



RESEARCH ARTICLE

Analysis Of Transformational Leadership Style And Competencies On Employee Performance With Organizational Culture As An Intervening Variable On PT. Pln (Persero) UP2D Sumut

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Abstract

This research aims to analyze the influence of transformational leadership style and employee competencies on employee performance, with organizational culture acting as an intervening variable at PT. PLN (Persero) UP2D North Sumatra. The study is motivated by the strategic role of leadership and competencies in enhancing organizational performance within the state-owned electricity sector, especially in adapting to dynamic environmental and technological changes. A quantitative approach was used with data collected through questionnaires distributed to 100 employees using purposive sampling. Structural Equation Modeling (SEM) with the SmartPLS application was utilized to test the proposed hypotheses. The findings show that transformational leadership style and competencies have a significant positive effect on employee performance. Furthermore, organizational culture partially mediates the relationship between both transformational leadership and competencies on employee performance. This indicates that a strong organizational culture enhances the positive effects of leadership and competencies on performance outcomes. The study contributes to the theoretical development of human resource management and provides practical implications for PT. PLN (Persero) in strengthening leadership and cultural transformation to optimize employee performance.

Keyword: Transformational Leadership, Competency, Organizational Culture, Employee Performance, PT. PLN (Persero)

Introduction

The success of an organization in achieving its goals depends heavily on the quality of the human resources it has. One of the factors that affect the quality of employee performance is the leadership style applied by the organization's leader. In the context of increasingly competitive and dynamic organizations such as companies engaged in the provision of public services, effective leadership plays a crucial role in achieving strategic goals. One of the leadership styles that is quite talked about in organizational research is transformational leadership.

Transformational leadership, introduced by Bass (2023), emphasizes the leader's ability to inspire and motivate his followers toward higher goals. This leadership style focuses not only on achieving short-term goals, but rather on individual empowerment and positive changes in organizational behavior, values, and culture. In organizations that face the challenges and demands of rapid change, transformational leadership is considered to significantly improve employee motivation and performance (Avolio & Bass, 2023).

However, in practice, the influence of transformational leadership on employee performance is often influenced by many factors, one of which is the competence of the employees and also the organizational culture. In the era of globalization and increasingly fierce business competition, human resources (HR) are the most vital asset for organizations to achieve competitive advantage. Employee performance is a key factor in determining the productivity and success of a company. However, achieving an optimal level of performance is not easy

because it is influenced by various factors, such as leadership style, employee competence, and organizational culture. Organizational culture includes the values, norms, and habits that develop within the organization and play a role in shaping the behavior of individuals and groups within it (Schein, 2022). A strong and supportive culture will amplify the positive impact of transformational leadership on employee performance, while a weak culture can hold back or even inhibit such influences.

PT. PLN (Persero) UP2D North Sumatra (North Sumatra), as one of the technical implementation units responsible for electricity distribution, faces challenges in maintaining optimal employee performance. Transformational leadership styles are believed to motivate employees to exceed work expectations through inspiration, intellectual stimulation, and individual attention. However, the effectiveness of this leadership style also depends on the competence of employees in carrying out their duties. In addition, organizational culture serves as the foundation that shapes the values, norms, and work behavior in the company. A strong organizational culture can reinforce the influence of transformational leadership styles and competencies on employee performance. However, it is not known to what extent organizational culture functions as an intervening variable that mediates the relationship between transformational leadership, competence, and employee performance at PT. PLN (Persero) UP2D North Sumatra.

Several previous studies have revealed that transformational leadership and competence have a positive effect on employee performance. However, there is still a research gap regarding the role of organizational culture as an intervening variable in the context of public sector companies, especially in the electricity industry. Therefore, this study aims to analyze the influence of transformational leadership style and competence on employee performance with organizational culture as an intervening variable in PT. PLN (Persero) UP2D North Sumatra.

