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## Transformational Leadership, Organizational Culture, and Employee Engagement: A Systematic Literature Review

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### Abstract

This research investigates the connections among transformational leadership, organizational culture, and the results achieved by the organizational outcomes—such as changes, innovativeness, employee retention, and performance—across various institutional contexts. The researchers used a qualitative approach, employing structural equation modelling, regression analysis, and mediation frameworks that involved employee engagement and job satisfaction. The findings consistently show that transformational leadership positively significant influences organizational outcomes, both directly and indirectly through mediating variables such as organizational culture and employee engagement. Organizational culture shapes employee behavior, improves performance, and increases responsiveness to change. Meanwhile, employee engagement acts as a bridge linking leadership to both employee retention and organizational performance. In different settings, such as education and business, transformational leadership nurtures a positive culture that enhances innovation and promotes employee commitment. These results underscore the importance of developing leadership programs that support transformational practices and of establishing cultural frameworks aligned with strategic goals. This study contributes to the current understanding of leadership and human resource development by offering empirical evidence from a multinational and cross-sector perspective, thus delivering practical insights for driving organizational change and attaining excellence.

### Keywords

Transformational Leadership, Organizational Culture, Employee Engagement, Organizational Performance.

## 1. Introduction

In the era of globalization and digitalization, organizations face mounting challenges such as intense competition, rapid technological changes, and evolving market demands. To sustain growth and remain competitive, organizations must adopt strategic approaches in managing their human resources. One key factor is enhancing employee engagement. Engaged employees are emotionally and intellectually connected to their work, showing higher levels of dedication, enthusiasm, and alignment with organizational goals. This positive attitude contributes to increased productivity, innovation, and overall organizational effectiveness. Furthermore, engaged employees tend to stay longer in the organization, reducing turnover rates and ensuring continuity in operations. By fostering a supportive work environment, recognizing achievements, and promoting open communication, organizations can build a culture that encourages engagement. Therefore, investing in employee engagement is not just a human resource initiative, but a strategic imperative that directly influences organizational sustainability and success in an increasingly dynamic business environment.

Transformational leadership is widely recognized as one of the most effective approaches to fostering employee engagement. This leadership style, as defined by Bass and Riggio (2010), consists of four key components: inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence. Transformational leaders inspire and motivate employees by articulating a compelling vision, encouraging innovation, and supporting personal growth. They provide individualized attention to each team member, recognizing their unique strengths and needs, which enhances trust and emotional connection. Unlike transactional leadership—which relies heavily on rules, supervision, and rewards—transformational leadership emphasizes intrinsic motivation and shared values. This approach strengthens the emotional and psychological bonds between leaders and followers, creating a sense of purpose and belonging. As a result, employees are more likely to be engaged, committed, and proactive in achieving organizational goals. Ultimately, transformational leadership plays a vital role in shaping a positive work culture that drives sustainable performance.

The influence of transformational leadership on employee engagement does not operate in isolation; it is significantly shaped by organizational culture. Organizational culture, which encompasses shared values, norms, and practices, establishes the behavioral framework within which leadership and employee interactions occur. A culture that promotes collaboration, openness, and innovation creates a psychologically supportive environment, thereby enhancing the effectiveness of transformational leadership in fostering engagement. Such environments encourage trust, creativity, and mutual respect, which are essential for deepening employee commitment and enthusiasm. Conversely, rigid or hierarchical cultures may limit the positive impact of transformational leadership. Previous studies (Park et al., 2022; Kumar et al., 2024) have shown that organizational culture can either amplify or diminish the relationship between leadership and engagement. Therefore, understanding the dynamic interaction among transformational leadership, employee engagement, and organizational culture is crucial for designing strategies that drive positive organizational outcomes and long-term performance.

## 2. Literature Review

### 2.1. Transformational Leadership

According to Dessler (2020), transformational leadership is a leadership style that emphasizes the development and empowerment of employees through inspiration, idealized influence, and individualized consideration. In his book *Human Resource*

Management, explains that transformational leaders do not only focus on short-term goal achievement, but also on long-term vision building and the development of employees as strategic assets of the organization. These leaders encourage employees to innovate, think critically, and contribute optimally to their work.

