT

This study aims to analyze the influence of transformational leadership and organizational culture on employee performance, with job satisfaction as a mediating variable, in Indonesian manufacturing companies. The research background is grounded in the contraction of Indonesia's manufacturing sector, marked by a PMI decline below 50 in July 2024, a surge in mass layoffs, and high labor mobility that reflects fundamental challenges in human resource management. This study is motivated by three research gaps: a population gap in the context of Indonesian manufacturing, a knowledge gap arising from inconsistent findings on the mediating role of job satisfaction, and an evidence gap reflecting contradictory empirical results across variables.

This study employs a quantitative approach with a survey method, distributing online questionnaires to 130 employees of manufacturing companies across Indonesia using purposive sampling. Data were analyzed using Partial Least Square-based Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. The findings reveal that: (1) transformational leadership has a positive and significant effect on employee performance; (2) organizational culture has a positive and significant effect on employee performance; (3) transformational leadership has a positive and significant effect on job satisfaction; (4) organizational culture has a positive and significant effect on job satisfaction; (5) job satisfaction has a positive and significant effect on employee performance; (6) job satisfaction partially and significantly mediates the effect of transformational leadership on employee performance; and (7) job satisfaction partially and significantly mediates the effect of organizational culture on employee performance. Organizational culture is proven to be the most dominant variable, both in its direct effect on job satisfaction and as a mediating pathway toward employee performance.

Keywords: Transformational Leadership, Organizational Culture, Job Satisfaction, Employee Performance, Indonesian Manufacturing