In the context of PT. PLN (Persero) UP2D North Sumatra, which is a state company tasked with providing electricity services to the community in the North Sumatra region, the

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success of this organization is highly dependent on the performance of employees in the field who are in direct contact with customers. PT PLN (Persero) UP2D North Sumatra is faced with demands to provide quality, responsive, and timely electricity services. Therefore, the effectiveness of the leadership style, competencies and organizational culture in it have a very important role in supporting the achievement of the organization's goals.

Based on these conditions, research on the influence of transformational leadership style and competence on employee performance with organizational culture as an intervening variable is very relevant. This study aims to examine the extent to which transformational leadership style can affect the performance of employees of PT. PLN (Persero) UP2D North Sumatra by considering organizational culture as a factor that can strengthen or moderate the relationship.

Previous studies have shown the importance of the relationship between transformational leadership, competence, organizational culture, and employee performance. Bass (1985) found that transformational leadership improves employee performance through increased motivation and their commitment to organizational goals. On the other hand, research by Robbins (1990) reveals that a strong organizational culture can accelerate the achievement of organizational goals, while a weak culture can hinder organizational progress. Furthermore, research by Denison (1990) shows that an adaptive and flexible organizational culture can support change in the organization and strengthen leadership effectiveness.

In the context of PT. PLN (Persero) UP2D North Sumatra, research on the influence of transformational leadership style on employee performance with organizational culture as an intervening variable has not been widely conducted. Therefore, this study aims to fill this gap and provide new insights into the relationship between leadership, culture, and performance in public sector companies, especially at PT PLN (Persero) UP2D North Sumatra. This research is expected to make an important contribution both theoretically and practically in the development of leadership, competence and human resource management at PT PLN (Persero) UP2D North Sumatra.

Literature Review

Transformational Leadership Style

Grand theory is a broad and deep theory that provides a foundation for research and development of theories in a particular field. Grand theory serves to provide a general and comprehensive explanation of complex phenomena and the complexity of the relationships between variables in social, behavioral, and organizational contexts. In the context of this research, a major theory that is relevant is the Transformational Leadership Theory developed by Bernard Bass in 1985, which examines how leaders can inspire and motivate their followers to achieve higher goals.

According to Bass (1985), transformational leadership involves four main interrelated components: (1) Idealized Influence: The leader becomes a role model who is respected by his followers. (2) Inspirational Motivation: Leaders inspire their followers with a clear vision and goals. (3) Intellectual Stimulation: Leaders encourage followers to think creatively and innovatively. (4) Individualized Consideration: Leaders give special attention and support to the individual needs of their followers.

Transformational leadership is a leadership style that inspires and motivates subordinates to transcend personal interests for the sake of the organization (Bass & Riggio, 2020). Menurut Bass (1985), kepemimpinan transformasional melibatkan empat komponen utama yang interrelated: (1) Idealized Influence: Leaders become role models who are respected by their followers. (2) Inspirational Motivation: Leaders inspire their followers with a clear vision and goals. (3) Intellectual Stimulation: Leaders encourage followers to think creatively and innovatively. (4) Individualized

Consideration: Leaders give special attention and support to the individual needs of their followers.

Transformational leadership is a leadership style that inspires and motivates subordinates to transcend personal interests for the sake of the organization (Bass & Riggio, 2020). According to Avolio & Yammarino (2021), transformational leaders are able to create significant change through a clear vision.

Transformational leadership indicators (Northouse, 2022). 1) Idealized Influence: Leaders become moral role models, (2) Inspirational Motivation: Conveying an attractive vision. (3) Intellectual Stimulation: Encouraging creativity and innovation, (4) Individualized Consideration: Paying attention to the needs of each member

Competence

Definition of Competence According to Sedarmayanti (2017), competence is a work ability of each individual that includes aspects of knowledge, skills, and work attitudes in accordance with the set standards. Factors that affect competence In her work (especially in the book "Human Resource Management"), Sedarmayanti mentioned several factors that affect competence, namely: (1) Education and Training, (2) Work Experience, (3) Motivation, (4) Work Environment, (5) Attitude and Personality

Competency Indicators according to Sedarmayanti (2017):(1) Knowledge, (2) Skills, (3) Attitude

Competency indicators (Denison, 2019) are (1) Involvement: Employee participation and empowerment, (2) Consistency: Alignment of values and behaviors, (3) Adaptability: Ability to adapt to change, (4) Mission: Clarity of organizational goals. Employee performance is the result of work achieved by a person in carrying out their duties according to their responsibilities (Armstrong, 2023). According to Pulakos (2019), performance reflects an individual's contribution to the organization's goals.

