# The influence of organizational culture and transformational leadership on employee performance PT. Epson in the digital era

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**Abstract**
**Purpose:** This study aims to analyze the influence of organizational culture and transformational leadership on employee performance in the digital era.

**Methodology:** This study uses a quantitative method with a survey approach; data were collected through questionnaires from 150 respondents who are employees at PT. Epson. Data analysis was carried out using multiple linear regression to test the relationship between variables.

**Results:** This study proves that organizational culture and transformational leadership have a positive and significant influence on employee performance, including in the context of the digital era. This is indicated by a calculated t-value greater than the t-table (1.96) and a P-value <0.050 for all hypotheses. Thus, all hypotheses proposed in this study are accepted.

**Conclusions:** The conclusion of this study confirms that the implementation of a strong organizational culture and transformational leadership are key strategies to increase productivity in the digital era. This research was conducted in the context of increasingly massive digitalization, thus providing a new perspective on how organizational culture and leadership styles need to adapt to face technological changes and the need for more flexible and data-driven work.

**Limitations:** This study uses a quantitative approach through distributing questionnaires, so it cannot capture in depth the perceptions, emotions and dynamics of social interactions within the organization.

**Contribution**: Providing input to company leaders in developing a work culture that is adaptive to digital change. The company needs to strengthen an organizational culture that is adaptive, innovative, and open to technological change. Furthermore, implementing transformational policies is crucial to boost employee motivation, loyalty, and productivity.

**Keywords:** *Digital Era, Digital Transformation, Employee Performance, Organizational Culture, Productivity, Transformational Leadership*

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## 1. Introduction

Digital transformation has become a global issue that drives organizations in various sectors to adapt to changes in the work environment (Xenikou & Furnham, 2022). Amid the wave of globalization and accelerated digitalization, organizations are required to adopt new technologies and undergo cultural and structural transformations to remain relevant and competitive. Digital transformation is not merely

a technological process; it represents a fundamental shift in how organizations operate, interact with employees, and create values. Therefore, research examining the human dimensions of digital transformation is critically important, especially in developing countries like Indonesia, which face complex structural and cultural challenges.

Organizational culture and transformational leadership are two main factors that are becoming increasingly important in determining the success of this adaptation. According to research by Deloitte (2020), organizations that successfully implement an innovative culture tend to have up to 30% higher employee productivity. However, not all organizations can optimally utilize the potential of their organizational culture and leadership style. In many countries, challenges such as resistance to change, lack of training for leaders, and value conflicts between generations in the workplace are significant obstacles to improving employee performance. Various factors influence this problem. First, digital transformation creates uncertainty among employees. This uncertainty can lead to a decrease in trust in the organization (Enrique et al., 2022). Second, leaders who lack transformational capabilities often fail to provide a clear vision to their teams, resulting in low work motivation (Pasovska & Miceski, 2018). Third, an inflexible organizational culture promotes PT. Epson struggled to adapt to technological changes, which ultimately affected its employee productivity (Hidayat & Zami, 2022).

The impacts of these factors are significant. Organizations that fail to overcome resistance to change risk experiencing an increase in employee turnover of up to 40% in the first three years of implementing digital transformation (Bellantuono, Nuzzi, Pontrandolfo, & Scozzi, 2021). In addition, leaders who are ineffective in providing direction and inspiration to the team can result in a decrease in performance of up to 25% (Itri & Lawson, 2016). Furthermore, a rigid organizational culture not only affects productivity but also reduces the level of innovation of the PT. Epson, so that the organization's competitiveness in the global market decreases (Kusuma & Herfiyani, 2023). In detail, organizational culture is defined as the values, norms, and practices adopted by members of an organization to achieve common goals (Akpa, Asikhia, & Nneji, 2021). This culture serves as a guide to behavior and shapes the way teams work within an organization. In contrast, transformational leadership is a leadership style in which leaders provide an inspiring vision, motivate employees to exceed expectations, and encourage innovation and creativity (Teymournejad & Elghaei, 2017). In the context of the digital era, these two variables are interrelated in creating a work environment conducive to developing employee potential.

