

# Leadership Styles and Organizational Culture in Enhancing Employee Performance: A Systematic Review

I Gede Endy Permana Putra<sup>1\*</sup> ✉, M. Faiz Arsyadani Amrullah<sup>1</sup>, Eisha Lataruva<sup>1</sup>, Suharnomo<sup>1</sup>

Universitas Diponegoro, Semarang, Indonesia<sup>1</sup>

## ABSTRACT

This study examines how leadership styles and organizational culture influence employee performance amid the rapid growth of the digital economy. The focus is on identifying which leadership approaches and cultural dimensions most effectively foster adaptability, innovation, and productivity. Using a systematic literature review (SLR), the study synthesizes findings from research published between 2021 and 2025, capturing trends in digital transformation and evolving workforce dynamics. Data were drawn from 20 quantitative studies indexed in Google Scholar across various industry sectors. The analysis shows that leadership styles significantly enhance employee engagement, digital skill development, and collaborative problem-solving. Additionally, organizational cultures that promote continuous learning, agility, and open communication strongly support improved performance in technology-driven environments. The discussion underscores the close connection between leadership practices and cultural frameworks in shaping organizational readiness for digital challenges. Overall, the findings highlight that aligning adaptive leadership with an innovation-oriented culture is crucial for sustaining competitive employee performance in the digital economy.

**Keywords:** *Digital Economy, Employee Performance, Leadership Styles, Organizational Culture.*

## CORRESPONDING AUTHOR:

I Gede Endy Permana Putra  
Universitas Diponegoro, Semarang, Indonesia  
**contact:** [endypermana003@gmail.com](mailto:endypermana003@gmail.com)

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## 1. | INTRODUCTION

In the era of intense global competition and rapid growth of the digital economy, effective leadership and adaptive organizational culture have become essential to improving employee performance and ensuring organizational sustainability. The World Economic Forum (2023) reports that 54% of companies worldwide consider leadership a key factor in achieving their strategic objectives. Although leadership has long been a central topic of research, debates remain over which leadership styles and cultural dimensions are most effective in fostering employee productivity and innovation (Hendri, 2025).

Employee performance serves as a critical indicator of organizational success, particularly in the digital era where productivity relies heavily on workforce engagement and adaptability. Gallup (2022) reports that companies with high levels of employee engagement experience a 21% increase in productivity and a 22% rise in profitability. However, a study by McKinsey & Company (2021) revealed that 70% of organizational transformation programs, including digitalization initiatives, failed to achieve their objectives, largely due to ineffective leadership and rigid organizational cultures. These findings highlight the importance of alignment between leadership and a supportive organizational culture to drive improved employee performance (Hendri, 2025).

Leadership styles, such as transformational leadership, and organizational cultures focused on innovation and collaboration are central to research, with the former shown to enhance employee motivation and commitment (Kurniawan & Yamin, 2024). Furthermore, an organizational culture that embraces learning and is open to digital technologies increases employee adaptability to change (Junaidi & Setiawan, 2023). However, the effectiveness of specific leadership styles varies significantly depending on the cultural and industrial contexts in which they are applied (Mishra et al., 2023). Transactional leadership, focusing on reward-and-punishment systems, is often considered less supportive of long-term innovation, despite its relevance in certain specific scenarios (Hameed et al., 2022).

Despite extensive research, significant gaps persist, as many studies have focused only on the direct impact of leadership on individual performance (Niu et al., 2024). Researchers often overlook the crucial function of organizational culture and performance management systems as mediating or moderating factors (Kurniawan & Yamin, 2024). In reality, a digitally adaptive and inclusive organizational culture is capable of strengthening the relationship between leadership and optimal employee performance (Junaidi & Setiawan, 2023). Moreover, much of the current research remains fragmented, showing limited integration of insights from diverse fields such as organizational psychology, human resource management, and information technology (Mishra et al., 2023).

This study is timely and relevant as it seeks to offer comprehensive guidance for HR leaders and digital business practitioners in optimizing employee performance through the synergy of leadership styles and organizational culture. By employing a Systematic Literature Review (SLR) approach, this study aims to identify consistent patterns in previous findings, highlight contextual factors affecting leadership and cultural effectiveness in the digital era, and propose a conceptual framework for integrating these elements with performance management systems.

The findings of this study are expected to contribute to both academic scholarship and managerial practice. From an academic perspective, this research seeks to fill gaps in the

literature by synthesizing evidence from diverse fields to better understand the relationship between leadership styles, organizational culture, and employee performance within the context of the digital economy. From a practical standpoint, the findings can support organizations in designing digital leadership training programs, fostering collaborative and innovative work cultures, and developing performance management systems aligned with the demands of the digital age.

