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Transformational Leadership, Organizational Culture, and Good Governance: The Mediating Effect of Public Administrative Reform

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Abstract: This study aims to analyze the effects of Transformational Leadership and Organizational Culture on Good Governance through Public Administration Reform as a mediating variable. A quantitative approach was employed involving 100 Civil Servants (ASN) at the Bekasi Mayor's Office as respondents. Data were collected through an online questionnaire administered using Google Forms with a five-point Likert scale and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 3.0. The results show that Transformational Leadership has a positive and significant effect on Public Administration Reform ($\beta = 0.339$; $p < 0.001$) but has no direct significant effect on Good Governance ($\beta = -0.041$; $p = 0.605$). Organizational Culture has positive and significant effects on Public Administration Reform ($\beta = 0.609$; $p < 0.001$) and Good Governance ($\beta = 0.454$; $p < 0.001$). Public Administration Reform has a positive and significant effect on Good Governance ($\beta = 0.516$; $p < 0.001$). Furthermore, Public Administration Reform significantly mediates the effects of Transformational Leadership ($\beta = 0.175$; $p < 0.001$) and Organizational Culture ($\beta = 0.314$; $p < 0.001$) on Good Governance. The model explains 74.5% of the variance in Public Administration Reform and 80.5% of the variance in Good Governance.

Keyword: Transformative Leadership, Organizational Culture, Public Administration Reform, Good Governance.

INTRODUCTION

Public administrative reform is a strategic process aimed at establishing a bureaucratic system that is efficient, effective, transparent, accountable, and oriented toward improving the quality of public service delivery. This reform extends beyond technical and administrative adjustments, encompassing fundamental changes in governmental ideology, administrative paradigms, and organizational culture. It involves comprehensive transformations in institutional structures, administrative mechanisms, and the behavior of

public officials to ensure the continuous improvement of government performance in serving society. According to (Cheung, 2020), the direction and priorities of public administrative reform are largely shaped by a country's ideological and socio-political context, as each reform agenda evolves in response to the specific challenges and needs of a particular period.

Furthermore, the primary objective of public administrative reform is to enhance responsiveness, efficiency, and accountability of government institutions in addressing the demands of modern society. To achieve these objectives, various reform strategies have been implemented, including the restructuring of public organizations, the adoption of e-government initiatives, and the application of modern public management principles (Brusati & Capurso, 2022; Krasniqi et al., 2020). Countries pursue different reform trajectories depending on their socio-political circumstances. For example, in Kosovo, public administrative reform has become an integral component of state-building efforts, involving fundamental transformations in the public service system. In Ukraine, administrative reform has been directed toward supporting European integration by strengthening governance effectiveness as a driver of economic growth and social welfare (Krasniqi et al., 2020; Nesterenko & Bohatyrova, 2019). Consequently, public administrative reform represents a dynamic and adaptive process through which governments continuously adjust bureaucratic systems to accommodate strategic environmental changes and evolving public expectations.

Conceptually, public administrative reform should be implemented in a comprehensive and systematic manner by considering local contexts, technological advancements, and the continuous development of managerial capacity among civil servants. Comprehensive reform constitutes a fundamental prerequisite for effective governance, ensuring that public bureaucracies are capable of responding to increasingly complex societal demands. In this context, public administrative reform is closely associated with the concept of good governance, which emphasizes transparency, accountability, efficiency, and effectiveness in every aspect of governmental administration. Good governance serves not only as a normative framework but also as a globally recognized guideline for implementing administrative reform, with the ultimate objective of enhancing openness, public trust, and the responsiveness of government institutions to citizens' needs ((Anđelković, 2023), 2023).

In Indonesia, the commitment to bureaucratic reform and good governance has remained a central policy priority since the political reform movement of 1998. This commitment has been institutionalized through various laws and regulations, including Law No. 28 of 1999 concerning State Administration Free from Corruption, Collusion, and Nepotism, and Presidential Instruction No. 7 of 1999 concerning government agency performance accountability. These regulatory frameworks emphasize that good governance is not merely an ethical principle but also a managerial instrument that ensures the optimal and results-oriented utilization of public resources (Arszulowicz, 2025).

Moreover, good governance requires the ethical and accountable management of public affairs by emphasizing corruption, optimizing the functions of public institutions, and promoting societal welfare. Fundamental principles such as the rule of law, justice, professionalism, and accountability provide the foundation for a transparent and service-oriented public administration. In practice, collaboration among government institutions, the private sector, and civil society constitutes a critical element in strengthening participatory governance. (Rasul, 2009) argues that good governance should promote synergy and cooperation among social actors rather than competition for power, thereby fostering governmental independence, social justice, and sustainable public development.

As an important benchmark of bureaucratic performance, good governance ensures that public policies are formulated and implemented based on the principles of accountability, transparency, and public participation. Consistent law enforcement and the effective implementation of regulations are essential to preventing abuses of authority and maintaining

bureaucratic integrity. Nevertheless, as noted by (Maranjaya, 2022), significant challenges remain in implementing good governance, particularly regarding the limited involvement of all segments of society. Therefore, effective governance requires collaborative commitment among government institutions, civil society, and the private sector, supported by an appropriate regulatory framework capable of integrating economic, political, and administrative dimensions to achieve sustainable public welfare.