Organizational Culture

Middle theory is a more specific and focused theory that bridges the gap between big theory and applied theory. Middle theory tries to connect and explain more limited phenomena in a more focused context, while still maintaining their relevance to the big theory. In the context of this research, Organizational Culture Theory is a middle theory that explains the influence of culture in organizations on the implementation of transformational leadership and employee performance. Organizational culture is a system of values, beliefs, and norms that are embraced together in an organization (Schein, 2021). Cameron & Quinn (2020) define it as a collective identity that distinguishes one organization from another.

Organizational culture is a set of values, norms, habits, and behaviors that develop in an organization and that guide the organization's members in acting. According to Schein (2010), organizational culture can influence every aspect in organisasi, mulai dari cara komunikasi antar pegawai, pola interaksi, hingga cara pegawai berperilaku dan berpikir dalam menyelesaikan work. A strong organizational culture, especially one that supports innovation, open communication, and employee engagement, will reinforce the positive influence of transformational leadership on employee performance. This theory of organizational culture also emphasizes that a good culture can strengthen employee commitment, increase their confidence, and encourage them to perform higher, which ultimately improves the overall performance of the organization.

Applied theory is a theory that is applied in practice to explain more specific phenomena in real-world situations. Applied theory focuses more on the application of big theories or more general theories to solve concrete problems faced by organizations. In the context of this research, Transformational Leadership Theory in Public Sector Organizations can be considered as an applied theory, which explains how the application of transformational leadership styles can improve

employee performance in the context of public sector organizations, such as PT PLN (Persero) UP2D North Sumatra.

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Employee Performance

Employee performance is the result of work achieved by an employee in carrying out his duties and responsibilities in accordance with the set standards, both quantitatively and qualitatively. Performance is a measure of the success of the implementation of employee duties and functions in an organization which is also a fundamental basis in achieving organizational goals. The definition of performance according to Kasmir (2019) is the result of work and behavior that has been achieved in completing tasks and responsibilities given in a certain period, and becomes capital for the organization to achieve the organization's vision and mission. Performance according to Mangkunegara (2017) focuses on the results of employees' work in terms of quality and quantity who have completed the tasks and responsibilities given. According to Wushe & Shenje (2019), performance is the result of a person's overall work during a certain period in carrying out tasks, such as work standards, targets or criteria that have been predetermined and mutually agreed. According to Elisha S et al., (2023) individual performance is the basis of organizational performance which is greatly influenced by individual characteristics, individual motivation, expectations, and assessments carried out by management where indicators consist of the quality and quantity of outputs produced. Furthermore, according to Fitriani et al., (2022) explained that performance is the result of a structured work process from employees and related organizations. Performance measures can be considered through the side of certain quantity and quality based on organizational standards Employee Performance Indicators: (1) Quantity of Work, (2) Quality of Work, (3) Timeliness, (4) Effectiveness, (5) Efficiency, (6) Responsibility and Initiative.

Conceptual Framework

The Conceptual Framework of this study describes the relationship between three main variables, namely transformational leadership style, organizational culture, and employee performance. This conceptual framework states that transformational leadership has a direct effect on employee performance, but this relationship is moderated by the organizational culture that exists within the company.

