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1. Introduction

The industrial landscape has undergone significant transformations due to globalization, leading to the emergence of the fourth industrial revolution. Coined during the Hannover Fair held from 4th to 8th April 2011, the term “Industry 4.0” was subsequently adopted by the German government to propel their industry forward through technological advancements. This revolution revolves around the integration of intelligent and automated systems into various industrial sectors, employing machine learning and artificial intelligence. Industries have enabled their computers to interconnect and communicate, allowing for autonomous decision-making processes without human
intervention. The realization of Industry 4.0 is made possible through the convergence of physical and cyber systems, encompassing the Internet of Things (IoT) and Internet of Systems, thereby transforming the concept of a smart factory into a tangible reality. A prominent example of this transformation can be observed in the automotive industry, where robotic systems and IoT infrastructure have been extensively leveraged.

In light of technological advancements, organizations face the imperative to adjust and adapt in order to navigate their environment successfully, ensuring their continued existence and the attainment of strategic goals as set by their leaders. Organizational transformation encompasses the necessary changes undertaken by a company to effectively respond to emerging business challenges, dynamic competition, and shifting organizational objectives. The concept of change can be categorized into two types: planned and unplanned changes. Planned changes occur deliberately and are proactively implemented by change agents, whereas unplanned changes are reactive responses to perceived performance gaps and can potentially disrupt the organization’s operations (Karlina, 2011; Cameron & Green, 2019; Anderson, 2019).

An organization, whether it is a governmental or private entity, is inherently intertwined with its human resources. With their dynamic and continually evolving capabilities, human resources are widely recognized as a critical factor in determining organizational success. This invaluable asset assumes a vital role in the planning, execution, and control of various operational activities within the organization. Moreover, human resources play a pivotal role in ensuring the effective implementation of transformative strategies aimed at securing the long-term sustainability of the organization. It is widely acknowledged that the abilities and competencies of individuals significantly impact the overall sustainability and stability of the organization.

Efforts to transition towards adaptive organizations in the era of globalization and Industry 4.0 are exemplified in the automotive manufacturing sector through the implementation of robotic systems in the production process. Numerous manufacturing companies have embraced industrial automation by integrating robotic systems into their manufacturing operations. The success of this automation is closely tied to the optimal utilization of human resources, as evidenced by employees who possess up-to-date technological knowledge and contribute to a strong organizational culture. Organizational culture encompasses the values cultivated within an organization and serves to guide the behaviors of its members. The work environment, shaped by the organizational culture, can significantly influence employees’ behavior. Consequently, organizational
culture is expected to enhance employees’ performance levels (Melina Taurisa & Ratnawati, 2012; Soomro & Shah, 2019; Zeb et al., 2021).

Organizations are inherently subject to change as they strive to survive and pursue their goals. Change becomes imperative for organizations to not only achieve their objectives but also to ensure their continued existence. In the context of organizational transformation, the focus is primarily placed on the employees rather than solely prioritizing organizational interests. The organization is regarded as an entity shaped by human activity, wherein individuals derive optimal benefits through their involvement in organizational activities. To successfully realize the desired transformation, an organization must undergo various developmental processes and stages (Latar et al., 2020; Nadkarni & Prügl, 2021).

Maintaining high performance is crucial for a company to successfully achieve its goals. Among the key determinants of successful goal attainment is the optimal contribution of human resources. Performance serves as a reflection of what employees do or do not do and represents their actual achievements in relation to the expectations set for them. Expected performance refers to the established standards against which employees’ performance is assessed and compared to that of their peers. Performance encompasses both the quantity and quality of employees’ work outcomes, directly linked to the responsibilities assigned to them (Badrianto & Astuti, 2023).

Employees who demonstrate good performance often receive greater rewards compared to those with poor performance. Rewards have been identified as one of the factors that influence employees’ job satisfaction. Job satisfaction encompasses an employee’s overall attitude towards various aspects of their job, including the work environment, cooperation with colleagues, rewards, and other physical and psychological factors. Understanding employees’ job satisfaction is crucial as it provides valuable insights into their responses to company programs or plans, thereby serving as valuable feedback for the organization. Job satisfaction reflects employees’ emotional attitudes, indicating their level of enjoyment and fulfillment in their work. This can be observed through factors such as work morale, discipline, and achievement. Job satisfaction can be perceived both within the job-related context and outside of it, or as a combination of both (Panjaitan, 2022; Hünefeld et al., 2020).

The company’s ability to successfully adapt to globalization is also dependent on the effectiveness of its human resources. Previous research conducted by Kojo and Dotulong (2019) demonstrated that organizational transformation has a significant impact on employee performance. Conversely, Balansa et al. (2017)
found in their study that transformational leadership and organizational culture do not significantly influence employee performance. Leadership, however, emerges as another important factor contributing to employees’ performance. Sari and Fuadati’s (2022) discovered in their study that leadership style has a significant influence on both employees’ job satisfaction and performance. Additionally, Suratman and Supriyantiningsih (2019) found in their study that job satisfaction positively affects job performance.

The primary objective of the present study is to analyze the impact of organizational transformation, organizational culture, and transformational leadership on employee performance, with job satisfaction as a mediating variable. This study aims to contribute to the existing body of knowledge in the field of human resource management. It is crucial to optimize organizational transformation, organizational culture, and transformational leadership through job satisfaction. Job satisfaction plays a pivotal role in strengthening the positive effects of these three factors on the company’s overall business processes. In the context of the automotive component manufacturing industry, these four variables are anticipated to enhance employee performance. A higher perception of organizational transformation, organizational culture, and transformational leadership is likely to result in improved employee performance, consequently leading to higher organizational performance.

