

The Influence of Organizational Culture, Digital Literacy, and Transformational Leadership on Employee Performance and Its Impact on Job Satisfaction and Work Behavior

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Abstract

The rapid development of digital technology has prompted organizations to transform in terms of work culture, leadership, and human resource management. Amid these demands, many organizations still face challenges in adapting to change, particularly in improving employee performance. This research aims to analyze the influence of organizational culture, digital literacy, and transformational leadership on employee performance, considering the mediating role of job satisfaction and work behavior. The study was conducted at two institutions, namely PT Astra International Tbk and MNC University, representing the industrial and education sectors. Using a quantitative approach and the Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis technique, the research involved 265 respondents selected through purposive sampling. The findings indicate that organizational culture positively affects job satisfaction, digital literacy significantly influences employee performance, and transformational leadership promotes positive work behavior. Furthermore, job satisfaction and work behavior significantly mediate the relationship between organizational variables and employee performance. These findings strengthen the theories of Organizational Culture and Transformational Leadership, affirming the importance of developing adaptive cultures, visionary leadership, and digital competencies to enhance organizational performance in the era of digital transformation.

Keywords: Organizational Culture, Digital Literacy, Transformational Leadership, Job Satisfaction, Work Behavior, Employee Performance

INTRODUCTION

In the era of globalization and rapid technological development, digital literacy is an essential ability for employees and organizations to adapt and compete. Digital literacy encompasses not merely the technical proficiency to operate devices but also the critical faculties necessary to comprehend, evaluate, and deploy digital information effectively within professional contexts (Falloon, 2020). The Xu et al. (2025) research showed that increased employee digital literacy was positively correlated with productivity, creativity, and job satisfaction. Therefore, organizations need to build digital literacy skills as a foundation for improving performance and maintaining competitiveness amid rapid technological change (Ben Ghrbeia & Alzubi, 2024).

Digital literacy is now a key competency that penetrates various sectors, both public and private. Technologies such as artificial intelligence (AI), Internet of Things (IoT), and big data are increasingly integrated into work processes, demanding enhanced digital capabilities on various

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fronts (Rane, 2023). Gartner (2023) notes that companies with high levels of digital literacy can increase operational efficiency by up to 25%. In Indonesia, PT Astra International Tbk has implemented a digital literacy improvement program for its employees as part of its human resource development strategy, which has been proven to drive efficiency and innovation. A similar trend also occurs in the education sector. Research by Mardiana (2024) revealed that universities that successfully develop digital literacy among their lecturers and staff experience a significant increase in performance. MNC University is one of the institutions that includes strengthening digital literacy as part of its mission to provide technology-based education. These findings show that investing in digital literacy yields real positive impacts across a wide range of sectors.

The success of increasing digital literacy in an organization is not only determined by the availability of technology or training but also depends on an organizational culture that is adaptive to change (Bozkus, 2023; Trushkina et al., 2020). Edgar, in *Organizational Culture Theory*, explains that organizational culture consists of three levels: artifacts (visible structures, symbols, and processes), expressed values (such as vision, mission, and strategy), and basic assumptions that unconsciously influence the behavior of organizational members. When these three levels reflect the values of continuous learning and openness to technology, the process of improving digital literacy can run more effectively. A culture that supports innovation will create a work environment conducive to the adoption of new technologies, accelerate digital transformation, and ultimately improve employee performance. Thus, a deep understanding of organizational culture forms an important foundation for building sustainable digital literacy.

In addition to organizational culture, leadership is also vital in driving the improvement of digital literacy and employee performance. According to the seminal framework established, transformational leadership comprises four fundamental components: (1) idealized influence, (2) inspirational motivation, (3) intellectual stimulation, and (4) individualized consideration. Leaders who exemplify these traits are adept at cultivating a visionary climate within the organization and fostering an environment conducive to continuous learning and development. By providing clear direction on the importance of digital literacy and actively guiding each individual, transformational leaders encourage employees to be open to change, willing to adopt new technologies, and to increase their contributions to the overall performance of the organization.

Job satisfaction and work behavior are also important variables in the relationship between digital literacy, organizational culture, and leadership. Research by Fernandes et al. (2023) shows that a strong organizational culture influences the extra-role work behavior of employees. Qalati et al. (2022) emphasized that transformational leadership improves performance by strengthening organizational behavior that positively affects motivation. In addition, Hermawan et al. (2024) found that job satisfaction strengthens the relationship between transformational leadership and work behavior, which ultimately enhances employee performance, especially in the context of digital business. Thus, digital literacy, organizational culture, and leadership do not stand alone but are interconnected through job satisfaction and work behavior.