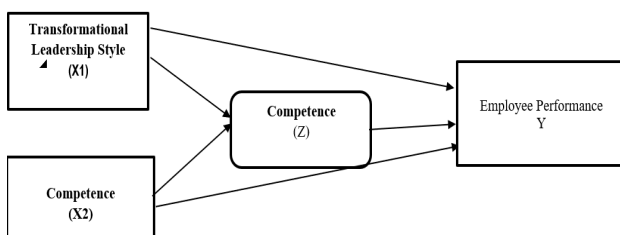


Fig 1. Research Conceptual Framework

Research Hypothesis

H1 : The transformational leadership style has a positive and significant effect on the organizational culture at PT. PLN (Persero) UP2D North Sumatra.

H2: Competence has a positive and significant effect on the organizational culture at PT. PLN (Persero) UP2D North Sumatra.

H3: Organizational culture has a positive and significant effect on employee performance at PT. PLN (Persero) UP2D North Sumatra.

H4: Transformational leadership style has a positive and significant effect on employee performance at PT. PLN (Persero) UP2D North Sumatra.

H5 : Competence has a positive and significant effect on employee performance at PT. PLN (Persero) UP2D North Sumatra.

H6: Transformational leadership style has a positive and significant effect on employee performance at PT. PLN (Persero) UP2D North Sumatra through organizational culture.

H7: Competencies have a positive and significant effect on employee performance at PT. PLN (Persero) UP2D North Sumatra through organizational culture.

Research Methods

Approaches and Types of Research

The approach used in this study is a quantitative approach, which aims to measure the relationship between variables using numerical data. The quantitative approach allows researchers to objectively describe, analyze, and test hypotheses about the influence between variables.

This type of research is a causality study that examines the cause-and-effect relationship between transformational leadership variables, organizational culture, and employee performance by using intervening variables (organizational culture) to see their role in mediating the influence of leadership on employee performance.

Time and place

This research was conducted in May 2025 for 2 months at PT. PLN (Persero) UP2D North Sumatra

Data Types and Sources

The data used in this study is primary data obtained through a questionnaire distributed to employees at PT. PLN (Persero) UP2D North Sumatra. This questionnaire contains statements that measure the variables studied, namely: Transformational Leadership, Organizational Culture, Employee Performance. The data source in this study is employees who work at PT. PLN (Persero) UP2D North Sumatra, which is a service unit that serves electricity needs in the North Sumatra region.

Research Population

The population of this study is all employees who work at PT. PLN (Persero) UP2D North Sumatra. generalization area consisting of objects / subjects that have certain qualities and characteristics that are applied by researchers to be studied and drawn conclusions (Sugiyono, 2016) Based on the company's internal data, the number of employees in this unit is around 150 people.

Sample

The research sample according to Sugiyono (2016) is part of the number and characteristics possessed by the population. The sample used in this study was 108 respondents, who were selected using a simple random sampling technique. The use of 108 respondents was taken with consideration that the number of samples met the needs of statistical analysis with a high level of confidence.

Definisi Operasional Variabel

In this study, three main variables were tested: Transformational Leadership, Organizational Culture, and

Employee Performance. The operational definitions and indicators for each variable are as follows:

Table 1. Operational Definition Table of Variables

Variabel	Definisi Operasional	Indikator
Kepemimpinan Transformasional (X1)	Gaya kepemimpinan yang menginspirasi, memotivasi, dan mengembangkan pengikut untuk mencapai tujuan yang lebih tinggi. (Northouse, 2022)	Idealized Influence (Pengaruh Ideal) Inspirational Motivation (Motivasi Inspiratif) Intellectual Stimulation (Stimulasi Intelektual) Individualized Consideration (Perhatian Individu) (Northouse, 2022)
Kompetensi (X2)	Kemampuan pegawai yang mencakup pengetahuan, keterampilan, dan sikap untuk menyelesaikan tugas. Sedarmayanti (2017):	Pengetahuan (pahaman teknis pekerjaan). Keterampilan (kemampuan praktis). Sikap (etos kerja, tanggung jawab). Sedarmayanti (2017):
Budaya Organisasi (Z)	Nilai, norma, dan pola perilaku yang berkembang di dalam organisasi dan mempengaruhi interaksi antar pegawai. (Denison, 2019):	Inovasi dan Kreativitas Komunikasi Terbuka Kolaborasi Tim Komitmen terhadap tujuan bersama (Denison, 2019).
Kinerja Pegawai (Y)	Tingkat pencapaian tujuan yang telah ditetapkan oleh organisasi yang berhubungan dengan kualitas dan kuantitas pekerjaan. Armstrong, 2023	Produktivitas Kualitas Kerja Komitmen terhadap pekerjaan Kepuasan Kerja Koopmans, 2021