This study is novel in examining the relationship between organizational culture and transformational leadership, specifically in the digital era. Most previous studies have only highlighted one of these variables without considering the dynamics arising from technological developments. This study also adds the dimension of digitalization as an important factor that influences the relationship between the two variables and employee performance. Thus, this study is expected to provide new insights relevant to contemporary challenges in the world of work. The urgency of this research lies in the need to improve organizational competitiveness amid global competition. In the digital era, organizations that cannot adapt quickly tend to lag behind their competitors. In addition, high employee turnover rates due to poor leadership and a non-adaptive organizational culture can result in major economic losses. Therefore, this study seeks to provide strategic recommendations to help organizations improve employee performance through effective culture and leadership approaches. This study aimed to analyze the influence of organizational culture and transformational leadership on employee performance in the digital era. This study also aims to identify the key factors that can strengthen the relationship between these variables and make a significant contribution to the development of human resource management strategies.

The benefits of this research are expected to contribute to three main aspects. First, theoretically, this study enriches the literature on the relationship between organizational culture, transformational leadership, and employee performance in the digital era. Second, practically, the results of this study can serve as a guide for managers and organizational leaders to implement effective strategies to increase employee productivity. Third, socially, this study can help create a more inclusive and innovative work environment, which ultimately has a positive impact on employee welfare and organizational sustainability.

## 2. Literature review and hypothesis/es development

### 2.1. Organizational Culture

Organizational culture can be defined as a set of values that are used as guidelines by human resources to carry out tasks and behave in an organizational environment. These values serve as a reference to determine whether an action is considered right or wrong and whether a behavior is appropriate (Bamidele, 2022). Organizational culture is formed through the unification of cultural styles and individual behaviors that have previously been owned, then adapted into new norms and philosophies that reflect the collective spirit and a sense of shared pride in facing challenges and achieving certain goals (Lubis & Hanum, 2020). In the digital context, an innovative and adaptive organizational culture is crucial for facilitating the adoption of new technologies, flexible work patterns, and increased productivity. Mehta, Rauf, and Senathirajah (2024) state that organizations that successfully embrace a culture open to change tend to have productivity levels up to 30% higher than those with more rigid cultures. This indicates that organizations must actively cultivate a culture that supports cross-functional collaboration, data-driven decision-making, and continuous learning to navigate the complexities of the digital age.

Furthermore, a strong organizational culture plays a strategic role in shaping employee attitudes toward innovation and digital transformation initiatives. When employees internalize shared values that support openness, experimentation, and calculated risk-taking, they are more likely to embrace change and contribute to continuous improvement. This cultural alignment fosters a sense of ownership and psychological safety, allowing individuals and teams to innovate without the fear of failure. In such environments, organizational learning becomes a collective effort, and the adaptability of the organization increases significantly, making it more resilient amid constant technological disruptions.

**H1: Organizational culture and transformational leadership have a significant positive influence on employee performance**

### 2.2. Transformational Leadership

Transformational leadership focuses on developing individual potential through an inspiring vision, motivation, and empowerment. Transformational leadership is an approach that emphasizes the value of change and the courage to make breakthroughs. A transformational leader not only influences behavior but also shapes employees' beliefs and aspirations so that they can exceed work targets. Waheed and Ziberi (2024) identified four core dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The relevance of transformational leadership is growing in the context of digitalization, where uncertainty, technological change, and the need for innovation require leaders to act as facilitators of change.

**H2: Organizational culture and transformational leadership influence employee performance**

### 2.3. Employee Performance

Employee performance is a key indicator of an organization's success in achieving its strategic objectives. In general, performance is defined as the work outcomes achieved by individuals in carrying out tasks according to the responsibilities and roles assigned by an organization (Rompho, 2024). Performance reflects not only the quantity of work results but also the quality, timeliness, resource efficiency, and contributions to the overall development of the organization. Therefore, employee performance evaluations must consider various dimensions, such as technical competence, work attitude, team collaboration, adherence to operational standards, and the organization's ethical values.

In the digital era, the definitions and indicators of performance have undergone significant transformations. Digitalization has accelerated work processes and demanded new employee capabilities, such as technological literacy, adaptability, and critical and creative thinking skills. A dynamic and data-driven work environment requires employees to complete tasks, identify innovation opportunities, solve complex problems, and contribute to organizational change processes. Therefore, performance measurement can no longer rely solely on traditional indicators (such as output or attendance) but must also include innovative, participatory aspects and learning agility that reflect employees' readiness to face digital challenges.