2. Literature Review and Hypotheses Development

2.1. The Effect of Organizational Transformation on Job Satisfaction

In a previous study conducted by Jannah (2021), an organization should be able to manage its human resources continuously to address the environmental changes. A hierarchical bureaucratic organization should be transformed into a flat and open organization. More importantly, organizations should be able to improve their capability to enhance the competitiveness. In this regard, organizational transformation may serve as the foundation of human resource quality improvement to address the wave of changes. A study conducted by Abubakar and Fatmawinarti (2019) demonstrated that organizational transformation often begins with need related to business demands. Business goal often serves as the guideline to manage an organization, including its transformation. An up-to-date business goal that are still in the organization’s vision and mission potentially affect the organization’s management. It may
lead to organizational structure adjustment, which is made based on the predetermined strategies to achieve goals.

Organizational transformation represents a challenge that requires an organization to improve their ability to adapt to the environment, in addition integrating their resources, including human resources, as the most important asset of the organization. Organizational transformation aims to enhance the organizational capability according to the business environment (Abubakar & Farmawinart, 2019). Organizational transformation constitutes the organization’s efforts to achieve common goals through changes in various aspects and adaptation to the time development, to ultimately survive the global changes (Mudeng et al., 2017). Employee with higher level of satisfaction tend to exhibit higher job performance. Job satisfaction and performance are reported to be closely related. Job satisfaction is an employee’s positive and optimistic emotional state toward his or her work outcome and experience (Azhari et al., 2021) Previous studies showed that organizational transformation affected employee performance, which is closely related to job satisfaction. Transformational management positively and significantly affect the employees’ performance (Harahap, 2020). Organizational transformation significantly affect the employees’ performance (Wijayatma et al., 2022). The basic assumption in the formulation of the hypothesis that organizational transformation is able to increase enthusiasm and new hopes for all employees. This passion and enthusiasm can have a positive correlation to job satisfaction. The element of job satisfaction has the hope that there will be organizational changes for the better compared to the current period. Then the formulation of this hypothesis is that there is a positive effect of organizational transformation on job satisfaction. Organizations need transformation in order to improve employees’ job satisfaction. Therefore, the following hypothesis is proposed:

H1: Organizational transformation affects job satisfaction

2.2. The Effect of Organizational Culture on Job Satisfaction

A study conducted by Tumbelaka et al. (2016) found that organizational culture, job satisfaction, and organizational commitment are among factors affecting employees’ intention to quit or stay at the organization. Strong organizational culture reflects a high agreement among the organization’s member related to the organizational goal. The extent of such agreement may affect employees’ cohesiveness, loyalty, and organizational commitment, which in turn reduce the tendency of employees’ intention to quit.
A study conducted by Pps et al. (2019) found that organizational culture reflects the fundamental values and assumption that control employees’ thought and act within the organization. A strong organizational culture potentially enhances employees’ performance, whereas a weak organizational culture may lead to a lower performance. Organizational culture has three important functions. It acts as supervisory system, improves social cohesiveness and mutual understanding (Tecoalu et al., 2022).

Organizational culture is an organizational foundation containing norms, beliefs, and collective values that reflects the characteristic of an organization. It deals with how an employee behaves in the organization (Dwiarti & Wibowo, 2018). In other words, organizational culture refers to a noble value adhered to by all members of the organization and that distinguish an organization from others. A strong organizational culture tends to exhibit a condition where most employees perceive the same opinion related to the vision, mission, and organizational value. In contrast, a weak organizational culture could be seen from high variance in employees’ opinion related to the organizational goal (Tecoalu et al., 2022).

Previous studies have demonstrated that a proper organizational culture may affect employees’ job satisfaction, where a stronger organizational culture may affect employees’ behavior in the organization. Employees who perceive comfort when working in their current work environment potentially report a higher level of satisfaction. Mollik et al. (2015) report noticed that employees who perceive comfort with their company’s culture tend to report a higher level of satisfaction. Innovative ad supportive and supportive culture potentially brings more positive and significant impacts on job satisfaction, when compared to bureaucratic culture (Lok & Crawford, 2004). Companies need to have an organizational culture that is capable of enhancing their employees’ job satisfaction. Organizational culture can produce new work behaviors. Any positive work behavior can improve job satisfaction comprehensively. This work behavior becomes essential so as to increase job satisfaction. Therefore, the following hypothesis is proposed:

H2: Organizational culture affects job satisfaction

2.3. The Effect of Transformational Leadership on Job Satisfaction

A study conducted by (Martins Abelha et al., 2018) revealed that the transformational leadership may inspire the organization members to engage
in an effective communication, strong commitment, and promote trust, which eventually enhance job satisfaction. Employees led by transformational leaders tend to report higher job satisfaction. In a study conducted by Putu et al. (2016), transformational leaders are effective leaders as they could improve their followers’ job satisfaction, organizational commitment, and productivity. Transformational leadership is reported to be more effective than other leadership due to leaders’ proximity to the followers. Organizational success is inseparable from two main keys: effective leadership and followers’ job satisfaction. This leadership style could also improve job satisfaction, which improve employees’ perceived job security and organizational commitment (Fatyandri & Shanty, 2022).

Transformational leadership encourages employees to think about the organizational interest rather than their own personal interest. Transformational leaders potentially enhance employees’ organizational commitment and acceptance of innovative ideas proposed by leaders that may bring a significant change in their performance (Khtatbeh et al., 2020). Transformational leadership encourage employees’ perception of the importance of organizational goal and its achievement (Steinmann et al., 2018). Previous studies showed a positive relationship between transformational leadership and job satisfaction. Transformational leadership has been reported to positively and significantly affect job satisfaction (Naimah et al., 2022). A study conducted by Long et al. (2014) showed leaders’ awareness of differences in employees’ skills and characteristics affect job satisfaction by 17.5%. Organizations need to have transformational leadership that is capable of enhancing employees’ job satisfaction. Transformational leadership has a clear direction and vision in scaling up the organization. All employees have clear directions and guidelines in contributing to the organization. This relationship is consistent with transformational leadership, which is assumed to have an effect on job satisfaction. Employees feel there is clarity to be able to provide the best performance for the achievement of the organization. Therefore, the following hypothesis is proposed:

