

The Impact of Corporate Culture and Transformational Leadership on Employee Engagement: A Case Study at YKP Bank BJB

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Keywords:		Abstract
Corporate Transformational Employee Engagement	Culture; Leadership;	Employee engagement is an important factor in sustaining organizational effectiveness, particularly in nonprofit organizations where employees are expected to internalize organizational values and social missions. This study aimed to examine the effects of corporate culture and transformational leadership on employee engagement at YKP Bank BJB. A quantitative research design was employed using a census sampling technique involving all 24 employees as respondents. Data were collected through questionnaires using a five-point Likert scale and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4. The results showed that corporate culture had a positive and significant effect on employee engagement, with a t-statistic of 5.140 and a p-value of 0.000. Transformational leadership also had a positive and significant effect, with a t-statistic of 3.186 and a p-value of 0.001. Furthermore, corporate culture and transformational leadership jointly explained 97.8% of the variance in employee engagement, as indicated by an R ² value of 0.978. These findings indicated that strengthening service excellence, integrity, professionalism, inspirational motivation, intellectual stimulation, and individualized consideration could enhance employee engagement. The study concluded that corporate culture and transformational leadership were key organizational factors in improving employee engagement at YKP Bank BJB.

INTRODUCTION

In the era of globalization and increasing demands for transparent organizational governance, human resources (HR) have become a strategic factor in determining organizational success in both profit and nonprofit sectors. In nonprofit organizations such as foundations, HR management involves unique complexities, as it is not solely oriented toward performance achievement but also toward the internalization of values, commitment, and the organization's social mission. Therefore, employee engagement has emerged as a key concept in modern HR management, playing an important role in fostering employees' emotional, cognitive, and behavioral involvement within organizations (Kahn, 1990).

Employee engagement not only influences individual productivity but also contributes to overall organizational sustainability. Employees with high levels of engagement tend to demonstrate loyalty, motivation, and strong commitment to supporting organizational goals (Bakker & Demerouti, 2007). Conversely, low levels of

engagement can lead to declining performance, increased turnover intention, and reduced quality of organizational services.

The urgency of this study was based on the results of a preliminary survey, which revealed that the level of employee engagement at YKP Bank BJB was categorized as moderate, with a mean score of 3.19. This condition indicated that employee engagement had not yet reached an optimal level, particularly in aspects related to strengthening organizational identity, supervisory support, and interpersonal relationships among employees. If this condition remained unaddressed, it could potentially hinder organizational effectiveness in achieving its vision and mission. Therefore, an in-depth examination of the factors influencing employee engagement was necessary, particularly within the context of nonprofit organizations.

Theoretically, employee engagement is influenced by various factors, among which corporate culture and leadership style are considered particularly significant. Corporate culture refers to a system of values, norms, and beliefs that guides the behavior of organizational members (Schein, 2012). A strong corporate culture can create a supportive work environment, foster a sense of belonging, and encourage employee involvement within the organization. Meanwhile, transformational leadership is a leadership style that inspires, motivates, and develops individual potential to achieve performance beyond expectations (Yukl, 2020).

Previous studies have extensively examined the relationship between transformational leadership and employee engagement, producing diverse findings. An early study by Thio Yulman Nanda (2018) found that transformational leadership had a positive and significant effect on employee engagement. This finding was further supported by Hayati (2022) and Cynthia Wibowo and Elyzabeth Wijaya (2023), who reported that transformational leadership significantly enhanced employee engagement. Furthermore, Ramadhi et al. (2023) also found a significant relationship between transformational leadership and employee engagement.

However, several studies have reported contrasting findings. Safria (2022) and Nugroho (2023) found that transformational leadership did not have a significant influence on employee engagement. Similar results were reported by Sihotang et al. (2025), indicating that the effect of transformational leadership on employee engagement may vary depending on organizational contexts. These inconsistencies indicate the existence of a research gap that requires further investigation, particularly across different organizational settings.

On the other hand, studies examining the influence of corporate culture on employee engagement have generally demonstrated more consistent results. Akbar & Budiani (2021) and Nuswantoro (2021) found that corporate culture had a positive and significant relationship with employee engagement. These findings were further supported by Nata and Sugiono (2024), Rika Febriani and Reniati (2025), and Ramadhan and Arijanto (2025), who concluded that corporate culture positively influenced employee engagement. Nevertheless, contrasting findings have also been reported, such

as by Supriadi and Sihombing (2025), who found that corporate culture did not significantly affect employee engagement.