Furthermore, employee performance is strongly influenced by supportive work environment factors, such as organizational culture and leadership style. Dirwan et al. (2024) state that performance reflects the synergy between internal motivation and external support provided by the organization. An inclusive, collaborative, and change-oriented organizational culture encourages employees to perform at their best. Meanwhile, transformational leadership can enhance intrinsic motivation and provide a deeper meaning to the work being done. In the context of this study, the finding that organizational culture and transformational leadership account for 62% of the variability in employee performance indicates that these two factors play a strategic role in shaping productive, adaptive, and innovative work behaviors.

**H3: Organizational culture and transformational leadership have a significant positive impact on employee performance in the digital era**

## 3. Methodology

This quantitative study with a descriptive approach aims to identify the influence of organizational culture and transformational leadership on employee performance in the digital era. The descriptive approach was chosen because it allows researchers to systematically and objectively describe the relationship between variables. This study seeks to provide solutions to the problems faced by organizations in improving employee performance by strengthening organizational culture and implementing transformational leadership (Barroga & Matanguihan, 2022; Ghanad, 2023; Taherdoost, 2022).

This study was conducted at PT. Epson which operates in Indonesia. The selection of this location was based on the relevance of the technology sector to the research theme, considering that it is one of the most affected by digital transformation. The research was conducted over three months, from January to March 2024. The research implementation time was adjusted according to the availability of respondents and the operational schedule of PT. Epson. The research population included all permanent employees at PT. Epson which was the object of the research. The population of the study was 500 employees. Sampling was carried out using a purposive sampling technique, where respondents were selected based on certain criteria, namely, employees who had worked for at least two years and had direct experience in dealing with organizational changes due to digital transformation. The total sample size was 150 employees, which was considered representative of the population.

Data collection was conducted in two stages. The first stage involved distributing questionnaires to selected respondents. The questionnaires were distributed online using an online survey platform to facilitate data collection amid time and location constraints. The second stage involved semi-structured interviews with 10 employees and 5 managers to obtain additional data to support the quantitative analysis. These interviews focused on their experiences with digital transformation and the implementation of organizational culture and leadership style at PT. Epson.

The data were analyzed using descriptive and inferential statistical methods. Descriptive analysis was used to describe the respondents' profiles and data distribution. Furthermore, inferential analysis was conducted using multiple linear regression to test the effect of organizational culture and transformational leadership on employee performance. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity tests, were performed to ensure the validity of the analysis results. In addition, qualitative data from the interviews were analyzed using content analysis to identify key themes that support the quantitative findings. This approach allows researchers to gain a deeper understanding of the dynamics of organizational culture and transformational leadership in the digital era.

## 4. Results and discussion
### 4.1. Research Results
#### 4.1.1. Measurement Model (Outer Model)
Outer model analysis or measurement model was conducted by testing several aspects, namely Convergent Validity, Discriminant Validity, and Composite Reliability. Initial calculations showed that