## 2. | LITERATURE REVIEW

### Leadership Style

Leadership is a crucial aspect that significantly influences the behavior, motivation, and team performance within an organization (Kurniawan & Yamin, 2024). In the rapidly developing digital era, the role of leadership has expanded from merely directing to the ability to adapt to technological changes, drive innovation, and maintain organizational performance amidst increasingly complex competition (Mishra et al., 2023).

In general, leadership always involves the capacity to influence, provide direction, and build social interaction, which now must be supplemented with the ability to leverage digital technology and manage change (Junaidi & Setiawan, 2023). Besides the classical styles (autocratic, democratic, laissez-faire), transformational and transactional leadership theories remain prominent, with transformational emphasizing vision and developing team members' potential through inspiration (Kurniawan & Yamin, 2024). However, dynamic challenges have now brought forth adaptive leadership, helping teams adjust to uncertainty, and digital leadership, which focuses on utilizing technology to accelerate processes and efficiency (Mishra et al., 2023).

Digital transformation requires leaders to act as change agents, lead virtual teams, and make data-driven decisions, while fostering an agile work culture (Niu et al., 2024). Contemporary leaders are expected to inspire innovation through cross-functional collaboration while maintaining a balance between human interaction and digital automation to sustain employee motivation (Junaidi & Setiawan, 2023). The most suitable approach for addressing technological disruption is a combination of transformational, adaptive, and digital styles, which enables organizations to remain competitive and resilient (Hameed et al., 2022).

### Organizational Culture

Organizational Culture refers to a set of values, beliefs, and unwritten rules shared by members, influencing how they act and think daily (Junaidi & Setiawan, 2023). This culture is formed through the group's learning process in responding to external challenges and internal integration needs of the organization (Niu et al., 2024). Fundamentally, organizational culture arises from shared agreements that are manifested in behaviors, symbols, and daily practices (Kurniawan & Yamin, 2024).

Organizational Culture consists of three main levels: artifacts (visible aspects such as office layout), espoused values (stated guiding principles), and basic assumptions (deeply held and often unquestioned beliefs) (Mishra et al., 2023). Culture can be classified into four main types: clan culture (emphasizing teamwork), adhocracy (focusing on creativity), market (prioritizing results and competition), and hierarchy (emphasizing structure and control) (Hameed et al., 2022).

The advancement of digital technology has brought significant changes, shifting rigid traditional cultures toward cultures that are more open, flexible, and collaborative (Niu et al.,

2024). The use of digital communication platforms and flexible work arrangements supports remote collaboration and makes virtual teamwork an integral part of modern operations (Junaidi & Setiawan, 2023). Organizations are required to foster a culture that embeds the value of agility, the ability to adapt quickly to market dynamics and technological advancements (Mishra et al., 2023). A commitment to continuous learning, openness to innovation, and a spirit of knowledge sharing have become crucial elements for maintaining competitiveness in the digital era (Kurniawan & Yamin, 2024).

### **Employee Performance**

Employee Performance refers to the level of success achieved by an individual in carrying out tasks and responsibilities according to the targets set by the organization (Kurniawan & Yamin, 2024). Performance is understood as a combination of quality, quantity, and timeliness in completing work that contributes to the achievement of organizational goals (Junaidi & Setiawan, 2023). Therefore, performance is not only measured by the speed or volume of work, but also by the ability to achieve goals efficiently and innovatively (Niu et al., 2024).

The level of performance is influenced by intertwined internal and external factors (Mishra et al., 2023). Internal factors include motivation as the primary driving force, discipline to ensure adherence to rules, and technical and interpersonal skills (Hameed et al., 2022). Meanwhile, external factors encompass an adequate work environment, effective leadership that provides clear direction, and a positive, collaborative organizational culture (Kurniawan & Yamin, 2024). The combination of these factors plays a crucial role in determining whether employees can achieve optimal performance (Junaidi & Setiawan, 2023).

The advancement of digital technology has transformed performance measurement, with the focus shifting from physical productivity to output-based results and digital innovation (Niu et al., 2024). In the digital era, performance is assessed not only by the speed or volume of work but also by the ability to produce relevant, creative outputs that support organizational transformation (Mishra et al., 2023). Key indicators now include the effective use of technology, the speed of adaptation to new digital systems, and virtual collaboration capabilities (Hameed et al., 2022). This shift demonstrates that contemporary employee performance emphasizes results, output quality, technology utilization, and the capacity for innovation to respond to rapid business dynamics (Kurniawan & Yamin, 2024).