Variable Operational Definition

In this study, there are three main variables tested, namely Transformational Leadership, Organizational Culture, and Employee Performance. The operational definitions and indicators for each variable are as follows:

Table 2. Table of Variable Operational Definitions

Variabel	Operational Definition	Indicator
Transformational Leadership (X1)	A leadership style that inspires, motivates, and develops followers to achieve higher goals. (Northouse, 2022)	Idealized Influence (Pengaruh Ideal) Inspirational Motivation (Motivasi Inspiratif) Intellectual Stimulation (Stimulasi Intelektual) Individualized

Competencies (X2)	An employee's ability includes knowledge, skills, and attitudes to complete tasks. Stuart (2017):	Consideration (Perhatian Individu) (Northouse, 2022) Knowledge (technical understanding of the job). Skills (practical abilities). Attitude (work ethic, responsibility). Stuart (2017):
Organizational Culture (Z)	Values, norms, and patterns of behavior that develop within the organization and affect interactions between employees. (Denison, 2019):	Innovation and Creativity Open Communication Team Collaboration Commitment to a common goal (Denison, 2019).
Employee Performance (Y)	The level of achievement of goals that have been set by the organization that relate to the quality and quantity of work. Armstrong, 2023	Productivity Quality of Work Commitment to work Koopmans Job Satisfaction, 2021

Data Analysis Model

The analysis model used in this study is Path Analysis, which is a statistical technique to test the relationship between variables simultaneously using a structural model involving independent variables, bound variables, and intervening variables. In this study, Organizational Culture will serve as an intervening variable that mediates the relationship between Transformational Leadership and Employee Performance.

Rumus Path Analysis

The path analysis model consists of several relationships between variables to be analyzed, both direct and indirect relationships. The formula for path analysis is as follows:

Direct, Indirect, and Total Influence

1. Direct Effect: Direct influence is an influence that occurs without going through other variables. Based on the path analysis model, the direct influence of the variables of Transformational Leadership and Competence on Employee Performance can be calculated as β_1 (Transformational Leadership → Employee Performance) Direct Influence = β_1 (Organizational Culture → Employee Performance) Direct Influence = β_3 .
2. Indirect Effect: Indirect influence is an influence that occurs through intervening variables, in this case Organizational Culture. To calculate the indirect influence, we multiply the coefficient of influence of Transformational Leadership on Organizational Culture

(β_2) and Organizational Culture on Employee Performance (β_3). Indirect Influence= $\beta_2 \times \beta_3$ (Transformational Leadership → Organizational Culture → Employee Performance)

Indirect Influence= $\beta_2 \times \beta_3$ (Organizational Competence → Culture → Employee Performance)

1. Total Effect: Total Impact is the overall influence of Transformational Leadership and Competencies on Employee Performance, which includes direct and indirect influences. Effect of Total= $\beta_1 + (\beta_2 \times \beta_3)$ Where:
2. β_1 is the direct influence of Transformational Leadership and competence on Employee Performance.
3. $\beta_2 \times \beta_3$ is the indirect influence of Transformational Leadership and competence on Employee Performance through Organizational Culture.

Using this formula, researchers can measure the overall impact of Transformational Leadership and competence on Employee Performance, both through direct and indirect influences mediated by Organizational Culture. This research method uses a quantitative approach with path analysis techniques to test the relationship between existing variables. With this model, it is hoped that it can provide a clearer picture of the influence of transformational leadership on employee performance, both directly and indirectly, by considering the role of organizational culture as an intervening variable.