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Although many studies have examined digital literacy, organizational culture, and leadership separately, few have integrated all three while considering job satisfaction and work behavior as mediators. Qiao et al. (2024) highlight that the effectiveness of digital leadership highly depends on employee satisfaction levels and the alignment of organizational cultural values. This research seeks to fill this gap by examining the integrative relationship between digital literacy, organizational culture, and transformational leadership on employee performance, with job satisfaction and work behavior as mediating variables.

Research by Xu et al. (2025) indicates that increased employee digital literacy is positively correlated with productivity, creativity, and job satisfaction. However, this study mainly focuses on the direct impact of digital literacy without considering the influence of organizational culture and leadership on its implementation within organizational contexts (Joseph & Ravikumar, 2024; Junaedi et al., 2023). On the other hand, Mardiana (2024) revealed that universities that have succeeded in developing digital literacy among their staff experience significant performance increases, but this research did not integrate organizational culture and leadership variables in improving digital literacy. Additionally, studies by Qalati et al. (2022) and Fernandes et al. (2023) highlight the importance of organizational culture and transformational leadership in enhancing performance and extra-role work behavior. However, these studies did not consider the mediating effect of job satisfaction—a key variable in the interaction between digital literacy, organizational culture, and leadership.

This study fills that gap by integrating digital literacy, organizational culture, and transformational leadership as mutually influencing factors in improving employee performance, with job satisfaction and work behavior as mediating variables. This research provides a new perspective by examining the holistic relationships between these factors, which have not been widely explored together in the existing literature.

The objective of this research is to analyze the integrative relationship between digital literacy, organizational culture, and transformational leadership on employee performance, with job satisfaction and work behavior as mediating variables. This study aims to offer deeper insights into the synergy between digital literacy, organizational culture that supports continuous learning, and transformational leadership in enhancing employee performance. The contribution of this research is to provide guidance for organizations in developing more effective policies to increase productivity and job satisfaction, as well as to accelerate digital transformation across various industrial sectors.

METHOD

This research aims to analyze the influence of organizational culture, digital literacy, and transformational leadership on employee performance and its impact on job satisfaction and work behavior in two large companies, namely PT Astra International Tbk and MNC University. The main focus of this research is to examine the causal relationship between organizational and leadership factors and employee outcomes in the digital era. The approach used is a quantitative approach because it is considered appropriate to measure and test the relationship between

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variables objectively. The analysis method used is Partial Least Squares Structural Equation Modeling (PLS-SEM), because it is able to handle complex models with a large number of indicators and data distribution that is not always normal. The population in this research includes employees from business units that have implemented digital technology and leadership transformation programs in both companies, with purposive sample selection of relevant respondents and understanding the digitalization process in the workplace.

This survey questionnaire adopts instruments from previous research that are valid and reliable in the context of leadership and digital transformation (Martin, 2006; Taherdoost, 2016). The questionnaire consisted of several sections: respondent demographic data, participation consent, screening questions, and core questions to measure six main variables, namely organizational culture, digital literacy, transformational leadership, work behavior, job satisfaction, and employee performance. Each variable is measured with five question items using a 6-point Likert scale (1 = Strongly Agree to 6 = Strongly Agree).

Of the 276 data collected, after screening, 265 data that met the criteria were further processed. Screening is done to eliminate data with very small distribution of answers and respondents who do not meet the criteria. Validity and reliability tests show that all variable items meet the standards, so the data is ready for statistical analysis.