## **3. | RESEARCH METHOD**

This study uses the Systematic Literature Review (SLR) method to collect and analyze evidence from previous research discussing the relationship between leadership styles, organizational culture, and employee performance in the digital economy era. The SLR method was chosen because it provides a structured, transparent, and replicable process for identifying, evaluating, and integrating relevant research findings (Tranfield et al., 2003).

The main focus of this study is on quantitative research published between 2021 and 2025, as this period reflects the latest developments in digital transformation and human resource management. The objective of this study is to identify which leadership styles and organizational culture characteristics are most effective in improving employee performance in technology-based work environments.

Data were collected through a systematic search using the Google Scholar database. A combination of keywords with Boolean operators was applied to ensure broad topic coverage.

The main keywords used were: (“leadership style” OR “organizational culture” OR “employee performance” OR “digital economy”).

The inclusion criteria were as follows: studies published between January 2021 and May 2025, appearing in peer-reviewed academic journals, written in English, employing quantitative methods such as regression, SEM, or correlation, and discussing at least two of the three main variables, leadership style, organizational culture, and employee performance.

Exclusion criteria included conference papers, conceptual articles, theses, or studies focusing on only one variable without linking it to employee performance. After the screening process, 20 articles met the inclusion criteria and were selected for further analysis.

The data were analyzed using descriptive and thematic approaches by reviewing findings from various studies related to leadership styles, organizational culture, and employee performance. Each study was classified based on the type of leadership style (transformational, adaptive, or digital), the variables examined, and the main findings that illustrated the relationships among the variables. The analysis was then presented in the following table to highlight the researcher, journal, key variables, main findings, and results of each study.

#### 4. | RESULTS AND DISCUSSION

This section summarizes the results of the Systematic Literature Review (SLR) conducted on 20 quantitative studies published between 2021 and 2025. The purpose of this analysis is to identify patterns and relationships among leadership styles, organizational culture, and employee performance across various organizational contexts. Each study was classified based on the researcher, publication year, journal source, research variables, main findings, and overall result indicator, either positive (+) or negative (-). The synthesis focuses on determining how leadership and culture interact to enhance employee performance, as well as identifying studies that reveal indirect or non-significant effects. The summary of the reviewed studies is presented in Table 1 below.

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

No	Researcher (Year)	Journal	Research Variables	Main Findings	Result
1	Fireni, D. (2022)	Jurnal Bisnis & Ekonomi UPI YPTK	Leadership style & Organizational culture → Employee performance	Leadership style and organizational culture have a positive and significant effect on employee performance.	(+)
2	Muqtafi, F. & Garad, A. (2024)	Bulletin of Innovation in Management	Transformational leadership & Organizational culture → Employee performance	Transformational leadership and organizational culture positively affect performance.	(+)
3	Waty, L. (2020)	Jurnal Ekonomis	Organizational culture & Leadership style → Employee performance	Organizational culture and leadership style significantly increase employee productivity.	(+)

4	Lestari, D. & Kurniyati, N.N. (2025)	GEMILANG: Journal of Management and Accounting	Organizational culture & Leadership → Employee performance	There is a positive and significant relationship between organizational culture and employee performance.	(+)
5	Mercu Buana, N.E. & Tine, Y. (2022)	Journal of Social Science, Economics, and Management Research	Organizational culture, Work motivation, Transformational leadership → Employee performance	Organizational culture and motivation have positive effects; transformational leadership is not significant.	(-)
6	Suherman, D.F. & Ubaidillah, H. (2023)	ACOPEN UMSIDA	Leadership style, Organizational culture, Motivation → Employee performance	All three variables positively and significantly affect employee performance.	(+)
7	Wairisal, P.L. (2023)	Research Horizon	Organizational culture, Leadership, Work stress → Employee performance	Organizational culture and leadership have a positive and significant effect on performance.	(+)
8	Murniawati, A. & Achmad, N. (2024)	Jurnal Ilmiah Manajemen Kesatuan	Transformational leadership, Organizational culture, Work-life balance → Employee performance	Organizational culture has a positive impact, while transformational leadership is not significant.	(-)
9	Helvira, A. & Rizky, M.C. (2024)	International Journal of Management, Economics and Accounting	Organizational culture, Leadership style, Work environment → Employee performance	All variables positively affect performance.	(+)
10	Ayu Alzahra, H. & Sri Rahayu, S. (2025)	International Journal of Management, Economics and Accounting	Leadership & Organizational culture → Employee performance (mediated by discipline)	Indirect influence through work discipline is significant; direct influence is not.	(-)
11	Iskamto, D. (2023)	IJMDB (ADPEBI)	Organizational culture → Employee performance	Organizational culture positively and significantly affects performance.	(+)
12	Priyanti, I.A.D. (2025)	EBH / LifeSciFi	Transformational leadership, Organizational culture →	Both leadership and culture have a positive and significant influence on work outcomes.	(+)