H3: Transformational leadership affects job satisfaction

2.4. Job Satisfaction as the mediator on Employee Performance

According to Floyd and Yerby (2014), the evaluation of job satisfaction encompasses various factors, including the overall impression of their job, tasks expected to be finished, salary, promotion opportunity, leadership style,
and physical condition of the work environment. Job satisfaction refers to a characteristic perceived by an individual based on his or her evaluation of their job. In a study conducted by Azhari et al. (2021), job satisfaction is reported to affect employees’ satisfaction. Job satisfaction and performance are reported to be closely related. Job satisfaction is an employee’s positive and optimistic emotional state toward his or her work outcome and experience. Employees with higher job satisfaction may likely exhibit higher performance. An organization run by highly satisfied employees tend to exhibit higher productivity and effectiveness. Employees’ job satisfaction highly depends on job-related aspects.

In a study by Affandi and Atmaja (2023), job satisfaction is defined as a positive emotional attitude towards one’s job. This attitude is reflected in work morale, discipline, performance. Satisfaction refers to one’s evaluation of his or her contentment or discontentment related the job. Job satisfaction is believed to be one of the factors affecting employees and the company. Employees who perceive high job satisfaction tend to report lower gap between the expected and actual performance at work. Previous studies have reported the effect of job satisfaction and employee performance. In Baluyos et al. (2019), Heidarzadeh Hanzae & Mirvaisi (2013) and Mira et al. (2019) study, job satisfaction is reported to positively and significantly affect employee performance. In Panjaitan’s (2022), Ali & Zia-ur-Rehman (2014) and Basher Rubel & Kee (2014) previous studies, job satisfaction is reported to positively mediating affected employee performance. Organizations need employees’ level of job satisfaction that is capable of improving employee performance. Job satisfaction becomes a mediator for predicting the indirect effects generated by organizational transformation, organizational culture, and transformational leadership. These three variables are assumed to be able to improve employee performance from the aspects of organization, culture, and leadership. All aspects are needed to achieve optimal performance. Employees as the frontline in business processes must be ensured to have clear guidelines and directions. Contribution and productivity can be generated optimally. Therefore, the following hypothesis is proposed:

**H4**: Job satisfaction affects employee performance by mediating organizational transformation, organizational culture, and transformational leadership.

### 2.5. The Effect of Organizational Transformation on Employee Performance mediated by Job Satisfaction

A study conducted by Wijayatma et al. (2022) demonstrated that organizational transformation implementation positively and significantly affect the employees’
performance. The main objective of organizational transformation is to seek new methods or improve the utilization of the resources and capabilities of the organization with the aim of increasing the organization’s ability to create added value and obtain performance targets desired by stakeholders. A study by Safitri & Rojuaniah (2022) showed that job satisfaction affect the employees’ performance. Based on employee performance appraisal data, the results were unsatisfactory because there were still a few employees’ who were included in the sufficient and insufficient groups, when compared to other branches. This can be caused by several factors that affect employee performance. Organizational change is one of the factors that must be considered by the organization because it can affect employee performance. Previous studies by Adi Pracoyo et al. (2022) showed that organizational transformation indirectly affect employees’ performance through job satisfaction as an interference variable. Organizations need to have job satisfaction that is capable of mediating organizational transformation affect employees’ performance. This indirect effect is based on the fact that the organizational transformation that has been carried out can improve employee performance with job satisfaction. Aspects of job satisfaction can be a psychological stimulus for employees in the maximum contribution to the organization’s business targets. The relationship between these variables becomes interesting whether or not there is an indirect effect on increasing employee performance, namely organizational transformation and job satisfaction as mediators in the research model. Therefore, the following hypothesis is proposed:

H5: Organizational transformation affects indirectly on employee performance mediated by job satisfaction.

2.6. The Effect of Organizational Culture on Employee Performance mediated by Job Satisfaction

A study conducted by Melina Taurisa & Ratnawati (2012) demonstrated a unidirectional influence between organizational culture and job satisfaction. This showed that the stronger organizational culture of the company, the higher job satisfaction felt by employees. The most dominating indicator of organizational culture is the feeling of being valued, which showed that when the employee’s feel valued in the organization, at that time the existence of culture is felt by employees’ and influences job satisfaction. A study by Nurhasanah et al. (2022) showed that organizational culture is a rule
deliberately created to be obeyed or implemented by each employee’s and all employee’s involved in the organizational environment or within the company. Organizational culture is also a measurement to see the level of job satisfaction of employees’ in carrying out and completing the job. Previous studies by Purnama Sari et al. (2022) showed that job satisfaction able to mediating affect organizational culture on employees’ performance in the company. This showed job satisfaction able to strengthen the influence of organizational culture on employee performance in the company. Organizations need to have job satisfaction that is capable of mediating organizational culture affect employees’ performance. This indirect effect assumes that organizational culture is able to produce the work behavior needed to achieve performance. Positive and conducive work behavior is one of the job satisfaction factors felt by employees. Professionalism, responsibility, discipline and commitment must be on all employee perspectives. This hypothesis proves whether or not there is a direct influence in which organizational culture is able to improve employee performance through job satisfaction. Therefore, the following hypothesis is proposed:

H6: Organizational culture affects indirectly on employee performance mediated by jobs satisfaction.