Descriptive Analysis Results

Descriptive analysis is used to describe the data collected. In this analysis, we will calculate the mean value (mean), standard deviation (std. dev.), and frequency distribution for each variable (Transformational Leadership, Organizational Culture, Employee Performance).

Table 3. Descriptive Analysis Table

Variabel	Mean	Std. Dev.	Minimum	Maximum	N (Jumlah Responden)
Leadership Transformational (X)	3.8	0.6	2.0	5.0	108
Organizational Culture (Z)	4.2	0.5	3.0	5.0	108
Employee Performance (Y)	4.1	0.4	3.0	5.0	108

From the table above, we can see that the average score for Transformational Leadership is 3.8, with a standard deviation of 0.6, which indicates that most respondents give a positive assessment of the existing leadership. Organizational Culture has an average score of 4.2, which shows that the organizational culture at PT PLN UP2D North Sumatra is quite good according to respondents' assessments. Employee performance also shows a relatively high score (average of 4.1), indicating that the overall performance of employees is quite good.

Validity Test

To test validity, we can use the Pearson Correlation Test or the Factor Test to ensure that each item in the measurement instrument (questionnaire) has sufficient correlation with the variable being measured.

For example, for the validity test, we will examine whether each item in the Transformational Leadership variable is significantly correlated with the total score of that variable. If the Pearson correlation between an item and a variable is more than 0.3, then the item can be considered valid.

Reliability Test

To test reliability, we can use Cronbach's Alpha Coefficient. An alpha Cronbach value greater than 0.7 indicates that the measurement instrument has a good level of internal consistency.

Kepemimpinan Transformasional ($\alpha = 0.86$) → reliabilitas sangat baik.

Budaya Organisasi ($\alpha = 0.82$) → reliabilitas baik.

Kinerja Pegawai ($\alpha = 0.84$) → reliabilitas sangat baik.

If the results of the reliability test show an alpha Cronbach value of > 0.7 , then this research instrument can be considered reliable.

Results of Regression Test and Path Analysis

Regression Test

Regression tests are used to test the relationships between variables. In this study, we will conduct a simple and multiple regression test to measure the influence of Transformational Leadership on Employee Performance, either directly or through Organizational Culture as an intervening

Path Analysis

In the path analysis, we combine the three regression relationships to calculate the total influence of Transformational Leadership on Employee Performance, through Organizational Culture.

Interpretation of Results

A direct influence of 0.45 indicates that Transformational Leadership has a significant direct influence on Employee Performance. The indirect influence of 0.20 suggests that Organizational Culture strengthens the relationship between Transformational Leadership and Employee Performance. The total influence of 0.65 indicates that transformational leadership has a considerable influence on employee performance, both directly and indirectly.

DISCUSSION

Discussion: Relationship Between Variables

In this study, the relationship between transformational leadership, organizational culture, and employee performance is the focus. Based on the results of the analysis, it was found that transformational leadership has a positive influence both directly and indirectly on employee performance through the role of organizational culture as an intervening variable. This discussion will review the relationship between these variables, accompanied by support from previous research.

The Relationship of Transformational Leadership to Employee Performance

Transformational leadership focuses on developing employees' potential, inspiring, and motivating employees to achieve higher goals than just personal achievements. Research by Bass (1985) shows that transformational leaders can encourage better employee performance through an approach that pays attention to individual needs, provides inspiration, and encourages creativity and innovation at work. In the context of PT PLN (Persero) UP2D North Sumatra, leaders who adopt a transformational leadership style can improve employee performance in a similar way.

Studies by Judge and Piccolo (2024) also support these findings, which suggest that transformational leadership is significantly related to individual performance. In this study, it was found that transformational leadership has a direct effect on employee performance, which is in line with previous research that states that effective leaders in motivating and inspiring employees can increase their productivity and performance.