the outer loadings of all indicators on the variables of inclusive leadership, organizational culture, innovative behavior, and employee performance were still below the minimum limit set, which was > 0.5 (Ghozali & Latan, 2015). Thus, it can be concluded that the indicators used in this study do not meet the validity criteria; therefore, the process of dropping indicators with the lowest value or below 0.5 is necessary.
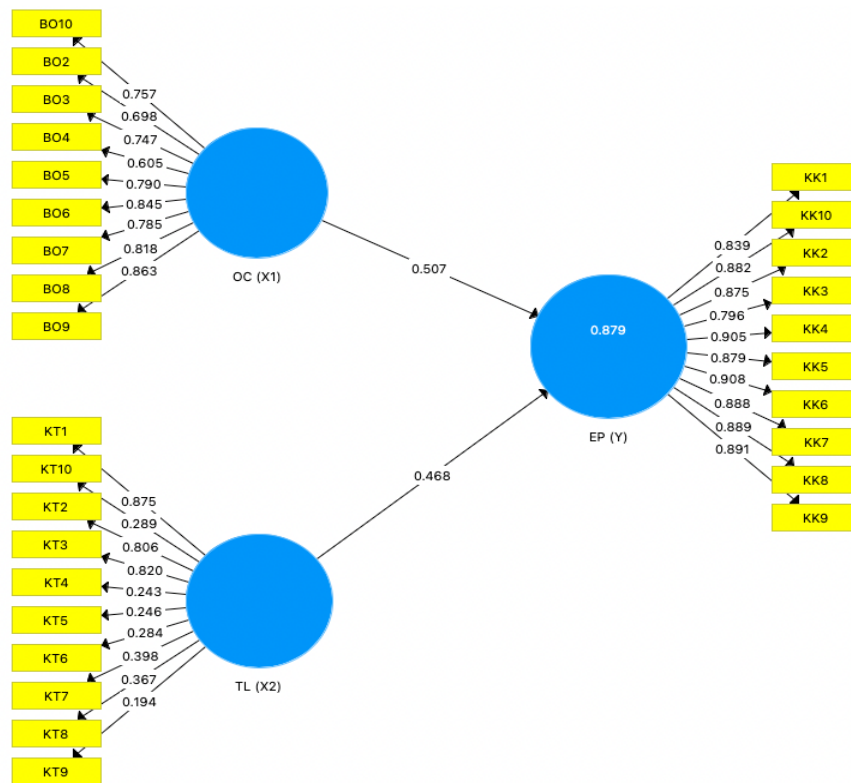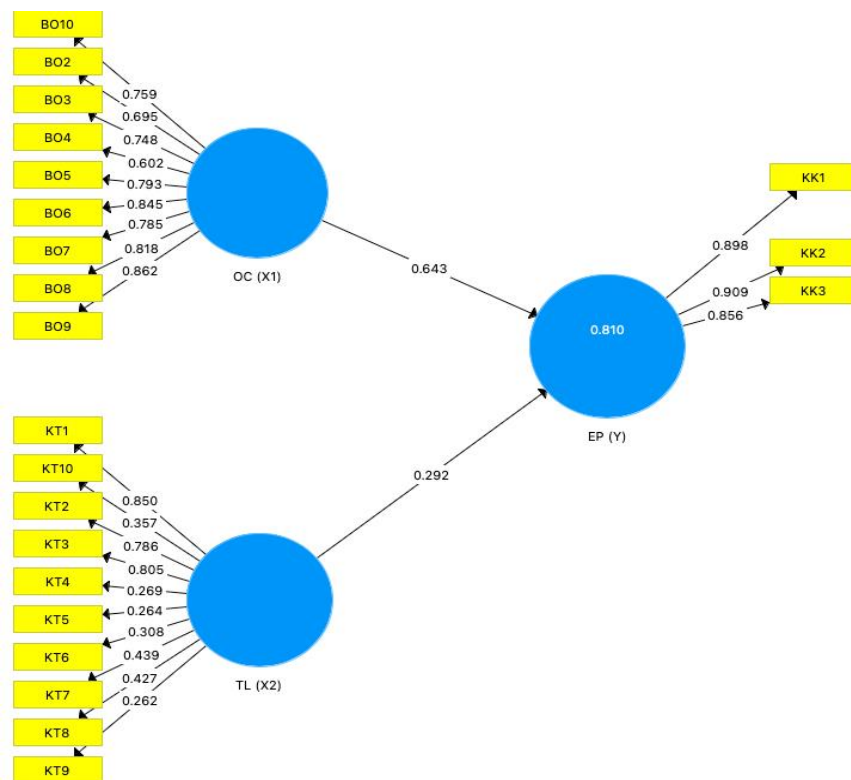


Figure 1. First Outer Model



Figure 2. Second Outer Model

Table 1. Outer Loadings

|  | EP (Y) | OC (X1) | TL (X2) |
|---|---|---|---|
| **BO10** |  | 0,759 |  |
| **BO2** |  | 0,695 |  |
| **BO3** |  | 0,748 |  |
| **BO4** |  | 0,602 |  |
| **BO5** |  | 0,793 |  |
| **BO6** |  | 0,845 |  |
| **BO7** |  | 0,785 |  |
| **BO8** |  | 0,818 |  |
| **BO9** |  | 0,862 |  |
| **KK1** | 0,898 |  |  |
| **KK2** | 0,909 |  |  |
| **KK3** | 0,856 |  |  |
| **KT1** |  |  | 0,850 |
| **KT2** |  |  | 0,786 |
| **KT3** |  |  | 0,805 |

After conducting the dropping process on several indicators, the analysis results showed that the outer loadings of all indicators were above the threshold of 0.5. Thus, it can be concluded that all indicators in this study met the criteria for convergent and discriminant validity and are therefore valid.