Table 1. Data Collection Instruments

No	Variable	Question Items
1	Organizational Culture (OC)	5
2	Literasi digital (Digital Literation/DL)	5
3	Transformational Leadership (TL)	5
4	Work Behavior (WB)	5
5	Job Satisfaction (JS)	5
6	Employee Performance (EP)	5

This research aims to analyze the influence of organizational culture, digital literacy, and transformational leadership on employee performance. In addition, this research also examines the role of job satisfaction and work behavior as mediating variables in these relationships. This research is focused on two different industries, namely manufacturing and education at PT Astra International Tbk and MNC University. At PT Astra International Tbk, a manufacturing company with a more mature and structured organizational culture, it is possible to observe the impact of deep-rooted organizational culture on employee satisfaction and performance. Meanwhile, at MNC University, organizational culture is still in the development stage and has not yet taken root strongly, thus providing insight into the challenges of forming organizational culture in the higher education sector

The research population consists of employees working in both institutions, particularly those who play an active role in the digitalization and leadership transformation process. Given the large population size and its composition that is not known in detail, the non-probability sampling method, particularly purposive sampling, was used to select respondents who fit the

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research criteria. The determination of sample size follows the guidelines of Hair et al. (2020) for PLS-SEM analysis, which is at least 5 times the number of variable indicators with the highest number of indicators in the model. With a total of 30 indicators, the minimum sample size is 150 respondents. In this research, the researcher managed to collect data from 276 respondents, but after the screening process was carried out according to the set criteria, only 265 respondents were qualified and processed in the analysis.

The research sample consisted of 276 respondents with the majority of women as many as 175 people (63.4%), followed by men as many as 95 people (34.4%), and 6 respondents (2.2%) who chose other categories or did not want to mention gender. Based on age group, most of the respondents were in the age range of 25–34 years as many as 113 people (40.9%) and 35–44 years as many as 86 people (31.2%). The age group under 25 years old amounted to 45 people (16.3%), 45–54 years old as many as 22 people (8.0%), and 55 years and older as many as 10 people (3.6%). In terms of the last education, 42 respondents (15.2%) had a high school/vocational education, 67 people (24.3%) had a Diploma education (D1–D3), 128 respondents (46.4%) had a Bachelor's education (S1), and 39 respondents (14.1%) had a Postgraduate degree (S2/S3). For job positions, most of the respondents were staff or implementers as many as 157 people (56.9%), followed by supervisors or coordinators as many as 74 people (26.8%), managers as many as 27 people (9.7%), and senior managers or equivalent as many as 18 people (6.5%). This diverse demographic profile shows a sufficiently representative sample to support the analysis of the variables in the research.

This research used the PLS-SEM method with the help of SmartPLS 4 software for data analysis. PLS-SEM is a widely used tool to research the cause-and-effect relationship between conceptual models and complex pathways (Hair et al., 2020). The analysis proceeded in two stages. Initial assessment of variable validity and reliability was conducted through measurement models. Following this confirmation, the hypothesized relationships within the structural model were examined using a bootstrapping approach with 5,000 subsamples.

Empirical Results

Variable Validity and Reliability

The reliability of the variables was assessed by examining internal consistency, measured through Cronbach's alpha and composite reliability. Consistent with psychometric literature, values exceeding 0.70 for both metrics are deemed indicative of adequate reliability (Hair et al., 2019). As presented in Table 2, all variables met this criterion, with both Cronbach's alpha and composite reliability values surpassing the recommended threshold of 0.70, thus confirming the measures' internal consistency.

Convergent validity was assessed using the Average Variance Extracted (AVE) metric. In accordance with established psychometric standards, an AVE value of 0.50 or higher is considered indicative of adequate convergent validity, as it signifies that a variable explains more than half of the variance in its indicators (Zaiț & Berteau, 2011). The results, delineated in Table 2, confirm that

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all variables met this criterion, with each AVE value exceeding the 0.50 threshold, thereby demonstrating sufficient convergent validity.

Table 2. Cronbach's alpha, composite reliability, and AVE measurement results

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	AVE
DL	0.881	0.882	0.913	0.679
EP	0.886	0.888	0.916	0.686
JS	0.908	0.909	0.931	0.730
OC	0.885	0.900	0.916	0.689
TL	0.912	0.925	0.934	0.739
WB	0.942	0.942	0.956	0.812

Discriminatory Validity

Discriminant validity denotes the extent to which a variable is empirically distinct from others within a theoretical model, thereby confirming that it measures a unique phenomenon and is not merely a reflection of related variables (Zaiğ & Berteau, 2011). Within the PLS-SEM model, discriminant validity is commonly assessed via the Heterotrait-Monotrait correlation ratio (HTMT), which provides a robust criterion for this evaluation. Hair et al. (2021) propose that discriminant validity is established when the HTMT value remains below the threshold of 0.90, indicating that the variable is empirically distinct from others within the model.