2.7. The Effect of Transformational Leadership on Employee Performance mediated by Job Satisfaction

A study conducted by (Jane et al., 2022) demonstrated that influence of affect transformational leadership style on employee performance. In principle, transformational leadership will motivate employees’ to do better than their usual performance and the better transformational leadership, the better employees’ performance will do. Means that is one of the ways to increase employee self-confidence which will affect employee performance improvement later. A study by Martins Abelha et al. (2018) showed that transformational leadership serve as inspiration for followers by engaging in effective communication, commitment, encouraging trust, and ultimately increasing job satisfaction. The stronger transformational leadership style has by the leader, the more employee’s job satisfaction will increase. Previous studies by Anom et al. (2023) showed indirect effect transformational leadership on job performance mediated by job satisfaction. Increased transformational leadership able to increase employees’ job performance in line with the high level of employees’ job satisfaction to
carrying out their work. Organizations need to have job satisfaction that is capable of mediating transformational leadership affect employees’ performance. The assumption of this hypothesis is based that the successful implementation of transformational leadership can improve overall employee performance. The vision and mission of the organization can be achieved through actual employee performance. Transformational leadership is always present for every problem faced by employees with effective solutions. Job satisfaction is present due to the example of leadership felt by employees. Leadership is not only limited to organizational structure, but is able to assist employees’ needs in achieving optimal performance. Direction and coordination of work can be carried out by all divisions of the organization. Then this hypothesis proves whether or not there is an indirect effect between transformational leadership on employee performance which is mediated by employee performance. Therefore, the following hypothesis is proposed:

H7: Transformational leadership affects indirectly on employee performance mediated by job satisfaction.

Based on the explanation from the literature review and the formulation of the hypothesis, the research model is as follows (figure 1).

Figure 1. Research Model

Source: Abubakar & Farmawinarti, 2019; Tumbelaka et al. 2016; Jane, 2022
The Effect of Organizational Transformation, Organizational Culture, and Transformational Leadership on Employee Performance Through Job Satisfaction: An Evidence from Automotive Component Manufacturing Companies

Figure 1 explained the model posits that organizational transformation, organizational culture, and transformational leadership have the potential to influence employee performance. The effects of these three variables can be observed through the lens of job satisfaction. Job satisfaction can be enhanced through the provision of a conducive work environment, appropriate compensation, and a well-defined career path that aligns with the company’s business objectives. The optimization of organizational transformation, organizational culture, and transformational leadership can be evaluated based on the impact of job satisfaction on employee performance, thereby ensuring the long-term sustainability of the organization. Consequently, employee performance can be assessed in terms of their contributions and productivity. Companies operating in the automotive component manufacturing sector require optimal employee performance to effectively respond to the rapidly changing business environment. In such a dynamic context, employees are expected to address customers’ needs through their exemplary performance.

3. Research Method

The present study aimed to analyze the effect of organizational transformation, organizational culture, and transformational leadership on employee performance through job satisfaction. This study was conducted in several automotive component manufacturing companies located in Bekasi and Karawang. The data were analyzed using Partial Least Square (PS). The independent variables in this study were organizational transformation, organizational culture, and transformational leadership. In this study, job satisfaction was used as the mediating variable. It mediated organizational transformation, organizational culture, and transformational leadership with the dependent variable, Employee performance. Job satisfaction was measured using several indicators, including the work itself, salary or wage, promotion, supervision, coworkers, and working condition (Luthans, 2006 in Adi Pracoyo et al., 2022). Meanwhile, organizational transformation was measured using several aspects: reframing, restructure, revitalization, and renewal (Gouillart & Kelly, 1995, in Adi Pracoyo et al., 2022). Organizational culture transformation was measured through integrity, professionalism, nudity, integrity, restructure, revitalization, and Human (Chatab, 2007, in Adi Pracoyo et al., 2022). Transformational leadership was measured through ideal influence, inspirational motivation, intellectual simulation, and individualized consideration (Yukl, 2010, in Adi Pracoyo et al., 2022). Employee performance in this study was measured
through quality, quantity, punctuality, cost-effectiveness, supervision, and interpersonal influence (Bernadin & Russel, 1993, in Adi Pracoyo et al., 2022). Figure 1 displays the regression model used in this study.

This study involved 101 respondents. They were employees in several automotive component manufacturing companies. They were recruited using purposive sampling technique according to the research purpose. The number of participants in this study was considered representative. Data were garnered a questionnaire with 4-point Likert scale, from 1 (strongly disagree) to 4 (Strongly Agree). Table 1 presents the indicators used to measure the effect of independent variables on the dependent variable. Data were analyzed using Partial Least Square. The method was employed due to its ability to provide more detailed depiction of the variable indicators. Several tests were also conducted, including the outer loading, validity and reliability tests, R-square, and Partial t-test. Outer loading was used to measure the representation of each variable indicator using the value of > 0.5. The validity and reliability tests were conducted using Cronbach’s Alpha (> 0.7), Rho-A (0.8-0.1), composite reliability (> 0.7) and AVE (> 0.5). R-Square indicate the magnitude of effect of independent variable on the dependent one. T-test was performed to examine the proposed hypotheses and the effect among variables based on the conceptual framework.

Table 1. Variable indicators.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Aspects</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>The work itself</td>
<td>Luthans, 2006 in Pracoyo et al (2022)</td>
</tr>
<tr>
<td></td>
<td>Salary or Wages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supervision</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Co Workers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working Conditions</td>
<td></td>
</tr>
<tr>
<td>Organizational Transformation (OT)</td>
<td>Reframing</td>
<td>Gouillart &amp; Kelly, 1995 in Pracoyo et al (2022)</td>
</tr>
<tr>
<td></td>
<td>Restructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revitalization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Renewal</td>
<td></td>
</tr>
</tbody>
</table>
Respondent Profile. This section provides a description of the respondents’ characteristics. Data for this study were collected using an online questionnaire distributed through Google Form. The participants consisted of 101 employees working in automotive component manufacturing companies. Table 2 below presents an overview of the respondents’ profiles.