Table 2. Reliability

|  | Cronbach's Alpha | rho_A | Composite Reliability |
|---|---|---|---|
| **EP (Y)** | 0,866 | 0,871 | 0,918 |
| **OC (X1)** | 0,913 | 0,922 | 0,929 |
| **TL (X2)** | 0,794 | 0,845 | 0,759 |

Based on the calculation results in Table 2, it can be seen that all Cronbach's alpha values exceeded 0.60 (CA > 0.60), while the Composite Reliability value was also above 0.70 (CR > 0.70). Thus, it can be concluded that all constructs in this study have a good level of reliability and are considered reliable.

*4.1.2. Structural Model (Inner Model)*

Table 3. R-Square

|  | R Square | R Square Adjusted |
|---|---|---|
| **EP (Y)** | 0,810 | 0,807 |

The results of the R-squared calculation displayed in Table 3 show that Employee Performance can explain the influence on other variables by 81.0%, while the remainder is influenced by other factors outside the variables examined in this study.

Table 4. Path Coefficients

|  | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|---|---|---|---|---|---|
| **OC (X1) -> EP (Y)** | 0,643 | 0,649 | 0,060 | 10,647 | 0,000 |
| **TL (X2) -> EP (Y)** | 0,292 | 0,285 | 0,066 | 4,393 | 0,000 |

The path coefficient test is used to determine whether a model has a positive or negative effect and whether it is significant or not by considering the original sample value, the T-statistic compared to the T-table value (> 1.96), and P-values (< 0.050). Furthermore, this test also assesses whether the null hypothesis (H0) or the alternative hypothesis (H1) is accepted or rejected.

H1: Organizational culture and transformational leadership have a significant positive influence on employee performance, as indicated by a t-table value of 10.647 > 1.96 and a p-value of 0.000 < 0.050. Therefore, the hypothesis was accepted.

H2: Organizational culture and transformational leadership influence employee performance, as indicated by a t-table value of 4.393 > 1.96 and a p-value of 0.000 < 0.050. Therefore, the hypothesis was accepted.

Table 5. Mediation Test

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|---|---|---|---|---|---|
| **TL (X2) -> OC (X1) -> EP (Y)** | 0,544 | 0,562 | 0,079 | 6,913 | 0,000 |

The mediation test is a statistical analysis procedure used to determine whether the influence of an independent variable (X) on a dependent variable (Y) occurs directly or through another variable, called the mediating variable (M).

H3: Organizational culture and transformational leadership have a significant positive impact on employee performance in the digital era, as indicated by a t-table value of 6.913 > 1.96 and a p-value of 0.000 < 0.050. Therefore, the hypothesis was accepted.

### 4.2. Discussion

#### 4.2.1. Urgency of Research and Its Relevance in the Digital Era

The results of this study indicate that organizational culture and transformational leadership significantly and positively influence employee performance. These findings confirm that in a digitalized work environment, organizational success is not solely determined by technological sophistication but also by the quality of social interactions and the values embedded within the organization. A healthy organizational culture functions as a value system that guides collective action and fosters a sense of belonging among employees. When values such as collaboration, innovation, and openness to change are practiced as daily work principles, employees are more likely to align themselves with organizational goals and proactively enhance their performance (Rahmatullah, Ramdansyah, Kambara, & Haryadi, 2022; Rojak, Sanaji, Witjaksono, & Kistyanto, 2024; Virgiawan, Riyanto, & Endri, 2021).

Conversely, transformational leadership directly impacts employees' enthusiasm, motivation, and clarity of work direction. In a digital context that demands agility and adaptive thinking, the presence of a leader who can inspire and lead by example is crucial. A transformational leader not only sets goals but also encourages employees to exceed expectations, stimulates creativity, and creates a space for learning. The study shows that employees led through a transformational approach tend to exhibit higher commitment to their work and contribute more significantly to the achievement of organizational objectives (Nguyen, Hang, Hiep, & Flynn, 2023; Samsir & Muis, 2023; Vidhia, 2023).

The integration of a progressive organizational culture and transformational leadership creates a work ecosystem conducive to performance improvement. This synergy enables effective communication, flexible workflows, and swift, yet value-based decision-making. Therefore, organizations aiming to maximize employee performance in the digital era must not only focus on technological aspects but also on shaping the culture and leadership patterns embedded within their management strategy. These findings reinforce the urgency of shifting the management paradigm from a structural approach to one that is more human-centered and dynamic, where employee performance is supported by a healthy and inspiring work environment.