Based on the preceding discussion, it can be concluded that inconsistencies remain in previous research findings regarding the influence of corporate culture and transformational leadership on employee engagement. Furthermore, most previous studies have been conducted in profit-oriented organizations, resulting in limited research within nonprofit organizational contexts. This condition highlights a research gap that provides the foundation for conducting this study.

Accordingly, this study was conducted under the title “The Impact of Corporate Culture and Transformational Leadership on Employee Engagement: A Case Study at YKP Bank BJB.” The research is expected to contribute theoretically to the advancement of human resource management knowledge and provide practical implications for organizations in developing strategies to enhance employee engagement through strengthening corporate culture and implementing transformational leadership.

METHOD

This study employed a quantitative approach to examine causal relationships among variables through hypothesis testing. The quantitative approach was selected because the study measured relationships among variables objectively using numerical data analyzed through statistical techniques (Sugiyono, 2019). The analytical method used was Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with SmartPLS software. SEM-PLS was selected because it can analyze relationships among latent variables simultaneously and is suitable for studies with relatively small sample sizes without requiring strict data normality assumptions (Angelelli et al., 2025).

This study examined the effects of corporate culture and transformational leadership on employee engagement, both partially and simultaneously. The variables consisted of independent variables and a dependent variable. According to Creswell and Creswell (2018), an independent variable is a variable that influences or predicts an outcome, whereas a dependent variable is the outcome measured to assess the effect of the independent variables.

The first independent variable in this study was corporate culture (X1). Based on YKP Bank BJB (2020), corporate culture refers to the organizational principles and values that serve as a foundation for policies, regulations, and employee behavior in achieving organizational goals. The second independent variable was transformational leadership (X2), based on the concept proposed by Bass and Avolio (1994, as cited in Yukl, 2020). Transformational leadership emphasizes not only the achievement of organizational goals but also the development of individual potential through the transformation of values, beliefs, and motivation. This leadership style encourages employees to understand organizational vision and mission while stimulating innovative and creative thinking.

The dependent variable in this study was employee engagement (Y). Kahn (1990) defined employee engagement as the extent to which employees bring their physical,

cognitive, and emotional selves into their work roles. Furthermore, Macey and Schneider (1979) described employee engagement as a combination of positive psychological states and proactive behaviors characterized by enthusiasm, energy, and active involvement in work. Employee engagement encompasses three dimensions: trait engagement, referring to personal characteristics that predispose individuals toward engagement; state engagement, referring to psychological conditions involving energy, involvement, and dedication; and behavioral engagement, referring to observable employee actions such as initiative, extra-role effort, and commitment to task completion.

Each variable was measured using indicators adopted from relevant theoretical frameworks through variable operationalization. According to Sugiyono (2019), variable operationalization enables abstract concepts to be measured using specific indicators, allowing statistical analysis to be conducted. Accordingly, the three operational variables were defined based on their respective measurement indicators.

Table 1. Operational Variable

Variable	Definisi	Indikator	Skala
Corporate Culture (X1) (YKP Bank Bjb 2020, n.d.)	Corporate culture refers to the principles believed to be good and correct in achieving organizational goals, which serve as the foundation for policies and regulations, and guide individual behavior within the organization.	1. Service Excellence 2. Integrity 3. Profesionalisme	Ordinal
Transformational Leadership (X2) (Bass & Avolio, 1994 (Yukl, 2020)	Transformational Leadership is one of the modern leadership theories that focuses on the leader's ability to inspire and motivate followers to achieve results beyond expectations.	1. Idealized Influence 2. Inspirational Motivation 3. Intellectual Stimulation 4. Individualized Consideration	Ordinal
Employee Engagement (Y) (Kahn, 1990) and (Macey, W.H and Schneider, 1979)	Employee Engagement is a deep form of employee attachment to their work and organization, which is reflected through energy, commitment, enthusiasm, and a sense of responsibility in achieving organizational goals..	1. Physical 2. Cognitive 3. Emotional 4. Trait Engagement 5. State Engagement 6. Behavioral Engagement	Ordinal

The population of this study consisted of 24 employees within the YKP Bank BJB environment. Due to the relatively small population size, all 24 employees were included as respondents using a saturated sampling (census) technique. This approach enabled the study to represent the overall organizational conditions while minimizing sampling bias.

The study utilized primary and secondary data. Primary data were collected directly from respondents through questionnaires, while secondary data were obtained from relevant documents and literature. The research instrument was measured using a five-point Likert scale ranging from strongly disagree to strongly agree. Before analysis,

the questionnaire was tested for validity and reliability to ensure the accuracy and consistency of the measurement instrument.

Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The analysis included data preparation, measurement model (outer model) evaluation, and structural model (inner model) assessment. The outer model was evaluated through convergent validity, discriminant validity, and construct reliability, while the inner model was assessed using the coefficient of determination (R^2) and hypothesis testing. Hypotheses were considered significant when the t-statistic was > 1.96 and the p-value was < 0.05 (Hair et al., 2017).

RESULTS AND DISCUSSION

This study involved all employees of YKP bank bjb, totaling 24 respondents, using a census sampling technique. Data were collected through a five-point Likert scale questionnaire and analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach with SmartPLS 4 software. The analysis was conducted sequentially, including descriptive statistics, measurement model (outer model) evaluation, structural model (inner model) evaluation, and hypothesis testing

Descriptive Statistical Analysis

Descriptive statistical analysis was conducted to provide an overview of respondents' perceptions regarding Corporate Culture, Transformational Leadership, and Employee Engagement. The analysis revealed that all indicators obtained mean scores above 4.00, indicating that respondents generally agreed or strongly agreed with the questionnaire statements.

The mean scores for the Corporate Culture indicators ranged from 4.125 to 4.208, indicating that respondents perceived the implementation of Service Excellence, Integrity, and Professionalism positively within YKP bank bjb. Likewise, the Transformational Leadership variable achieved mean scores ranging from 4.083 to 4.250, suggesting that leaders were perceived as capable of inspiring employees, providing individual consideration, encouraging innovation, and motivating employees toward organizational goals.

Meanwhile, Employee Engagement recorded mean values ranging from 4.083 to 4.333. The highest average score was found for the State Engagement indicator (4.333), indicating that employees demonstrated high enthusiasm and motivation while performing their duties. Furthermore, all indicators exhibited standard deviation values below 1.00, indicating relatively homogeneous responses among respondents. These findings suggest that employees shared similar perceptions regarding corporate culture, transformational leadership, and employee engagement within the organization.

Measurement Model Evaluation (Outer Model)

The measurement model evaluation was conducted to ensure that all indicators used in this study were both valid and reliable in measuring their respective constructs.

Convergent Validity

Convergent validity was assessed through Outer Loadings and Average Variance Extracted (AVE). The results indicate that all indicators achieved outer loading values above the recommended threshold of 0.70, ranging from 0.721 to 0.918, demonstrating satisfactory indicator reliability. Furthermore, the AVE values for each construct were as follows:

1. Corporate Culture = 0.669
2. Transformational Leadership = 0.680
3. Employee Engagement = 0.700

Since all AVE values exceeded the recommended threshold of 0.50, each construct was able to explain more than 50% of the variance of its indicators. Therefore, convergent validity was successfully established.

Discriminant Validity

Discriminant validity was evaluated using Cross Loadings and the Fornell-Larcker Criterion. The Cross Loading results demonstrate that each indicator loaded more strongly on its intended construct than on any other construct, confirming satisfactory discriminant validity. Similarly, the Fornell-Larcker Criterion indicated that each construct possessed adequate discriminant validity, suggesting that all latent variables were empirically distinct from one another. Therefore, all constructs included in this study met the discriminant validity requirements.

Reliability Test

Construct reliability was evaluated using Cronbach's Alpha and Composite Reliability. The results are presented as follows:

Table 2. Evaluated Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability
Corporate Culture	0.747	0.857
Transformational Leadership	0.841	0.894
Employee Engagement	0.913	0.933

All values exceeded the recommended threshold of 0.70, indicating that each construct possessed satisfactory internal consistency and reliability.

Structural Model Evaluation (Inner Model)

The structural model was evaluated using the coefficient of determination (R^2). The R^2 value for Employee Engagement was 0.978, indicating that 97.8% of the variance in Employee Engagement can be explained jointly by Corporate Culture and Transformational Leadership, while the remaining 2.2% is explained by other variables outside the scope of this study. This R^2 value is considered very substantial, indicating that the proposed research model possesses excellent explanatory power.

Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in PLS-SEM with the following criteria $T\text{-statistic} > 1.96$ and $P\text{-value} < 0.05$. The results are summarized below.

Table 3. Hypothesis Testing

Hypothesis	T-Statistic	P-Value	Decision
Corporate Culture → Employee Engagement	5.140	0.000	Supported
Transformational Leadership → Employee Engagement	3.186	0.001	Supported

The Effect of Corporate Culture on Employee Engagement

The results demonstrate that Corporate Culture has a positive and significant effect on Employee Engagement. This finding is evidenced by a T-statistic of 5.140 and a P-value of 0.000, supporting the first hypothesis. These findings indicate that stronger implementation of organizational values, including Service Excellence, Integrity, and Professionalism, significantly enhances employees' attachment to both their work and the organization. Corporate culture serves as a behavioral guideline that strengthens employees' sense of belonging, organizational commitment, and shared organizational values, ultimately fostering higher employee engagement. This result supports (Schein, 2012) organizational culture theory, which argues that organizational culture represents a system of shared assumptions influencing members' behaviors. A strong organizational culture creates a supportive working environment that encourages employees to contribute beyond formal job requirements.