Table 3. HTMT measurement results

Variable	DL	EP	JS	OC	TL	WB
DL						
EP	0.798					
JS	0.661	0.876				
OC	0.900	0.715	0.663			
TL	0.837	0.845	0.824	0.856		
WB	0.645	0.823	0.955	0.706	0.896	

The discriminant validity test using HTMT showed that most values were below the 0.90 threshold, which signified discriminant validity was achieved. However, there are several variables such as Job Satisfaction and Work Behavior (0.955), as well as Digital Literacy and Organizational Culture (0.900) that show values above the threshold.

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In addition, the validity of the discriminant was also tested by comparing the square root of the AVE value with the values outside the diagonal on the corresponding row. Significant discriminant validity is achieved when the covariance in one variable is higher than the covariance in another variable. The findings in this research, in accordance with the criteria of Fornell and Larcker (1981), are presented in Table 4. The square root values of the AVE in the table are higher than the off-diagonal values on it. Thus, significant discriminant validity has been met according to the criteria of Fornell and Larcker (1981).

Measurement Model

Structural Model 1

Structural Model 1 was evaluated to test direct and indirect hypotheses involving DL, JS, OC, TL, WB, and EP, with job satisfaction and work behavior as mediation variables. Data was analyzed using a bootstrapping procedure of 5,000 subsamples. This model shows the relationship between DL, OC, TL, JS, WB, and EP, and tests the mediating role of JS and WB.

Table 4. discriminant validity based on Fornell-Larcker criteria

Variable	DL	EP	JS	OC	TL	WB
DL	0.824					
EP	0.707	0.828				
JS	0.604	0.795	0.854			
OC	0.789	0.635	0.605	0.830		
TL	0.745	0.761	0.764	0.771	0.859	
WB	0.590	0.753	0.877	0.654	0.847	0.901

The findings derived from the structural model analysis are presented in Figure 1, which shows the path coefficient as well as the p-value in parentheses. The findings show that all major hypotheses (H1 to H5) are accepted. In particular, OC has a significant positive influence on JS as described in H1. DL has also been proven to have a positive effect on EP, supporting H2. In addition, TL significantly affects WB in accordance with H3. Furthermore, both JS (H4) and WB (H5) were shown to have a positive influence on EP, although the influence of WB on EP was marginally significant.

In addition, the results also support the mediation hypotheses. The tests of the mediation hypotheses yielded support for H6, with JS acting as a significant mediator between OC and EP, and for H7, with WB significantly mediating the relationship between TL and EP.

The results of the structural model analysis in table 5 show that all direct hypotheses in this model are supported by data based on t-statistical values and p-values that meet significant criteria

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(Hair et al., 2010; Hair et al., 2020). The criteria used in this research were a t-statistical value of ≥ 1.96 and a p-value of ≤ 0.05 , which showed a level of significance at the level of 5%.

The results of the structural model analysis show that all direct relationships between variables in this research model are proven to be statistically significant. The test was conducted using the bootstrapping method with 5,000 subsamples, and the assessment of the significance of the relationship was based on t-statistical and p-value. According to the criteria of Hair et al. (2010; 2020), a relationship is considered significant if the t-statistical value ≥ 1.96 and the p-value ≤ 0.05 .