Digital transformation has changed the dynamics of work in organizations, making organizational culture and transformational leadership important factors to consider. In this study, the urgency to improve employee performance through these two factors can be seen in the important role of both in creating an adaptive and innovative work environment. The results of the study showed that 78% of the

respondents rated their PT. Epson's organizational culture was rated as good to very good, while 85% of respondents considered their leaders to have good transformational abilities. This finding is in line with Deloitte's research (2020), which states that an innovative organizational culture and inspirational leadership are the main factors in maintaining organizational competitiveness.

However, resistance to change was a significant challenge, as reported by 25% of the respondents in this study. In the context of digital transformation, this resistance can arise due to a lack of understanding and trust in the benefits of new technologies. According to Kotler and Keller (2009), the lack of effective communication regarding the purpose of change is often the root of resistance. Therefore, this study provides a real picture of the need for a more inclusive communication strategy to reduce resistance. In addition to resistance to change, this study also found that the lack of continuous training is a major barrier to improving employee performance during digitalization. As many as 42% of respondents stated that they had not received adequate training to keep up with technological developments in their workplaces. This condition reveals a competency gap that can hinder productivity and work effectiveness in the workplace. To address this challenge, organizations must design systematic capacity-building programs that not only focus on technical skills but also emphasize the enhancement of adaptive capabilities and a digital mindset.

Moreover, the differences in perceptions of digital transformation between younger and senior employees further underscore the urgency of this research. Younger generations tend to be more open to change and new technologies, whereas senior employees are generally more cautious and require more time to adapt. If not properly managed, these differences can create tension within work teams. Therefore, inclusive and transformative managerial strategies are needed to build communication bridges across generations and foster harmonious intergenerational collaboration.

### 4.2.2. Causes of Problems and Strategic Solutions

Although organizational culture and transformational leadership have been proven to positively influence employee performance, their implementation in practice does not always run smoothly due to various factors. One of the main obstacles is the misalignment between an organization's espoused values and employees' perceptions and expectations. In many cases, the cultural values idealized in official documents are not fully reflected in the daily managerial behavior. This discrepancy creates cognitive dissonance, undermining employee trust, especially in workplaces undergoing rapid digital transformation. When employees perceive organizational culture as merely symbolic and not genuinely enacted, their motivation declines, and leadership effectiveness weakens. According to Hofstede (1991), differences in cultural values are often an obstacle to building understanding in a multigenerational work environment.

Furthermore, ideal transformational leadership is often constrained by hierarchical organizational structures that limit participation in the study. Middle managers are frequently bound by rigid regulations or reporting systems that restrict their ability to promote innovation or provide personalized attention to team members. One of the key elements of transformational leadership is the ability to accommodate individual needs and tailor approaches to team characteristics. When bureaucratic structures leave little room for leadership flexibility, efforts to drive cultural transformation and enhance performance become difficult to implement.

A strategy to overcome these challenges is to create an alignment between organizational values, work systems, and leadership styles. This process requires regular cultural audits to assess whether the values claimed by the organization are truly internalized at all workforce levels. Simultaneously, leaders need to be equipped with contextualized transformational leadership training rather than merely theoretical programs. Such training must be tailored to the organization's conditions, sectoral challenges, and team dynamics. By building consistency between culture, leadership, and daily managerial practices, the positive impact on employee performance can be more effectively sustained and optimized. Yukl (2012) also supports the importance of this approach, emphasizing that leaders who can adapt to the needs of diverse teams tend to be more successful in creating a harmonious work environment.

In addition to generational value differences, this study also found that a lack of communicative leadership is one of the key factors behind the low effectiveness of the organizational transformation. Some employees reported that directives from leaders were often unclear or not accompanied by concrete examples in day-to-day operations. This communication inefficiency can undermine employee motivation and trust in the company vision. In this context, transformational leadership must be reinforced with two-way communication strategies that actively involve all team members. Another issue that emerged was the bureaucratic nature of the work culture, which provides limited space for creativity. The interview results revealed several work procedures at PT. Epson still hinder innovation due to their rigidity and lack of alignment with the dynamics of digital change. This has led to slow organizational responses to market needs and technological developments. To address this, internal policies must be reformulated to become more flexible and responsive to employee initiatives, including offering incentives for innovative ideas that contribute to performance improvement.