Transformational leadership is highly relevant in the context of modern human resource management because it emphasizes relationships, trust, and open communication. (Dessler, 2020) also stresses the importance of leadership training focused on emotional intelligence, interpersonal skills, and the ability to motivate subordinates. Transformational leadership is considered capable of increasing employee motivation, loyalty, and trust in the organization (Park et al., 2022). A study by Sari and Yuniawan (2021) shows that transformational leadership positively significant contributes to employee engagement, both directly and through mediating variables such as job satisfaction. (Chunhui et al., 2024), in the context of higher education, reveal that lecturers led by transformational leaders exhibit higher performance and loyalty (Marpaung et al., 2024: Suparjo & Dana, 2024)

Chunhui et al. (2024) also find that in the business sector, transformational leadership improves employee retention and job satisfaction. This is attributed to how leaders provide clear direction, recognize individual contributions, and involve employees in decision-making. Qamari (2024) adds that in the education sector, transformational leadership enhances student and faculty engagement through motivation and the creation of a positive academic climate.

Lasrado and Kassem (2021) state that this leadership style positively correlates with organizational excellence and collaborative work culture. This is reinforced by Kumar et al. (2024), who state that in the context of Indian organizations, transformational leadership moderates the relationship between organizational culture and innovation. Theoretical perspectives and empirical findings demonstrate that transformational leadership is a strategic approach to enhancing employee engagement, especially when implemented within an organizational culture that supports values of collaboration, participation, and innovation.

## **2.2. Organizational Culture**

Organizational culture encompasses the values, norms, beliefs, and practices collectively held by the members of an organization, influencing their interactions and task performance. According to Dessler (2020), organizational culture serves as the foundation of workplace behavior. It not only reflects the company's identity but also determines the effectiveness of managerial functions, including leadership and employee development. Dessler (2020) emphasizes that a strong and positive work culture fosters an environment that supports innovation, collaboration, and loyalty. Such a culture accelerates organizational learning and forms a work system centered on human resource development (Khasanah & Sasana, 2022). In practice, human resource management must ensure that recruitment, training, compensation, and communication practices align with the organization's core cultural values.

A literature review indicates that an inclusive and flexible organizational culture considerably influences employee engagement. Kumar et al. (2024) found that an adhocracy culture supports innovation and encourages employee creativity, while a clan culture, which emphasizes family values and teamwork, enhances employee loyalty and job satisfaction. Lasrado and Kassem (2021) also stress that a culture oriented toward learning and openness is strongly correlated with organizational excellence. Similarly, Qamari (2024) shows that an academic culture promoting collaboration among individuals contributes to the engagement of both students and faculty members.

A study by Sari and Yuniawan (2021) in the context of Indonesian state-owned enterprises (BUMN) shows that organizational culture is a key factor that strengthens the influence of transformational leadership on employee engagement.

This indicates that a leader's success in fostering engagement largely depends on the alignment between leadership values and the prevailing organizational culture. Organizational culture is not merely a static background but a strategic factor that shapes the dynamic relationship between leadership and employee engagement. To create long-term positive impact, organizations must align their cultural structures with employee needs and the direction of transformational leadership.

### **2.3. Employee Engagement**

Employee engagement is one of the key concepts in modern human resource management. Dessler (2020) defines employee engagement as the degree to which employees feel emotionally and cognitively connected to their work and organization, and demonstrate a strong desire to contribute at their maximum potential. According to Dessler (2020), employee engagement results from a combination of effective leadership, a positive work culture, and supportive HR management practices. In his book *Human Resource Management*, Dessler (2020) emphasizes the significance of establishing a workplace where employees perceive themselves as valued, listened to, and backed in their professional growth. This includes providing constructive feedback, recognizing achievements, offering opportunities for self-development, and facilitating two-way communication between management and employees. These strategies form the foundation for sustaining long-term employee engagement.

Findings from existing literature indicate that employee engagement serves as a vital mediator in the connection between leadership and performance. Sari and Yuniawan (2021) state that employee engagement strengthens the influence of transformational leadership on job satisfaction and loyalty. Research by Chunhui et al. (2024) confirms that high levels of engagement contribute to increased employee retention and productivity. Their study also reveals that engagement positively affects the achievement of academic goals and proactive employee behavior. Likewise, Qamari (2024) affirms that a work environment that promotes collaboration and open communication enhances engagement in the education sector. Lasrado and Kassem (2021) further highlight the importance of engagement in driving overall organizational excellence.

Therefore, employee engagement is not only an indicator of employees' psychological condition, but also functions as a strategic bridge between leadership systems, organizational culture, and organizational outcomes. For organizations aiming to achieve sustainable high performance, focusing on employee engagement strategies is essential in the practice of modern human resource management.