**Table 2. Respondent Profile**

<table>
<thead>
<tr>
<th>Information</th>
<th>Data</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: own study
As shown in the table, the study’s respondents consisted of 56% male and 44% female employees. In terms of work experience, 30% of the respondents had been working for 1-3 years, 22% for 5-10 years, 20% for more than 10 years, 16% for less than one year, and 13% for 3-5 years. These varying levels of tenure ensure the eligibility of the respondents and contribute to the accuracy and objectivity of their responses. Regarding job roles, the majority of respondents in this study worked as operators (45%), followed by staff/leader employees (27%), supervisors (13%), managers (9%), and senior staff (7%). In terms of work areas, 54% of the respondents were employed in the production area, while 24% worked in general management roles such as HRD, GA, HSE, and QMS. Additionally, 7% were involved in finance, 7% in supply chain functions including purchasing,
warehouse, logistic, and PPIC, 4% in QC and QA, 3% in sales and marketing, and 1% in research and development.

4. Results

4.1. PLS Results

After describing the data, the next step was to analyze the data using Partial Least Squares (PLS) analysis. This analysis consisted of several stages, including the identification of indicators, validity and reliability tests, R-squared analysis, and t-tests to test the proposed hypotheses. The first step was to identify indicators that had an outer loading value higher than 0.5. A factor loading value of > 0.5 indicates that the convergent validity criterion has been met. On the other hand, if a factor loading value is < 0.5, the corresponding indicator should be dropped from the analysis (Ghozali, 2006, in Anggraeni & Surya Perdhana, 2012).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Employee Performance</th>
<th>Job Satisfaction</th>
<th>Organizational Culture</th>
<th>Organizational Transformation</th>
<th>Transformational Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>EP1</td>
<td>0.691</td>
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<td>EP4</td>
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<tr>
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<tr>
<td>EP6</td>
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<td>JS3</td>
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<tr>
<td>JS5</td>
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<td></td>
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<tr>
<td>JS6</td>
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<tr>
<td>OC1</td>
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<td></td>
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<td>0.784</td>
</tr>
</tbody>
</table>

Table 3. Outer Loading
Table 3 presents the outer loading values obtained from the analysis. As shown in the table, all indicators exhibited values higher than 0.6, indicating that all indicators of the variables in this study could be used in the research model. These indicators pertained to employees’ performance, job satisfaction, organizational culture, organizational transformation, and transformational leadership, which formed the basis of the research model.

Table 4. Validity & Reliability

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
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</thead>
<tbody>
<tr>
<td>Employee Performance (EP)</td>
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<td>0,825</td>
<td>0,865</td>
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<td>Job Satisfaction (JS)</td>
<td>0,894</td>
<td>0,900</td>
<td>0,919</td>
<td>0,654</td>
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<td>Organizational Culture (OC)</td>
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<td>0,854</td>
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<td>Organizational Transformation (OT)</td>
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<td>0,841</td>
<td>0,883</td>
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<tr>
<td>Transformational Leadership (TL)</td>
<td>0,838</td>
<td>0,862</td>
<td>0,891</td>
<td>0,673</td>
</tr>
</tbody>
</table>

Source: own study based on Smart-PLS
The subsequent step involved testing the validity and reliability of the questionnaire items. Several indicators were considered, including Cronbach’s alpha (>0.7), Composite Reliability (>0.7), and Average Variance Extracted (>0.5) (Ringle et al., 2020, in Azmy, 2021). Table 4 presents the results of the validity and reliability tests. The table demonstrates that the questionnaires used in this study were deemed suitable, as evidenced by Cronbach’s Alpha (>0.8), Composite Reliability (>0.8), and AVE (>0.5). Additionally, the Rho-a values for all variables exceeded the threshold of 0.8-0.9 (Nunally & Bernstein, 1994, in Azmy, 2021). These findings indicate that all indicators in this study exhibited a high level of reliability, as indicated by the Cronbach’s Alpha and Rho-a values. It is worth noting that all statements in the questionnaire were responded to appropriately.

Table 5. R-Square

<table>
<thead>
<tr>
<th>Variables</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.471</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.664</td>
</tr>
</tbody>
</table>

Source: own study based on Smart-PLS

Table 5 shows organizational culture, organizational transformation, and transformational leadership simultaneously accounted for 47.1% of the variance in employee performance. Additionally, job satisfaction was found to have a significant impact on employee performance, explaining 66.4% of the variance. These findings indicate that all variables in the model exhibited a significant effect.

Table 6. Direct Effect

<table>
<thead>
<tr>
<th>Variables</th>
<th>Original Sample</th>
<th>T-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction -&gt; Employee Performance</td>
<td>0.686</td>
<td>13.799</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational Culture -&gt; Job Satisfaction</td>
<td>0.453</td>
<td>3.126</td>
<td>0.002</td>
</tr>
<tr>
<td>Organizational Transformation -&gt; Job Satisfaction</td>
<td>0.356</td>
<td>2.899</td>
<td>0.004</td>
</tr>
<tr>
<td>Transformational Leadership -&gt; Job Satisfaction</td>
<td>0.103</td>
<td>1.171</td>
<td>0.242</td>
</tr>
</tbody>
</table>

Source: own study based on Smart-PLS
Subsequently, the hypotheses were tested using the t-test, as illustrated in Table 6. The results showed that organizational culture and organizational transformation had a significant effect on employee performance. Organizational transformation demonstrated a p-value of 0.004 (< 0.05) and a t-statistic of 2.899 (> t-table of 1.98), supporting H1. Similarly, organizational culture yielded a p-value of 0.002 (< 0.05) and a t-statistic of 3.126 (> t-table of 1.98), providing support for H2. Conversely, transformational leadership displayed a p-value of 0.242 (> 0.05) and a t-statistic of 1.171 (< t-table of 1.98), suggesting that H3 was not supported. In other words, the findings indicate that transformational leadership does not significantly affect job satisfaction. Furthermore, the impact of organizational transformation and organizational culture on job satisfaction was examined. Organizational transformation was found to have a significant effect on job satisfaction, accounting for 35.6% of the variance, while organizational culture explained 45.3% of the variance in job satisfaction. Conversely, transformational leadership did not significantly affect job satisfaction, as indicated by the value of 10.3%. Job satisfaction showed a p-value of 0.000 (> 0.05) and t-statistic of 13.799 (> t-table of 1.98), indicating that H4 was accepted. Put differently, job satisfaction affects employee performance. Job satisfaction was found to affect employee performance by 68.6%.