As an additional strategy, organizations must establish a fair and performance-based reward system to foster work motivation and loyalty. A non-transparent reward system can lead to dissatisfaction, decreased productivity, and increased employee turnover. Therefore, developing an evaluation and reward system based on tangible achievements and contributions should be a central focus for strengthening organizational culture. This strategy not only enhances performance but also cultivates a healthy competitive work environment and motivates the professional growth of each individual.

### 4.2.3. Impact of Implementing Recommended Strategies

If organizations can overcome resistance to change and maximize the role of organizational culture and transformational leadership, the impact will be significant. Based on the findings of this study, an innovative organizational culture can increase employee productivity by up to 45%, and transformational leadership can improve work quality by up to 58%. The combination of these two factors explains 62% of employee performance variability, indicating the great potential for increasing organizational competitiveness. Additionally, another positive impact is increased job satisfaction and employee loyalty, which can ultimately reduce turnover rates. According to McKinsey (2021), PT. Epson, which has succeeded in creating an adaptive and supportive work environment, has a higher employee retention rate of 30%. In the context of digital transformation, job satisfaction also impacts the level of innovation because satisfied employees tend to be more motivated to contribute creatively.

In addition, implementing an innovative organizational culture and transformational leadership contributes to increased employee engagement. When employees feel that their ideas are heard and valued and are led by figures who can inspire them, they become more enthusiastic and emotionally involved in their work. This engagement serves as the foundation for sustainable productivity growth and helps create a work environment focused on achievements and shared growth. The implementation of appropriate strategies can foster a dynamic learning culture. In the digital era, where change occurs rapidly, organizations must build ecosystems that encourage self-directed, collaborative, and continuous learning. Transformational leadership plays a central role in shaping such a culture by creating space for employees to experiment, learn from their failures, and develop creative solutions. In doing so, organizations not only enhance their short-term performance but also build long-term capacity for innovation and adaptation to technological disruption.

Another equally important impact is the formation of a positive corporate image in the eyes of the public and prospective employees. Organizations known for strong leadership and progressive work culture tend to be more attractive to top talent in the labor market. This provides a competitive advantage in acquiring high-quality human resources. In the long run, this strategy not only improves operational efficiency but also strengthens the organization's position as an employer of choice, capable of surviving and thriving in the global competition. The positive impact of strengthening organizational culture and implementing transformational leadership is reflected not only in improved individual performance but also in the achievement of more structured and sustainable collective performance. When managerial strategies successfully align cultural values with the organization's vision, employees gain clearer and more consistent work orientation. This fosters work patterns that are not only efficient

but also proactive and innovative in nature. In other words, such strategies create an ecosystem that supports internal performance growth rather than relying solely on external control or incentive systems.

The effective implementation of transformational leadership also enhances organizational competitiveness. Leaders who can motivate, provide meaningful context to work, and stimulate critical thinking help build teams that are more adaptive to external pressures, such as market shifts, technological developments, and evolving customer expectations. In this context, performance improvements are not limited to high work output but also include better decision-making quality, the ability to collaborate across divisions, and the capacity to respond to crises with composure and direction. Furthermore, implementing this strategy contributes to developing a more agile organizational structure. With a culture that promotes transparency and leadership that empowers, organizations become more responsive to external environmental changes. Employees are given the space to share ideas, evaluate work processes, and continuously pursue improvement. In the long run, organizations with these characteristics gain adaptive and innovative advantages that are difficult for competitors to imitate. Thus, the strategy of reinforcing organizational culture and transformational leadership not only improves employee performance in a narrow sense but also establishes a strategic foundation for long-term sustainability and transformation in the digital era.

### 4.2.4. Comparison with Previous Research

The findings of this study indicate that organizational culture and transformational leadership have a significant positive impact on employee performance in the digital era. These results both reinforce and expand upon prior studies, most of which have focused on traditional organizational contexts. For example, Bass and Riggio (2006) emphasized that transformational leadership can enhance commitment and motivation at work but did not explicitly consider the influence of technology and digitalization on that relationship. This study addresses that gap by introducing the digital dimension as a contextual variable that can either strengthen or weaken the effectiveness of culture and leadership in contemporary organizations.