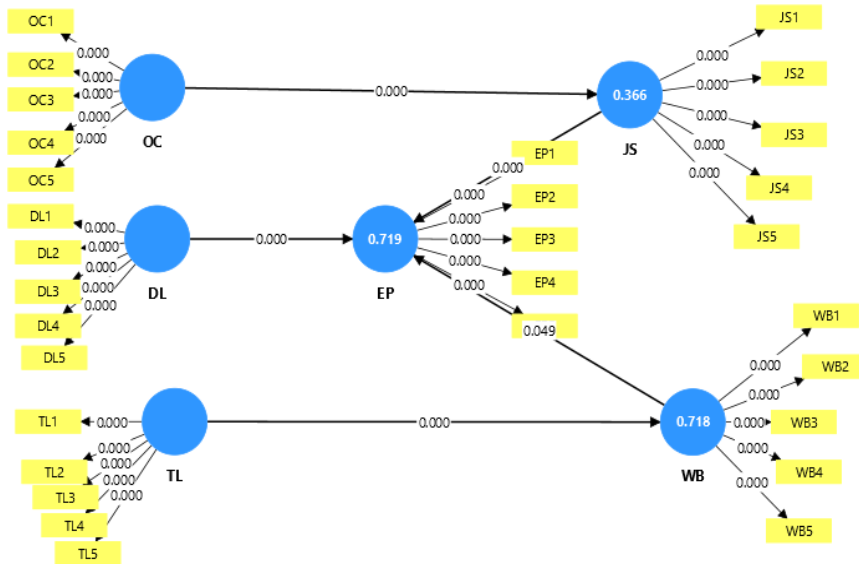


Figure 1. Bootstrapping Test Results

The findings showed that DL had a significant positive influence on EP. This shows that the higher the quality of digital leadership, the better the performance of employees in the organization. Furthermore, JS was also proven to have a significant effect on EP. This means that the job satisfaction felt by employees directly encourages an improvement in their performance.

Table 5. structural model direct line test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
DL → EP	0.343	0.347	0.066	5.213	0.000
JS → EP	0.457	0.454	0.097	4.735	0.000
OC → JS	0.605	0.612	0.072	8.451	0.000
TL → WB	0.857	0.849	0.021	41.330	0.000
WB → EP	0.150	0.150	0.091	1.654	0.049

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OC shows a strong positive influence on JS. These results indicate that a conducive organizational culture can create higher levels of job satisfaction among employees. Similarly, TL had a very significant effect on WB. These results suggest a causal relationship whereby transformational leadership practices cultivate constructive behavioral outcomes within the organizational setting.

The results of the indirect pathway analysis showed that the two mediation pathways in this research were significant. The organizational culture pathway to employee performance through job satisfaction (OC → JS → EP) in Table 6, which showed a significant influence on the 99% confidence level. Meanwhile, the transformational leadership path to employee performance through work behavior (TL → WB → EP) which also showed a significant influence, even though it was at the threshold of 5% significance. These findings support that job satisfaction and work behavior play a significant role as mediators in the research model.

Table 6. indirect pathway test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P- Values
OC → JS → EP	0.277	0.275	0.056	4.933	0.000
TL → WB → EP	0.127	0.127	0.076	1.658	0.049

RESULTS AND DISCUSSION

The Influence of Organizational Culture on Job Satisfaction (H1)

This research found that Organizational Culture has a significant positive effect on Job Satisfaction. These findings are consistent with the Organizational Culture Theory which states that organizational culture as a set of shared values, norms, and beliefs shapes the behavior and interaction patterns of organizational members. A strong and positive culture provides a stable foundation for employees to feel valued, motivated, and engaged, which in turn increases job satisfaction (Fernandes et al., 2023; Costa & Opare, 2025). In the context of digital transformation, an adaptive culture also plays a key role as a key driver for employees to accept technological changes and feel comfortable with a dynamic work environment. Therefore, a healthy organizational culture is an important foundation for creating high job satisfaction.

The Effect of Digital Transformation on Employee Performance (H2)

The results indicate that Digital Transformation exerts a positive and significant influence on Employee Performance. This is in line with the literature that affirms that digital literacy and good technological capabilities increase productivity and work effectiveness (Greene & Crompton, 2025; Spante et al., 2018). In the digital era, the ability to adapt to new technologies is the key to the success of employees in carrying out their duties efficiently and innovatively. Digital transformation not only modifies the way we work, but it also demands upskilling of employees

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that directly impact performance. Therefore, successful digitalization makes a real contribution to the achievement of organizational goals.

The Influence of Transformational Leadership on Work Behavior (H3)

The empirical results confirm the hypothesized positive effect of Transformational Leadership on Work Behavior. This is in accordance with Transformational Leadership Theory which states that transformational leaders are able to inspire, motivate, and empower employees to demonstrate adaptive and innovative work behaviors. Leaders who provide intellectual stimulation and individual attention are able to build employees' emotional commitment, so that they are more motivated to contribute optimally in the face of change, especially digital transformation (Helalat et al., 2024; Hutagaluh & Indayani, 2024). Positive work behavior is a direct manifestation of this leadership style, which ultimately impacts employee performance.

The Effect of Job Satisfaction on Employee Performance (H4)

Empirical evidence consistently demonstrates that Job Satisfaction exerts a positive influence on Employee Performance. This supports the findings of who stated that employees who feel satisfied with their work will show higher motivation, strong commitment, and better performance. Job satisfaction serves as an internal mechanism that strengthens employees' abilities and intentions to make optimal contributions. In the context of organizations facing digital transformation, job satisfaction becomes a buffer that reduces stress and resistance to change (Awan & Asghar, 2014).