Table 7. Indirect Effect

<table>
<thead>
<tr>
<th>Variables</th>
<th>Original Sample</th>
<th>T-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture -&gt; Job Satisfaction -&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.311</td>
<td>3.122</td>
<td>0.002</td>
</tr>
<tr>
<td>Organizational Transformation -&gt; Job Satisfaction -&gt; Employee Performance</td>
<td>0.244</td>
<td>2.598</td>
<td>0.010</td>
</tr>
<tr>
<td>Transformational Leadership -&gt; Job Satisfaction -&gt; Employee Performance</td>
<td>0.071</td>
<td>1.157</td>
<td>0.248</td>
</tr>
</tbody>
</table>

Source: own study based on Smart-PLS

Table 7 presents the indirect effect, showing that organizational transformation indirectly affect employee performance by 24.4%. This could be seen from the p-value of 0.010 (< 0.05) and T-statistics of 2.598 (> t-table of 1.98) Organizational transformation exhibited a significant indirect effect on employee performance by 24.4% through job satisfaction. Meanwhile, organizational culture exhibited an indirect effect of 31.1%. This could be seen from the p-value of 0.002 (< 0.05)
and T-statistics of 3.122 (> t-table of 1.98) Organizational culture exhibited an indirect effect on employee performance by 31.1% through job satisfaction. Meanwhile, organizational leadership exhibited an indirect effect of 7.1%. This could be seen from the p-value of 0.248 (> 0.05) and T-statistics of 1.157 (< t-table of 1.98) Transformational leadership exhibited an insignificant indirect effect on employee performance by 7.1% through job satisfaction. Job satisfaction plays a pivotal role in improving employee performance. Organizational transformation and organizational culture were found to positively contribute to the employee performance. Meanwhile, the effect of transformational leadership also exhibited positive contribution, despite insignificant, to the employee performance. Employees with high performance may likely achieve the company’s expected goal.

5. Discussion

5.1. The Effect of Organizational Transformation on Job Satisfaction

This study provides evidence that organizational transformation can significantly enhance job satisfaction by 35.6%. These findings align with previous research conducted by Harahap (2020), Wijayatama et al. (2022) Vijayabanu & Swaminathan (2016) and Hayajneh et al. (2021), which also reported a positive relationship between organizational transformation and job satisfaction. These findings align with previous research conducted by Nedeljkovic et al. (2012), which reported that service organization climate change significant mediating between job satisfaction and customer focus. These findings align with previous research conducted by Shin-Yih Chen et al. (2009), which also reported that organization change significant mediating between creativity and job satisfaction.

The results highlight the importance of organizational transformation in improving employees’ satisfaction with the organization’s business process. The hypothesis stating that organizational transformation affects job satisfaction was supported. The findings indicate that fostering good employee performance can enable organizations to effectively navigate the changing environment and enhance their capacity to meet evolving business demands.

The research model proposed in this study highlights the significant role of organizational transformation, with all indicators demonstrating their significance in representing job satisfaction. Specifically, revitalization and renewal emerged as the most influential factors contributing to organizational
transformation. These factors have the potential to optimize organizational transformation through job satisfaction. Consequently, a successful organizational transformation positively impacts employees’ satisfaction with their respective companies. On the other hand, reframing was identified as the lowest indicator of organizational transformation, with a value of 71.9%. This suggests that the company needs to continue its efforts to transform the organization and enhance employee satisfaction by reviewing and redefining the organization’s vision.

5.2. The Effect of Organizational Culture on Job Satisfaction

This study demonstrated that organizational culture may enhance job satisfaction by 45.3%. This study supports previous studies reporting the positive effect of organizational culture on job satisfaction (Fiaz Qazi et al., 2015; Lok & Crawford, 2004; Sami & Sabri, 2011; Bigliardi et al., 2012; Abd Al-Wareth Alrazehi et al., 2021). These findings align with previous research conducted by Jigjiddorj et al. (2021), which reported a strong relationship between organizational culture and job satisfaction. These findings align with previous research conducted by Marcos et al. (2020), which also reported the positive effect of organization culture mediating between work support and job control on job satisfaction.

Organizational culture is important to improve employees’ satisfaction with the organization’s business process. The hypothesis stating that organizational culture affects job satisfaction was supported. It implies that the positive effect of organizational culture could optimize the role of job satisfaction on employee performance. A stronger organizational culture tends to exhibit a greater effect on employees’ behavior. Employees who perceive comfort with their organizational culture tend to report a higher level of satisfaction.

The proposed research model exhibited the significance of organizational culture. All p-values and t-statistics showed that all indicators of organizational culture could represent the job satisfaction. Nudity were found to be the highest contributing factor to the organizational culture. Openness may optimize the organizational culture through job satisfaction. In this regard, a good organizational culture leads to employees’ satisfaction with their companies. Meanwhile, Integrity was found to be the lowest indicator of organizational culture, as shown by a value of 78.4%. This suggests that the company possesses a satisfactory organizational culture that enhances employee satisfaction through adherence to the code of ethics and applicable regulations.
5.3. The Effect of Transformational Leadership on Job Satisfaction

This study demonstrated that transformational leadership could only enhance job satisfaction by 10.3%. This study contradicts previous studies reporting the positive effect of transformational leadership on job satisfaction (Naimah et al., 2022; Long et al., 2014; Khan et al., 2020). This study contradicts previous studies reporting the positive correlation of transformational leadership on job satisfaction (Khoso et al., 2021; Naveed Jabbar, 2020). This study contradicts previous studies, which also reported the increasing of job satisfaction from transformational leadership (Yanuar Rahmat Syah & Rina Anindita, 2020).

