

# Organizational Culture, Transformational Leadership, and Compensation Effects on Employee Productivity

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## ABSTRACT

This study investigates how organizational culture, transformational leadership, and compensation shape employee productivity among tenant employees in a decentralized retail environment. The research focuses on employees' lived experiences in navigating cultural norms, leadership styles, and reward systems within the context of tenant-operated businesses at Living World Mall Denpasar. A qualitative, phenomenological approach was adopted to gain an in-depth understanding of the phenomenon. Fifteen employees representing various retail and service tenants were selected through purposive sampling. Data were collected through semi structured interviews. The qualitative data were analyzed using an interpretive framework based on the flow model of analysis outlined by Adil et al. (2023), which includes data reduction, data display, and conclusion drawing. Thematic coding was employed to identify patterns related to leadership behavior, cultural dynamics, compensation perceptions, and employee productivity. The findings highlight that employee productivity is shaped not only by tangible incentives but also by the perceived fairness of compensation and the alignment between leadership style and organizational values. Organizational culture was found to influence workplace behavior, motivation, and collaboration, while transformational leadership emerged as a key enabler of employee engagement and performance. Compensation was perceived as both a motivator and a signal of organizational appreciation. The interplay between these factors varied across tenants, underscoring the complexity of managing human resources in decentralized organizational settings. The study proposes a conceptual understanding of how organizational culture, transformational leadership, and compensation interact to influence employee productivity in tenant based work environments. It offers practical implications for tenant managers and contributes theoretically by extending existing models of employee performance into a new organizational context within the Indonesian retail sector.



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## 1. INTRODUCTION

In an era characterized by intense global competition and organizational fluidity, enhancing employee productivity has emerged as a core strategic imperative across industries. Within the context of modern retail, particularly among tenant operated entities in lifestyle centers such as Living World Mall Denpasar, Indonesia, employee productivity is not merely an outcome of individual competencies but a complex interplay of organizational dynamics. Organizational culture, transformational leadership, and compensation structures are increasingly recognized as foundational determinants that collectively shape employee behaviors, motivation, and performance. Organizational culture, defined as the shared system of values, beliefs, and practices within a workplace, serves as a fundamental mechanism for internal integration and behavioral regulation. Empirical evidence demonstrates that a strong and adaptive organizational culture enhances employee engagement, responsiveness to innovation, and overall productivity (Priyanti & Yuniawan, 2025). In tandem, transformational leadership a leadership style that emphasizes vision articulation, intellectual stimulation, and individualized consideration has been consistently linked with increased organizational commitment and performance outcomes (Banjarnahor et al., 2025; Opolot et al., 2025). Furthermore, compensation, traditionally viewed through a financial lens, now encompasses broader psychological and motivational dimensions, influencing employee satisfaction, retention, and discretionary effort (Krishernawan et al., 2024; Handayani et al., 2025).

Recent studies have explored the interrelationships among these variables. For example, Sularmi et al. (2025) found that transformational leadership and organizational culture significantly enhance employee performance through the mediating role of job satisfaction in the multifinance sector. Similarly, Sandra and Ilyas (2025) confirmed the importance of a conducive organizational environment, leadership quality, and compensation structures in fostering innovation and elevating performance. However, despite this expanding body of literature, there remains a paucity of research focusing on decentralized employee structures such as tenant based workforces in commercial retail settings where

organizational cohesion is fragmented and managerial practices vary significantly across units.

This empirical gap is particularly salient in the Indonesian retail sector, where lifestyle malls serve as microcosms of diverse organizational practices. Living World Mall Denpasar, hosting a mix of national and local brands, represents a complex ecosystem where tenant employees operate semi-autonomously under varying leadership and cultural conditions. Understanding the determinants of productivity in such settings is crucial for designing integrated human resource strategies that transcend organizational boundaries. Accordingly, this study addresses the following research questions: (1) How does organizational culture affect employee productivity among tenant employees? (2) To what extent does transformational leadership influence productivity in this context? (3) What is the role of compensation in enhancing employee productivity? (4) Do organizational culture, transformational leadership, and compensation exert a combined and significant effect on employee productivity?