### **2.4. Organizational Performance**

In human resource management, organizational performance signifies how well an organization can successfully and efficiently reach its strategic objectives. In *Human Resource Management*, Dessler (2020) explains that organizational performance is not only measured by financial outcomes, but also by non-financial indicators such as employee productivity, workforce retention, customer satisfaction, and innovation levels. He emphasizes that the role of human resources is critical in creating a work system that drives performance through motivation, training, and a fair reward system. Dessler (2020) also highlights the importance of synergy between leadership and organizational culture in building a high-performance work environment. Leaders who can inspire, along with a culture that promotes collaboration and innovation, strengthen the organizational structure in achieving competitive advantage.

A review of ten journal articles shows that organizational performance is positively significant influenced by three key factors: transformational leadership, organizational culture, and employee engagement. Chunhui et al. (2024) and Lasrado and Kassem (2021) show that transformational leaders enhance team efficiency,

employee loyalty, and job outcomes through empowerment and a clear vision. Meanwhile, Kumar et al. (2024) emphasize that an innovative and responsive culture promotes agility and organizational resilience in facing change.

Research by Qamari (2024), and Chunhui et al. (2024) also concludes that an engagement-based work environment accelerates institutional goal achievement and encourages cross-departmental collaboration. These findings indicate that employee engagement is not merely an indicator of motivation, but a strategic mechanism that drives organizational performance. Therefore, it can be concluded that organizational performance cannot be separated from a strategic HR system that integrates empowering leadership, adaptive organizational culture, and strong employee engagement. These three elements form a management ecosystem that collectively supports long-term organizational success.

### **3. Methods**

The focus of this research encompasses scholarly articles that investigate the connections among transformational leadership, organizational culture, and employee engagement. Unit of analysis consists of empirical and conceptual studies published in reputable national and international journals between 2020 and 2024. The research context covers various sectors, including higher education, government institutions, and private companies. The inclusion criteria are as follows: the study focuses on at least two of the three main variables (transformational leadership, organizational culture, employee engagement), the study uses a quantitative, qualitative, or mixed-methods approach, and the study is published in either English or Indonesian and is fully accessible. A total of 10 articles were selected based on these criteria and were validated through abstract screening and thorough content review.

Data were collected through a systematic search in academic databases such as Google Scholar, ScienceDirect, and Emerald Insight, using a combination of keywords including “transformational leadership,” “organizational culture,” and “employee engagement.” The search was carried out in a phased approach, beginning with an assessment of titles and abstracts, and subsequently moving on to a comprehensive review of the full texts to determine the relevance of each article to the research objectives. Secondary references from the selected articles were also explored to enrich the data coverage.

Data analysis was conducted using a thematic synthesis approach, which is widely applied in semi-systematic literature review studies (Wong et al., 2013; Snyder, 2019). Each article was analyzed to identify key themes related to the role of transformational leadership and types of organizational culture (clan, adhocracy, market, hierarchy) in influencing employee engagement. Coding was carried out manually based on conceptual categories such as work motivation, social support, innovation, and organizational outcomes (productivity and retention). The reliability of the process was confirmed through cross-reading and discussions among the authors to ensure consistent interpretation. Validity was enhanced by presenting direct quotations from the literature to support the identification of themes and patterns of relationships among variables. The synthesis results were then mapped into an integrative conceptual framework.

Methodological approach, this study used a systematic literature review approach. The data sources were obtained from 10 reputable national and international journals published between 2020 and 2024, along with additional references from the latest edition of Gary Dessler’s Human Resource Management textbook. The inclusion criteria included a concentration on the three primary factors: transformational leadership, organizational culture, and employee engagement, the use of quantitative, qualitative, or mixed-method approaches, and publications in English or Indonesian that are fully accessible. The analytical

techniques involved thematic synthesis and conceptual mapping of the patterns of relationships among the variables.

#### 4. Results

This section summarizes the information collected in a statistical-descriptive form. Additionally, the authors are required to provide the outcomes of pertinent inferential statistical analyses, such as hypothesis testing, which is utilized in data processing. Present the findings in a thorough manner to allow the reader to grasp the statistical methods used and the reasoning for their choice, in addition to reinforcing your conclusions. Make sure to incorporate all relevant results, including those that may contradict the original hypothesis. Summarize your results concisely, ensuring that each finding contains enough detail to substantiate your conclusions. This approach will help the reader grasp the specifics of your data analysis and the reasoning behind it.