			Organizational outcomes		
13	Putra, D.M. (2024)	Jurnal UBAYA Manajemen	Organizational culture → Job satisfaction & Motivation → Employee performance	Organizational culture enhances motivation and job satisfaction, which improve performance.	(+)
14	Basuki, R. (2024)	IJSTM	Organizational culture → Employee performance (millennial employees)	Organizational culture positively affects millennial employees' performance.	(+)
15	Candra, T. (2025)	IJSE / e-journal UAC	Organizational culture & Job satisfaction → Employee performance	Both culture and satisfaction positively affect employee performance.	(+)
16	Chairuddin, A. (2025)	EJES-ET	Organizational culture → Employee performance	Organizational culture significantly enhances performance.	(+)
17	Gulo, Y. (2025)	QEMS Journal	Leadership style & Organizational culture → Employee performance	Leadership and organizational culture positively affect performance.	(+)
18	Patimulyo, R. (2024)	ePaper Bisnis	Leadership style, Organizational culture, Rewards → Employee performance	All variables simultaneously have a significant positive influence on performance.	(+)
19	Dinasti, M. (2025)	DIJEMSS / Dinasti Publication	Leadership & Organizational culture → Job satisfaction → Employee performance	Direct effect is positive and significant; job satisfaction partially mediates.	(+)
20	Musdalifa, H., Hasniaty, & Nasirhamzah (2025)	Journal Profitability UNISMUH	Leadership style & Organizational culture → Work motivation → Employee performance	Leadership and culture have both direct and indirect positive effects on performance.	(+)

The findings from Table 1 indicate that leadership style and organizational culture consistently demonstrate a strong relationship with employee performance. Out of 20 reviewed studies, 17 reported positive and significant effects, while 3 studies found indirect or non-significant relationships. This trend shows that effective leadership, especially transformational, adaptive, and digital leadership styles, enhances employee motivation, collaboration, and innovation (Fireni, 2022; Wairisal, 2023; Gulo, 2025; Dinasti, 2025).

Conversely, some studies (Mercu Buana & Tine, 2022; Murniawati & Achmad, 2024; Ayu Alzahra & Rahayu, 2025) found that leadership does not always have a direct significant impact unless supported by mediating factors such as motivation, discipline, or work-life balance. This suggests that leadership effectiveness depends on the organizational environment and employees' psychological engagement.

Additionally, several studies (Iskamto, 2023; Basuki, 2024; Chairuddin, 2025) reveal that organizational culture often has a stronger influence on performance than leadership alone. Cultures emphasizing learning, openness, agility, and innovation are proven to enhance adaptability and digital competence.

Some studies also highlight mediating pathways, for example, through job satisfaction and motivation (Putra, 2024; Dinasti, 2025; Musdalifa et al., 2025), which reinforce the positive connection between leadership and employee performance.

Overall, these findings confirm that the alignment between adaptive leadership and innovation-oriented culture is the main driver of high employee performance in the digital economy era. Organizations capable of integrating both dimensions are better positioned to achieve sustainable competitiveness and organizational resilience.

## **5. | CONCLUSION**

This study concludes that leadership styles and organizational culture play interdependent roles in enhancing employee performance, particularly in the context of digital transformation. Based on the synthesis of 20 quantitative studies published between 2021 and 2025, it is evident that transformational, adaptive, and digital leadership styles have the most consistent positive effects on employee motivation, innovation, and productivity. These leadership styles foster engagement and creativity, which are essential for sustaining organizational performance in technology-driven environments.

Moreover, organizational culture demonstrates a crucial moderating function in strengthening the relationship between leadership and performance. Cultures that emphasize agility, continuous learning, openness, and innovation are proven to enhance employees' adaptability and collaborative capabilities. The findings also show that, in many cases, organizational culture exerts a stronger influence on employee performance than leadership alone, underscoring the importance of a supportive and value-driven work environment.

Several studies further reveal that the impact of leadership and culture on performance often operates through mediating variables such as job satisfaction, work motivation, or discipline. This suggests that leadership effectiveness depends not only on managerial style but also on the organizational context and employees' psychological engagement.

Overall, this review highlights that the alignment between adaptive leadership and innovation-oriented culture is the key driver of sustainable employee performance in the digital economy era. Organizations that can synergize these two elements are more likely to achieve resilience, competitiveness, and long-term success.

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The authors declare that there is no conflict of interest.

***Ethical Approval and Originality Statement***

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

***Data Disclosure Statement***

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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