This study aims to examine the individual and collective impacts of organizational culture, transformational leadership, and compensation on employee productivity among tenant employees in Living World Mall Denpasar. By focusing on a relatively underexplored empirical context, this research contributes to the discourse on human resource development in decentralized retail organizations. The novelty of this research lies in its focus on the intersection of organizational culture, leadership, and compensation within a multi tenant retail environment in Southeast Asia a setting rarely analyzed in the extant literature. Most prior studies have been limited to hierarchical or public sector organizations (Faza & Moko, 2025; Lathifah & Frinaldi, 2025). This study extends current theoretical models by empirically validating their applicability within fragmented organizational structures, thus offering practical implications for cross organizational HR alignment in commercial malls. It further integrates contemporary leadership and motivation theories to generate a holistic framework for understanding productivity in dynamic retail ecosystems.

## 2. LITERATURE REVIEW

A systematic review of the existing literature indicates a robust academic interest in understanding how organizational culture, transformational leadership, and compensation affect employee performance and productivity. However, most studies have focused on hierarchical corporate

or public sector organizations, with limited attention to decentralized and tenant based employment structures such as those found in modern retail malls.

### **Organizational Culture and Employee Productivity**

Organizational culture has been consistently recognized as a determinant of employee behavior and organizational outcomes. According to Priyanti and Yuniawan (2025), organizational culture shapes the behavioral norms that drive innovation, adaptability, and performance. In their systematic literature review, they argue that culture plays a mediating role between leadership and organizational success, emphasizing its role in enhancing employee responsiveness and engagement. Similarly, Sandra and Ilyas (2025) demonstrated that in the telecommunications sector, a supportive organizational culture significantly influences employee performance, particularly when coupled with conducive work environments and leadership that promotes innovation. However, these studies are largely conducted within single entity organizations where cultural values are homogenized. In contrast, tenant employees in commercial malls operate under diverse cultural frameworks dictated by individual tenant organizations, highlighting a gap in the literature regarding the generalizability of these findings.

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## **Transformational Leadership and Employee Productivity**

Transformational leadership has been extensively studied for its impact on motivation, engagement, and performance. Banjarnahor et al. (2025) found that transformational leaders those who articulate a clear vision, foster innovation, and support employees emotionally can significantly enhance both intrinsic and extrinsic motivation. Their systematic review of 61 Scopus indexed articles revealed that the effectiveness of transformational leadership is contingent upon alignment with organizational culture. Likewise, Faza and Moko (2025) highlighted the mediating role of transformational leadership in linking strategic planning to organizational performance in public sector institutions. They emphasized that leadership training and strategic alignment are crucial to enhancing outcomes. However, these findings may not fully apply to retail tenant settings, where strategic planning is localized, and leadership practices may vary significantly.

Compensation is another critical factor that has shown strong correlations with employee performance. Krishernawan et al. (2024) provided empirical evidence that compensation mediates the effects of both leadership style and organizational culture on employee performance in the national banking sector. They argue that compensation not only fulfills financial needs but also reflects organizational appreciation, which motivates employees to perform. Handayani et al. (2025), in their structural analysis of PT. BTN (Persero) Tbk., found that while servant leadership does not directly impact performance, it influences productivity indirectly through rewards and job satisfaction. These findings underline the psychological and behavioral role of compensation as a non financial motivator.

Nevertheless, most compensation related research is centered on structured and centralized corporations. The decentralized nature of tenant organizations in lifestyle malls introduces variances in compensation fairness and structure that remain understudied. There is thus a pressing need to explore how compensation operates in fragmented organizational systems with minimal standardization. Although the reviewed literature provides substantial evidence supporting the positive influence of leadership, culture, and compensation on productivity, few studies have examined these relationships within decentralized, tenant based employment ecosystems such as shopping malls. Additionally, prior studies largely focus on public institutions or corporate environments with standardized HR policies, limiting the generalizability to more fragmented operational contexts.

This study addresses these limitations by empirically investigating the collective and individual effects of organizational culture, transformational leadership, and compensation on employee productivity among tenant employees at Living World Mall Denpasar. It also enriches the theoretical discourse by testing the validity of established frameworks within an understudied and complex organizational environment.

### 3. METHODS

This study adopts a qualitative research approach with a phenomenological design, aiming to explore the lived experiences of tenant employees in relation to organizational culture, transformational leadership, and compensation, and how these elements shape their productivity. The phenomenological method is particularly suitable for understanding the subjective perceptions and meanings that individuals attach to their organizational experiences. As emphasized by Adil et al. (2023), qualitative research is rooted in the interpretivist paradigm, which seeks to capture the depth of human experience and the socio cultural contexts that influence behavior. Rather than testing hypotheses or measuring variable correlations, this approach allows the researcher to engage directly with participants to uncover rich, contextual insights that quantitative methods may overlook.