Transformational leadership is important to improve employees’ satisfaction with the organization’s business process. The hypothesis stating that transformational leadership affects job satisfaction was not supported. It implies that the transformational leadership does not positively affect role of job satisfaction in employee performance. In this study’s context, transformational leadership did not lead to high job satisfaction.

The significance of transformational leadership was not supported in the proposed research model. All p-values and t-statistics showed that all indicators of transformational leadership could not represent the job satisfaction. Individualized consideration was found to be the highest contributing factor to the transformational leadership by 88.3%. Leaders capable of providing individualized consideration may enhance the transformational leadership through job satisfaction. Companies in this study exhibited good transformational leadership. However, such a leadership did not bring positive effect on job satisfaction among employees in automotive component manufacturing. Ideal influence was found to be the lowest indicator of transformational leadership (77.4%). This result indicates that the company possess a good transformational leadership, although it does not positively affect the job satisfaction through ideal leader figure.

5.4. Job Satisfaction as the Mediator on Employee Performance

This study found that job satisfaction may enhance employee performance by 68.6%. This study supports previous studies reporting the positive effect of job satisfaction on employee performance (Baluyos et al., 2019; Heidarzadeh Hanzae & Mirvai, 2013; Mira et al., 2019). These findings
align with previous research conducted by Javed et al. (2014), Okechukwu (2017), which reported a positive relationship between job satisfaction and employee performance. These findings align with previous research conducted by Panjaitan (2022), Ali & Zia-ur-Rehman (2014), Basher Rubel & Kee (2014), which also reported the positive effect of job satisfaction mediating on employee performance.

The company needs job satisfaction that is able to improve employee performance in the company’s business processes. The assumed hypothesis can be proven that affect job satisfaction on employee performance. The higher job satisfaction of employees', the affect greater on employee performance in the company. Employees with higher job satisfaction tend to exhibit higher performance.

The proposed research model exhibited the significance of job satisfaction. All p-values and t-statistics showed that all indicators of job satisfaction could represent the employee performance. Promotion was found to be the highest contributing factor to employees' job satisfaction (89.6%). In other words, the company’s promotion system potentially improves employees' performance. In this study, companies' good promotion system appeared to account for the employees' high performance. Meanwhile, coworkers were found to be the lowest indicator of job satisfaction, as shown by a value of 75.3%. This result indicates that the company has maintained good job satisfaction in order to improve employees' performance through collaboration and synergy among coworkers.

In this study, job satisfaction was used as the mediating variable between organizational transformation, organizational culture, and transformational leadership and the employee performance. Research findings show that job satisfaction has a positive effect in linking organizational transformation and culture and employee performance. However, it did not have a positive effect when mediating transformational leadership and employees’ performance. The overall impact of work, work expected to be completed, salary, promotion opportunities, workplace leadership style and physical work environment are among factors affecting employees job satisfaction. It is important for the company pay attention employees’ needs, ensuring high job satisfaction and eventually optimal performance for the company. Fast business changes are a challenge to] increase employee satisfaction. Another challenge companies should tackle is how to maintain job satisfaction and employee performance to ensure that these two variables fit the business needs.
5.5. The Effect of Organizational Transformation on Employee Performance mediated by Job Satisfaction

This study provides evidence that organizational transformation can significantly enhance employee performance mediated job satisfaction by 24.4%. These findings align with previous research which showed affect indirectly organizational transformation on employee performance through job satisfaction as interference variable (Adi Pracoyo et al., 2022). The previous research conducted by (Safitri & Rojuaniah, 2022), which reported also that job satisfaction able to mediating relationship between human resource practices and organizational trust on employee performance.

The company needs organizational transformation that is able to improve employee performance mediated by job satisfaction in the company’s business processes. The assumed hypothesis can be proven that organizational transformation indirectly affects on employee performance mediated by job satisfaction. The more effective organizational transformation of company, the affect greater on job satisfaction and ultimately improved employee performance in the company.

Organizational transformation was found to indirectly affect employee performance through job satisfaction. Job satisfaction has an important function in supporting organization transformation in the company. This finding implies the importance of improving employee satisfaction. Employees with high job satisfaction may likely support organizational transformation. Automotive component manufacturing strongly requires employees with high job satisfaction as drivers of comprehensive organizational transformation, so that the company can adapt to the external environment and to enhance the company’s ability to face the demands of the business environment.

5.6. The Effect of Organizational Culture on Employee Performance mediated by Job Satisfaction

This study provides evidence that organizational culture can significantly enhance employee performance mediated job satisfaction by 31.1%. These findings align with previous research which showed indirectly affect organizational culture positive and significant on employee performance through job satisfaction (Safira Mayhara et al., 2023). The previous research conducted by (Nurhasanah et al., 2022) and (Adi Pracoyo et al., 2022), which reported also that affect organizational culture on employee performance mediated by job satisfaction significant effect.
The company needs organizational culture that is able to improve employee performance mediated by job satisfaction in the company’s business processes. The assumed hypothesis can be proven that organizational culture indirectly affects on employee performance mediated by job satisfaction. The more effective organizational culture of company, the affect greater on job satisfaction and ultimately improved employee performance in the company.

Organizational culture was found to indirectly affect employee performance through job satisfaction. Job satisfaction plays a pivotal role in supporting organization culture in the company, indicating the importance of improving employee satisfaction. Employees with high job satisfaction may likely support organizational culture. Automotive component manufacturing companies need employees with high job satisfaction as a driver of organization culture, considering that strong organization culture potentially improve organizational performance, whereas weak organizational culture may likely result in declined organizational performance.