The Relationship of Transformational Leadership to Organizational Culture

Organizational culture is the pattern of values, norms, and behaviors that develop within an organization and influence the way employees interact with each other. Transformational leadership plays a critical role in creating a culture that supports

innovation, collaboration, and openness. Transformational leaders tend to emphasize values such as open communication, empowerment, and teamwork that make up a positive organizational culture. Research by Schein (2022) emphasizes that effective leaders can form an organizational culture that supports high performance by communicating a clear vision, setting inspiring values, and creating a supportive work environment. This is also supported by research by Denison (2022), which shows that a strong organizational culture can improve overall organizational performance. In this study, it was found that transformational leadership has a significant effect on the formation of a strong organizational culture, which in turn can affect employee performance.

The Relationship of Organizational Culture with Employee Performance

A strong organizational culture can provide a clear direction for employees and increase their attachment to the organization. A culture that supports creativity, collaboration, and commitment to organizational goals can improve employee performance. A study by Kotter and Heskett (2022) revealed that organizations with a healthy and positive culture show better performance because their employees feel more engaged and motivated to achieve common goals.

Research by Cameron and Quinn (2006) also found that organizations that have a culture that supports innovation and open communication perform better. In this study, organizational culture at PT PLN (Persero) UP2D North Sumatra plays a role as an intervening variable that strengthens the relationship between transformational leadership and employee performance. This shows that a good culture not only strengthens the direct relationship between leadership and performance but also provides an important additional influence on employee performance.

Direct and Indirect Influence

This study found that transformational leadership has a significant direct influence on employee performance, which is consistent with the findings of previous research. In addition, organizational culture serves as a mediator that strengthens the relationship. This indicates that good leadership can create a supportive culture, which in turn improves employee performance.

Research by Bass and Avolio (2023) also shows that transformational leadership not only affects direct performance but can also influence through the organizational culture built by the leader. Therefore, the influence of transformational leadership on employee performance is not only direct, but also through the process of forming a supportive culture. The results of this study support many of the findings of previous research that show that transformational leadership can improve employee performance both directly and through organizational culture as an intervening variable. Effective transformational leadership can create a supportive culture, which ultimately improves employee performance. Therefore, it is important for organizations such as PT PLN (Persero) UP2D North Sumatra to develop a transformational leadership style to maximize employee performance through the formation of a positive organizational culture.

CONCLUSION

Based on the results of the research conducted, it can be concluded that transformational leadership has a significant effect on employee performance at PT PLN (Persero) UP2D North Sumatra, both directly and indirectly. This direct influence occurs through the leader's ability to motivate and inspire employees to achieve higher organizational goals. In addition, the study also shows that organizational culture plays an important role as an intervening variable, which strengthens the relationship between transformational leadership and employee performance.

Transformational leadership not only affects employee performance directly, but also through the formation of a positive organizational culture, which can increase employee engagement and commitment. Therefore, leaders who adopt a transformational leadership style have the potential to create a more supportive work environment, which ultimately contributes to improved individual and overall organizational performance.

This research makes an important contribution to the development of leadership theory and managerial practice in the company, especially in the context of PT PLN (Persero) UP2D North Sumatra. These findings indicate the need for more attention to transformational leadership aspects and organizational culture to improve employee performance in the company.

Suggestion

Based on the results of this study, there are several recommendations that can be applied at PT PLN (Persero) UP2D North Sumatra to improve employee performance: PT PLN should provide leadership training and development to managers and team leaders to implement transformational leadership styles that can motivate, inspire, and empower employees. Strengthening Organizational Culture: Organizations need to strengthen a culture that supports innovation, openness, and collaboration. Programs that foster a sense of community and commitment to company values can improve employee performance. Regular Performance Monitoring: Periodic employee performance evaluations need to be conducted to identify areas for improvement and provide constructive feedback. Improve Employee Communication and Engagement: Opening effective communication channels between management and employees to ensure each individual feels valued and involved in achieving the company's goals. With these steps, PT PLN UP2D North Sumatra can create a more productive and competitive work environment.

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