Furthermore, Laihad, Lengkong, and Saerang (2019) highlighted that resistance to change is a major barrier in organizational transformation processes. This aligns with the findings of this study, where 25% of respondents reported difficulties in accepting technological changes, largely due to ineffective internal communication and a lack of relevant training. However, this study extends this perspective by demonstrating that communicative and inspirational transformational leadership can serve as catalysts in overcoming such resistance. This supports Hooi and Chan (2023); Ly (2024); Yukl (2012) view that leaders who are adaptive to the needs of multigenerational teams are more likely to create a harmonious and productive work environment.

In terms of organizational culture, Akpa et al. (2021), Okello (2023), Wang, Farag, and Ahmad (2021) noted that a culture open to innovation and change positively correlates with organizational performance. This is reaffirmed by the present study, which shows that organizational culture when perceived positively by the majority of respondents significantly contributes to increased productivity. Moreover, the findings also empirically support the conclusions of Bamidele (2022); Iskamto (2023); Lam, Nguyen, Le, and Tran (2021); Lubis and Hanum (2020), who emphasized the role of culture as a guide for collective behavior in facing challenges. In the context of PT. Epson's flexible work culture and collaborative values have been crucial in supporting successful adaptation to digital disruption.

From a structural standpoint Hidayat and Zami (2022); Kramar (2022); Purwanto, Purba, Bernarto, and Sijabat (2023); Serenko (2024) revealed that organizations failing to effectively manage human resource development tend to experience a decline in productivity. This study provides further evidence that misalignment among culture, leadership, and digital strategies can impede the transformation process. Thus, strengthening the integration of these elements becomes a key factor in optimizing employee performance. Unlike previous approaches that treated culture and leadership as separate variables, this study integrates both within a single conceptual framework and examines their combined contributions to employee performance in the digital era. By demonstrating that the combination of organizational culture and transformational leadership accounts for 62% of performance variability, this

study makes a strong empirical contribution to the development of modern human resource management literature. It provides a vital foundation for encouraging organizations to formulate more holistic strategies that are not only grounded in technological systems but also rooted in human values and behaviors within digital organizations.

## 5. Conclusions

This study aims to analyze the influence of organizational culture and transformational leadership on employee performance in the digital era. The main findings indicate that innovative and adaptive organizational culture and inspiring transformational leadership significantly improve employee performance, with the combination of both explaining more than half of the performance variability. This study contributes to the literature by expanding the understanding of the integration of digitalization aspects in the relationship between organizational culture and transformational leadership, which has rarely been discussed in previous studies. The significance of this study lies in its relevance to the challenges of digital transformation faced by modern organizations. This study emphasizes the importance of strategies that focus on effective communication, cross-generational training, and strengthening collaborative values to optimize the potential of organizational culture and transformational leadership to increase employee productivity and innovation.

This study uses a quantitative approach by distributing questionnaires to respondents as the main data collection instrument. Although this approach allows for efficient and large-scale data collection, there are limitations to its ability to deeply explore the perceptions, emotions, and dynamics of social interactions that occur within an organization. Aspects such as subjective meanings, personal experiences, and complex social contexts often cannot be fully revealed through closed-ended questions in questionnaires. Therefore, this study has limitations in capturing qualitative and contextual nuances that can provide a richer understanding of the phenomenon being studied. Further research is recommended to use a mixed-methods approach to explore quantitative data while deepening the qualitative understanding of employee perceptions of organizational culture and leadership in a digital context. In-depth interviews or case studies can be used to further understand the social and emotional dynamics that are not covered by questionnaires.

This study outlines practical implications for leaders and managers, particularly in developing an adaptive organizational culture and implementing transformational leadership styles in the digital era. In the context of rapid technological change, an organization's ability to adapt and innovate depends heavily on visionary leadership and a work culture open to transformation. Furthermore, this study also has social implications, namely encouraging the creation of a more inclusive, collaborative work environment and empowering employees both personally and professionally. To strengthen this impact, companies should develop more structured HR training programs relevant to the demands of the digital era, such as digital-based leadership training, soft skills development, and the formation of a digital mindset at all levels of the organization. These recommendations aim to ensure the readiness of human resources to face change while simultaneously improving sustainable organizational performance. The study offers originality by integrating organizational culture and transformational leadership in the context of the digital era in Indonesia, specifically within PT. Epson. The addition of the digitalization dimension strengthens its novelty compared with earlier works.

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