**Table 1.** A Systematic Literature Review Study

Author	Year	Research Result / Findings
Amiruddin, Desi Tri Kurniawati	2024	Transformational leadership significantly improves teacher performance. Organizational culture also has a positive impact. Employee attachment partially mediates the effects of both transformational leadership and organizational culture on performance.
Amer Akram Hassan	2025	Transformational leadership significantly enhances employee engagement during organizational change.
Desi Novita Sari, Ahyar Yuniawan	2021	CSR and transformational leadership significantly influence employee engagement. Job satisfaction has no effect on engagement and does not act as a mediator. Transformational leadership positively affects job satisfaction.
Flevy Lasrado, Rassel Kassem	2021	A culture of involvement leads to full employee engagement and contributes to organizational excellence.
Ika Nurul Qamari, Pandu Yogaswara, Dea Farahdiba	2024	Transformational leadership significantly impacts student performance and engagement. Organizational culture relationships are more influenced by student engagement.
Jiwon Park, Soo Jeoung Han, Jiyoung Kim, Woocheol Kim	2022	Transformational leadership impacts affective commitment and job performance. Employee engagement partially mediates the relationship with commitment and fully mediates the relationship with performance.
Lin Chunhui, Ali Sorayyaei Azar, Albattat Ahmad	2024	A positive relationship exists between transformational leadership and university faculty job performance. Organizational culture mediates this relationship.
Mohammad Ali, Xiongying Niu, Mohammad Rabiul Basher Rubel	2024	Transformational leadership directly affects employee engagement and retention. Engagement mediates the relationship. Transactional leadership has weak influence.
Sanjeev Kumar, Rahul Raj, Irfaan Salem, Etinder Pal Singh, Kavita Goel, Rishi Bhatia	2024	The combination of a supportive organizational culture and transformational leadership enhances organizational innovativeness.
Yvonne T. Muzondiwa, Ilze Swarts, Cecile M. Schultz	2022	No positive correlation between organizational culture and transformational leadership. Organizational effectiveness is positively related to culture. Culture mediates the link between effectiveness and transformational leadership.

Based on the findings from the journals above and the book *Human Resource Management* by Dessler (2020), there is a strong relationship between transformational leadership, organizational culture, employee engagement, and organizational performance. The findings are summarized as follows. All journals indicate that transformational leadership has a positively significant impact on increasing employee engagement and performance. For example, Chunhui et al. (2024), and Sari and Yuniawan (2021) show that leaders who inspire, support, and provide individual attention can build strong employee loyalty and motivation. This finding aligns with Dessler's (2020) concept, which emphasizes that effective leaders are those who build trust and two-way communication.

An adaptive and collaborative organizational culture plays an important role in strengthening the influence of leadership on engagement. Kumar et al. (2024) and Lasrado and Kassem (2021) demonstrate that a flexible work culture that encourages learning can accelerate innovation and employee involvement. In his book, Dessler (2020) advises that HR management should align cultural values with the organization's strategic goals to support a productive work environment.

Employee engagement acts as a mediator between leadership and organizational performance. Qamari et al. (2024), and Chunhui et al. (2024) reveal that high levels of engagement contribute to better achievement of institutional goals. Dessler (2020) reinforces this by stating that employee engagement is a strategic indicator of HR management effectiveness. Organizational performance is determined by the integration of the three elements above. When leaders adopt a transformational style, the culture supports participation, and employees feel engaged, the organization becomes more competitive, innovative, and capable of retaining top talent. This is consistent with Dessler's (2020) view that competitive advantage comes from a holistic and sustainable HR system.

The findings from this literature review confirm that transformational leadership, when applied within a supportive organizational culture, can create strong employee engagement. This connection is holistic because it considers not only the leader's individual role but also the interaction with the norms and values in the organization. Another important point in this discussion is the need for value-based leadership training, the development of a communicative and collaborative work culture, and HR policies that support both psychological and professional growth of employees. This discussion also supports the concept of leader-member exchange (LMX), which states that strong interpersonal relationships between leaders and team members can lead to positive effects on various organizational indicators, such as engagement and work performance.

## **5. Conclusion**

This review concludes that employee engagement can be achieved optimally when the organization applies transformational leadership within a collaborative and innovative work culture. Employee engagement acts as a mediator that bridges the relationship between leadership style and organizational performance. Theoretical implications of this study include confirmation of the relevance of the transformational leadership model in the context of today's organizational culture. The study also offers a new understanding of the mediating and moderating roles in the relationship between the three main variables. Practical implications of this study include the need for organizations to train their leaders in coaching and transformational leadership approaches. In addition, organizational culture audits should be conducted regularly to evaluate alignment with the company's core values. Human resource programs should also be designed to support psychological well-being and employee development. Suggestions for future research include testing the conceptual model using quantitative methods and longitudinal data. Further studies are encouraged to conduct comparative research across industries and

countries. Lastly, there is an opportunity to explore the impact of digitalization and work-from-anywhere models on employee engagement and leadership style.

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