Empirically, this study is consistent with previous findings reported by (Nuswantoro, 2021), (Akbar & Budiani, 2021), (Nata & Sugiono, 2024), and (Ramadhan & Arijanto, 2025), all of whom concluded that organizational culture significantly improves employee engagement. Within the context of YKP bank bjb, the consistent implementation of corporate values appears to strengthen employees' emotional attachment to the organization while encouraging collaboration, professionalism, and service excellence.

The Effect of Transformational Leadership on Employee Engagement

The results indicate that Transformational Leadership has a positive and significant effect on Employee Engagement, as evidenced by a T-statistic of 3.186 and a P-value of 0.001, thereby supporting the second hypothesis. This finding suggests that transformational leaders effectively enhance employees' intrinsic motivation through inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence. These findings are consistent with the transformational leadership theory proposed Bass and Avolio by (Cynthia Wibowo, Elyzabeth Wijaya, 2023), which argues that transformational leaders inspire followers to exceed expected performance while fostering trust, commitment, and organizational citizenship.

The findings also support (Yukl, 2020), who states that transformational leadership promotes positive behavioral changes by communicating a compelling organizational vision and encouraging employee development. Empirically, this result is consistent with previous studies conducted by (Hayati, 2022), (Cynthia Wibowo,

Elyzabeth Wijaya, 2023), and (Ramadhi et al., 2023), which concluded that transformational leadership significantly increases employee engagement. Within YKP bank bjb, leaders who adopt a participative and employee-centered leadership style successfully strengthen employees' emotional attachment to the organization, leading to greater commitment and improved work performance.

The Simultaneous Effect of Corporate Culture and Transformational Leadership on Employee Engagement

The results demonstrate that Corporate Culture and Transformational Leadership jointly exert a substantial influence on Employee Engagement. This conclusion is supported by the R^2 value of 0.978, indicating that 97.8% of the variance in Employee Engagement is jointly explained by Corporate Culture and Transformational Leadership, while only 2.2% is explained by variables beyond the proposed research model. These findings suggest that both variables complement one another in fostering employee engagement. Corporate culture provides the organizational values and behavioral norms, whereas transformational leadership facilitates the internalization and implementation of those values in daily organizational practices.

This finding supports (Kahn, 1990) engagement theory, which explains that employee engagement emerges when employees experience meaningfulness, psychological safety, and organizational support. A strong corporate culture combined with transformational leadership creates these favorable psychological conditions, thereby increasing employees' physical, cognitive, and emotional engagement. Overall, all proposed hypotheses were empirically supported. These findings imply that improving employee engagement at YKP bank bjb requires continuous reinforcement of corporate culture alongside the development of transformational leadership competencies across all managerial levels.

CONCLUSION

This study concluded that corporate culture and transformational leadership had positive and significant effects on employee engagement at YKP Bank BJB. Corporate culture had a significant effect on employee engagement, with a t-statistic of 5.140 and a p-value of 0.000, indicating that the consistent implementation of service excellence, integrity, and professionalism strengthened employees' attachment, commitment, and involvement within the organization. Transformational leadership also had a positive and significant effect on employee engagement, as demonstrated by a t-statistic of 3.186 and a p-value of 0.001. Leadership practices characterized by idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration were important in strengthening employee motivation and engagement. Furthermore, corporate culture and transformational leadership jointly explained 97.8% of the variance in employee engagement, as indicated by an R^2 value of 0.978, demonstrating the strong explanatory power of the proposed model. These findings confirmed that strengthening organizational values alongside transformational leadership practices was an important strategy for maintaining and improving employee engagement at YKP Bank BJB.

Future research is recommended to expand the scope of the study by involving larger samples and employees from different foundations, financial institutions, or other nonprofit organizations to improve the generalizability of the findings. Considering that the present study involved only 24 employees through a census sampling technique, future studies could employ larger and more heterogeneous samples, as well as longitudinal or comparative research designs, to examine whether the observed relationships remain consistent across organizational contexts and over time. Future researchers may also incorporate additional variables that potentially influence employee engagement, such as organizational support, job satisfaction, work motivation, compensation, work-life balance, organizational commitment, or psychological safety. Mediation and moderation mechanisms could also be explored to provide a more comprehensive understanding of how corporate culture and transformational leadership contribute to employee engagement and related organizational outcomes.

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