The primary objective of this research is to examine how organizational culture, leadership practices, and compensation structures are perceived and experienced by employees working in tenant operated businesses within Living World Mall Denpasar, and how these perceptions influence their work performance. Although no hypothesis is explicitly stated, the study is guided by the underlying assumption that these three factors collectively and individually contribute to employee productivity in unique ways, particularly within decentralized retail environments. The research participants were selected through purposive sampling, with criteria requiring a minimum of six months of continuous employment at their respective tenant stores. This criterion ensures that informants possess sufficient exposure to internal leadership, organizational practices, and compensation systems to provide meaningful reflections. A total of 15 informants, comprising both frontline staff and supervisors from diverse tenant businesses (retail, food service, and lifestyle), were interviewed. This heterogeneity enhances the study's capacity to capture varied perspectives across different organizational subcultures.



Data collection was conducted using semi-structured in-depth interviews, allowing participants to express their experiences freely while still adhering to a guided thematic structure. In addition to interviews, non-participant observation was employed to observe leadership behavior, cultural interactions, and work dynamics within tenant environments. Where available, organizational documents such as employee manuals and reward policies were also analyzed to triangulate findings and provide contextual depth. For data analysis, the study employed a qualitative flow model of analysis as described by Adil et al. (2023), which consists of three interrelated processes: data reduction, data display, and conclusion drawing/verification. In the first stage, relevant data were selected, categorized, and condensed into meaningful units. These were then organized into thematic patterns for visual interpretation and further analysis. Finally, conclusions were drawn through an iterative process that involved constant comparison across informants, enabling verification and refinement of emerging themes. The analysis was conducted manually, using coding and memoing techniques to ensure conceptual consistency throughout the process.

This study does not utilize a pre-structured research model. Instead, it follows an emergent, flexible design where theoretical frameworks such as organizational culture theory, transformational leadership theory, and equity theory serve as interpretive lenses rather than rigid analytical structures. The insights generated through this approach are expected to contribute not only to theoretical refinement but also to practical applications in the management of decentralized retail workforces. Ethical considerations were duly observed throughout the research process. Participants were fully informed about the purpose of the study, their rights to confidentiality, and the voluntary nature of their involvement. Written informed consent was obtained prior to participation, and all data were anonymized during reporting to protect participant identity and ensure adherence to ethical research standards.

#### **4. RESULTS AND DISCUSSION**

This study explored the interrelated influence of organizational culture, transformational leadership, and compensation on employee productivity within tenant-operated businesses at Living World Mall Denpasar. Through a phenomenological lens, qualitative data drawn from interviews and field observations revealed three overarching themes shaping employee experiences and perceived performance: (1) cultural coherence and

behavioral alignment, (2) leadership dynamics and motivational engagement, and (3) the symbolic and practical function of compensation. The integration of these themes provides insight into how organizational mechanisms operate in decentralized, tenant-based retail environments.

### **Organizational Culture: A Contextual Anchor for Performance**

Organizational culture emerged as a foundational context through which employees internalize work expectations, normative behaviors, and motivation. Participants from tenant stores characterized effective cultures as those promoting open communication, collaboration, and adaptability. Employees embedded in such environments reported higher levels of engagement and alignment with organizational goals. These findings resonate with Priyanti and Yuniawan (2025), who underscore culture's pivotal role in shaping employee responsiveness, fostering innovation, and reinforcing organizational identity. Similarly, Sandra and Ilyas (2025) found that in the telecommunications sector, a cohesive and innovative culture catalyzed superior performance, particularly when aligned with leadership intent. In the current study, inconsistent cultural signals across tenant units often due to varied ownership structures and operational autonomy contributed to disparities in employee morale and commitment. Moreover, Banjarnahor et al. (2025) emphasized that culture functions not in isolation but in conjunction with leadership style. This theoretical insight is substantiated by our data: employees reported that even strong cultural values were insufficient to drive performance when not modeled or supported by effective leaders.