5.7. The Effect of Transformational Leadership on Employee Performance mediated by Job Satisfaction

This study provides evidence that transformational leadership can significantly enhance employee performance mediated job satisfaction by 7.1%. These findings indicate that transformational leadership has insignificant effect on employee performance mediated by job satisfaction. These findings contradict with previous research which showed indirectly affect transformational leadership positive and significant on employee performance through job satisfaction (Jane et al., 2022). These finding contradicts with previous research conducted by Anom et al. (2023) and Saroni et al. (2022), which reported also that affect transformational leadership on employee performance mediated by job satisfaction significant effect.

The company needs transformational leadership that is able to improve employee performance mediated by job satisfaction in the company’s business processes. The assumed hypothesis was not proved that transformational leadership indirectly affects on employee performance mediated by job satisfaction. Insignificant influence from transformational leadership that the company has on providing high employee job satisfaction in the company.

Transformational leadership was found to indirectly affect employee performance through job satisfaction. Job satisfaction plays a pivotal role in supporting transformational leadership, although insignificant. Transformational
leadership in companies in this study exhibited no positive effect on employees’ job satisfaction. The automotive component manufacturing may highly rely upon employees with high job satisfaction to support employee performance. Companies able to consider other factors than transformational leadership to increase employees’ job satisfaction and will ultimately improve employee performance in the company.

6. Research Implications

In terms of theory building, this research contributes to the existing business literature. First, from a theoretical perspective, a number of previous studies have analysed the impact of organizational transformation, organizational culture and transformational leadership on employee performance, but this research examines this relationship in the context of automotive component manufacturing companies, which are work environments where employees play an important role in achieving goals of company and also to maintain the existence of the company itself. Job satisfaction has a significant positive mediating effect in linking organizational transformation and organizational culture on employee performance. This is what managers and decision makers in the automotive component industry must understand well, which has a major role in achieving company goals and maintaining the company’s business existence.

This study focuses on the automotive component industry sector because the business in this sector is oriented towards the fourth generation of industrial revolution (4.0). There is the intervention of an intelligent and automation system in the automotive component industry, where in the production process they already use robotic systems and Internet of Things (IoT) infrastructure. In particular, business people in this sector are required to manage employee performance which is a very important factor in managing human resources within the company. Maintaining the existence of the company is not only the role of managers and decision makers, but rather the human role in the company, namely employees. Employees who have a high level of job satisfaction will have good performance in the company, and employees who have good performance will be able to face the industrial revolution with the ability to learn and adapt quickly using robotic systems and IoT infrastructure in manufacturing operations in companies.
7. Conclusion and Recommendation

The limitation of this study lies in its analysis of factors affecting organizational transformation, organizational culture and transformational leadership, which affected employee performance through the mediating role of job satisfaction. This limitation was caused by limited research variables, although the determination coefficients of the variable organizational transformation, organization culture and job satisfactions exhibited positive effect on the organization’s ability to improve employee performance. This research could be further extended by using other variables such as employee engagement, work environment, and organizational commitment, among others. Future studies could also involve other mediating or intervening variables required by organizations to achieve their vision, mission, and target. It is also possible to examine different industries, such as the field of education, tourism, or service-based industries.

Companies in automotive component manufacturing always need new ideas and innovation from their employees to seize the dynamic business challenges. Companies should be able to implement human resource strategy to implement organizational transformation and culture in order to maintain job satisfaction and employee performance. It should also be noted that transformational leadership is inseparable from human resource management strategy, although this study did not find its positive effect on job satisfaction and employees’ performance. Job satisfaction reflects the human resource development strategy implemented to all employees equally, usually in the form of remuneration adjusted to the country’s fluctuating financial condition, reward for achievement (both minor and major achievement), good promotion system, and opportunities of career improvement.

Company managements should be aware that at certain level, the implementation of organizational transformation and culture may rely on factors provided by companies to their employees. In this regard, factors mentioned earlier in this paper may result in performance that exceeds the organization’s expectation. Employees with high level of satisfaction tend to have higher motivation to improve their skills, knowledge, and capacity. Such employees may bring positive effect on their team and departments in the company. Eventually, employees may exhibit higher performance and work together to achieve the organization’s vision, mission, and goals.
Abstract

This study aimed to analyze organizational transformation, organizational culture, and transformational leadership in relation to employee performance, with job satisfaction serving as a mediating variable. The participants consisted of 101 employees from automotive component manufacturing companies. They were selected using purposive sampling techniques to ensure alignment with the research objectives. Data were analyzed using Partial Least Squares (PLS) to illustrate the variables and indicators influencing employees’ performance. The results indicated that organizational transformation, organizational culture, and transformational leadership had a positive impact on employee performance. Furthermore, the mediating role of job satisfaction in relation to employee performance was also observed. Therefore, organizations should optimize job satisfaction to enhance employee competencies in response to business challenges. By implementing organizational transformation, fostering a positive organizational culture, and promoting transformational leadership, organizations can potentially increase satisfaction, responsiveness, and performance, thereby supporting business innovation. Job satisfaction plays a crucial role in maintaining performance stability, as the business process appears to be highly reliant on organizational transformation, organizational culture, and transformational leadership. The variables examined in this study demonstrate that job satisfaction enhances employees’ responsiveness to the company’s operations. Consequently, organizations should prioritize responsiveness and adaptability when empowering their human resources.

Keywords: Organizational Transformation; Organizational Culture; Transformational Leadership; Employee Performance; Job Satisfaction.

JEL Classification: M14; L10; J28

References


The Effect of Organizational Transformation, Organizational Culture, and Transformational Leadership on Employee Performance Through Job Satisfaction: An Evidence from Automotive Component Manufacturing Companies


The Effect of Organizational Transformation, Organizational Culture, and Transformational Leadership on Employee Performance Through Job Satisfaction: An Evidence from Automotive Component Manufacturing Companies