The Influence of Work Behavior on Employee Performance (H5)

This research provides robust evidence that Work Behavior exerts a substantial positive influence on Employee Performance. Work behaviors that include task performance, contextual performance, and adaptability are essential in improving employee work outcomes. In times of digital transformation, adaptive work behavior allows employees to adapt quickly to new technologies and process changes, so that work performance can continue to be improved (Mariani & Fosso Wamba, 2022). Transformational leadership and the organizational culture that supports innovation play a big role in shaping these work behaviors.

The Role of Job Satisfaction Mediation between Organizational Culture and Employee Performance (H6)

Empirical evidence confirms that Job Satisfaction functions as a significant mediating mechanism in the relationship between Organizational Culture and Employee Performance. This suggests that a positive organizational culture creates a work environment that increases employee satisfaction, which ultimately encourages improved performance. In other words, organizational culture not only has a direct impact on performance, but also indirectly through job satisfaction as a psychological mechanism. These findings reinforce the Organizational Culture Theory which

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states that a strong culture aligns organizational goals and employee expectations, improving their satisfaction as well as performance.

The Role of Work Behavior Mediation between Transformational Leadership and Employee Performance (H7)

Empirical evidence confirms that Work Behavior acts as a significant mediating mechanism linking Transformational Leadership to Employee Performance. This indicates that transformational leaders improve adaptive and productive work behaviors, which in turn drives improved performance. Work behavior becomes the main channel through which the motivational and empowering effects of transformational leaders are realized into tangible work results. These findings are in line with transformational leadership theory that emphasizes the importance of emotional connections and support for innovation as the foundation of effective work behavior.

Table 7. Hypothesis Test Results

No	Hypothesis	Conclusion
1	H1: Organizational Culture has a positive effect on Job Satisfaction.	Supported
2	H2: Digital Transformation has a positive effect on Employee Performance.	Supported
3	H3: Transformational Leadership has a positive effect on Work Behavior.	Supported
4	H4: Job Satisfaction has a positive effect on Employee Performance.	Supported
5	H5: Work Behavior has a positive effect on Employee Performance.	Supported
6	H6: Job Satisfaction mediates the effect of Organizational Culture on Employee Performance.	Supported
7	H7: Work Behavior mediates the effect of Transformational Leadership on Employee Performance.	Supported

This research consistently supports the theories of Organizational Culture Theory and Transformational Leadership Theory as a foundation for understanding the influence of organizational culture, digital transformation, and transformational leadership on work behavior, job satisfaction, and employee performance. Organizational culture and transformational leadership not only have a direct influence, but also play a role through mediation mechanisms, namely job satisfaction and work behavior. These findings underscore the importance of developing an adaptive culture and an inspiring leadership style to maximize employee performance in the era of digital transformation.

CONCLUSION

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This research provides comprehensive evidence that Organizational Culture, Digital Literacy, and Transformational Leadership exert significant direct and indirect effects on Employee Performance, mediated by Job Satisfaction and Work Behavior. Specifically, an adaptive and robust Organizational Culture enhances Job Satisfaction, whereas Transformational Leadership fosters constructive and adaptive Work Behaviors, thereby facilitating higher performance outcomes. On the other hand, Digital Literacy directly strengthens Employee Performance in facing the challenges of the digital era. These findings support the theories of Organizational Culture (Schein) and Transformational Leadership (Bass & Avolio), and affirm that integration between organizational values, digital competencies, and inspirational leadership styles is essential in improving organizational effectiveness and competitiveness. Job Satisfaction and Work Behavior act as psychological and behavioral mechanisms that bridge the influence of organizational factors on performance output. Practically, organizations need to strengthen innovative cultures, systematically improve digital literacy, develop adaptive and visionary leadership, and create a work environment that supports employee engagement and satisfaction. These strategies are an important foundation for creating superior human resources and ready to face the evolving dynamics of digital transformation. While this research makes an important contribution to understanding the relationship between organizational culture, digital literacy, transformational leadership, and employee performance, there are some limitations that need to be considered. Therefore, further research can adopt a longitudinal approach to capture the dynamics of changes in organizational culture and employee work behavior over time, particularly in the context of dynamic and ever-evolving digital transformation.

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