### **Transformational Leadership: The Engine of Engagement**

Transformational leadership was identified as a crucial driver of employee motivation, particularly in work environments characterized by autonomy and operational diversity. Employees consistently associated inspirational leadership with greater task ownership, initiative taking, and affective commitment. Those led by supervisors who articulated a clear vision, encouraged creativity, and offered individualized consideration exhibited more proactive work behaviors. These observations are in line with the findings of Sularmi et al. (2025), who demonstrated that transformational leadership enhances employee performance both directly and through mediators such as job satisfaction. The mediating role of leadership is further supported by Faza and Moko (2025), who assert that strategic outcomes are optimized when leadership practices bridge organizational planning with frontline execution. Additionally, the current study echoes the work of Rojak et al. (2024), who affirmed that transformational leadership



significantly influences staff effectiveness in educational institutions. In the context of retail tenants, however, leadership influence is often diluted by high employee turnover and operational fragmentation, making consistent leadership engagement a competitive advantage rather than a standard norm.

### **Compensation: A Dual Symbol of Value and Motivation**

Compensation in this study emerged not only as an economic resource but also as a symbolic expression of organizational appreciation. Participants frequently interpreted salary levels, bonus schemes, and non monetary incentives as indicators of how much their efforts were valued. Fairness and transparency were considered as important as the nominal value of compensation itself. This perspective aligns with the findings of Krishnawan et al. (2024), who identified compensation as a mediating mechanism between organizational culture and performance in the banking sector. Employees equated equitable pay with organizational integrity, which in turn stimulated commitment and productivity. Handayani et al. (2025) further elaborated on the psychological utility of compensation, particularly intrinsic rewards, in fostering job satisfaction and performance outcomes. Notably, compensation inconsistencies across tenants led to varying levels of dissatisfaction. Employees in low compensation units cited demotivation and disengagement, supporting Natsir et al.'s (2024) argument that a competitive and structured compensation system enhances organizational effectiveness and individual performance simultaneously.

### **The Interaction Effect: Synergistic Forces Driving Productivity**

The triangulation of data revealed that high levels of employee productivity were not solely dependent on any single factor but were instead the result of a synergistic interplay between culture, leadership, and compensation. Work environments characterized by coherent cultural values, engaged leadership, and transparent reward systems consistently fostered higher performance, enthusiasm, and discretionary effort. Conversely, a misalignment among these factors such as authoritarian leadership in a collaborative culture or inadequate compensation in high-demand roles resulted in confusion, stress, and decreased output. These dynamics mirror the framework proposed by Opolot et al. (2025), who found that culture mediates the influence of leadership on turnover intention, thereby reinforcing the necessity of internal alignment for performance sustainability. This integrative observation is consistent with Lathifah and Frinaldi's (2025) assertion that motivation functions as the conduit linking internal organizational mechanisms to performance. Within the Living World

Mall setting, motivation was found to be contingent not only on individual ambition but on the degree to which employees felt culturally connected, meaningfully led, and fairly rewarded.

### **Theoretical Contribution and Practical Implication**

The findings of this study contribute to the existing body of literature by demonstrating that the effectiveness of organizational culture, transformational leadership, and compensation is contextual and relational rather than absolute. Specifically, in fragmented tenant based systems, where organizational control is distributed, these factors interact dynamically and must be viewed as a collective ecosystem influencing productivity. Practically, the study suggests that tenant managers should invest in leadership training programs that promote transformational behavior, codify cultural values into daily operations, and design transparent compensation systems. Retail centers such as Living World Mall can benefit from facilitating cross-tenant HR coordination to reduce fragmentation and promote shared performance standards.

## **5. CONCLUSION**

This study concludes that employee productivity within decentralized retail settings, such as tenant operated businesses at Living World Mall Denpasar, is shaped by the synergistic interplay between organizational culture, transformational leadership, and compensation structures. Organizational culture functions as a foundational mechanism that establishes behavioral norms and fosters psychological alignment with organizational values. Transformational leadership enhances this dynamic by cultivating a sense of purpose, agency, and professional belonging, thereby driving employee engagement and discretionary effort. Compensation, when perceived as fair and transparent, not only fulfills economic expectations but also reinforces organizational appreciation and equity. The integration of these three elements creates a performance enabling environment, whereas their misalignment can diminish morale and disrupt work consistency. This research contributes to the ongoing discourse on human resource development by contextualizing well-established theoretical constructs within the unique framework of tenant-based organizational ecosystems. It offers empirical insights into how cultural coherence, leadership quality, and reward systems collectively shape employee outcomes, while underscoring the need for adaptive HR strategies in fragmented organizational contexts.

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