Within this framework, transformational leadership plays a pivotal role as a catalyst for the successful implementation of public administrative reform and the achievement of good governance. Transformational leadership enhances the commitment of civil servants, strengthens adherence to organizational values, and stimulates innovation in public service delivery. Empirical evidence from Palestine demonstrates that transformational leadership positively influences the implementation of good governance principles, particularly in terms of effectiveness, accountability, and transparency (Omar Elmasry & Bakri, 2019). Consequently, strengthening transformational leadership capacity has become one of the most important strategies for improving the performance of public sector organizations.

According to (Northouse, 2025), leadership is the process of influencing individuals or groups to achieve shared objectives. Transformational leadership has been shown to foster positive behavioral change, enhance employee motivation, and strengthen public service orientation (Berraies & Zine El Abidine, 2019).

In addition to leadership, organizational culture constitutes another critical determinant of good governance. Organizational culture, encompassing the shared values, beliefs, and norms that guide organizational behavior, significantly influences policy implementation, public service quality, and bureaucratic performance (Handley et al., 2024). Organizations characterized by a positive culture create working environments that emphasize accountability, service ethics, collaboration, and continuous improvement. (Denison & Mishra, 1995) argue that a healthy organizational culture is characterized by transparency, innovation, and responsibility, all of which represent fundamental pillars of good governance.

Conversely, closed and unaccountable bureaucracies often emerge from organizational cultures that tolerate misconduct or encourage excessive authoritarianism. By contrast, adaptive and participatory organizational cultures enhance public trust in government institutions. Therefore, bureaucratic transformation can only be successfully achieved when accompanied by fundamental changes in the internal organizational culture. A strong organizational culture not only increases employee engagement but also promotes innovation and organizational adaptability in responding to the dynamic nature of public service delivery. Accordingly, strengthening transformational leadership and cultivating a healthy organizational culture constitute two strategic pillars for supporting public administrative reform and ultimately realizing good governance.

METHOD

This study employed a quantitative research approach with a sample of 100 respondents. The study utilized primary data collected through a questionnaire distributed to respondents via Google Forms. Data analysis included outer model assessment, inner model assessment, and hypothesis testing, all conducted using the Structural Equation Modeling (SEM) approach. The data were analyzed using SmartPLS version 3.0 software (Hair, 2014; Hasanuddin et al., 2024).

RESULT AND DISCUSSION

The research findings were analyzed in two main stages: the *outer model* assessment to evaluate the validity and reliability of the research instrument, and the *inner model* assessment to examine the structural relationships among the latent variables. These stages

were conducted sequentially to ensure that the research model demonstrated adequate measurement quality and structural relationships.

At the *outer model* stage, based on the results of convergent validity and discriminant validity testing through *cross loadings*, indicator KO2 was eliminated because it had an *outer loading* of 0.119, which was substantially below the minimum threshold of 0.40. This value indicated a very low contribution of KO2 in reflecting the organizational culture construct and resulted in an AVE value of 0.481, which did not meet the minimum criterion of 0.50. Therefore, KO2 was removed and the model was re-estimated to obtain a measurement model that met the required validity and reliability criteria.

Measurement Model (*Outer Model*)

The measurement model (*outer model*) was used to evaluate the extent to which the indicators adequately represented the latent constructs under investigation. This assessment was conducted to ensure that the research instrument demonstrated adequate validity and reliability before proceeding to the structural model (*inner model*) analysis. In this study, the *outer model* evaluation included convergent validity based on *outer loading* and *average variance extracted* (AVE), as well as discriminant validity assessed through *cross loadings, the Fornell–Larcker criterion*, and the *heterotrait–monotrait ratio* (HTMT). The results of these assessments served as the basis for determining the adequacy of the indicators and constructs in explaining the relationships among the variables in the research model.

1. Convergent Validity

Convergent validity was assessed based on *outer loading* and *average variance extracted* (AVE) values. The results show that most indicators have *outer loading* values above 0.70, while the AVE values for all constructs meet the minimum threshold of 0.50. Therefore, the research indicators and constructs generally satisfy the requirements for convergent validity.

Tabel 1. *Outer Loading*

Indicator	Transformational Leadership	Organizational Culture	Public Administration Reform	Good Governance
KT1	0,889			
KT2	0,693			
KT3	0,864			
KT4	0,835			
KT5	0,837			
KO1		0,800		
KO2		0,880		
KO3		0,840		
KO4		0,754		
KO5		0,586		
KO6		0,800		
RAP1			0,796	
RAP2			0,840	
RAP3			0,794	
RAP4			0,903	
TKB1				0,864
TKB2				0,894
TKB3				0,789
TKB4				0,800

Source: SmartPLS 3.0 Output

The *outer loading* results show that all indicators have values ranging from 0.586 to 0.903, with most meeting the ideal threshold of >0.70. Although KT2 (0.693) and KO5 (0.586) are below 0.70, both can still be retained because their values are above 0.50. Overall, the indicators satisfy the requirements for convergent validity.

Tabel 2. *Average Variance Extracted* (AVE)

Variabel	Average Variance Extracted (AVE)
Transformational Leadership	0,683
Organizational Culture	0,588
Public Administration Reform	0,697
Good Governance	0,702

Source: SmartPLS 3.0 Output

The AVE results show that all constructs have values above the minimum threshold of 0.50, namely 0.683 for transformational leadership, 0.588 for organizational culture, 0.697 for public administration reform, and 0.702 for good governance. Therefore, all constructs meet the requirements for convergent validity.

2. Discriminant Validity

Discriminant validity was assessed to ensure that each construct in the study was sufficiently distinct from the other constructs. The assessment was conducted using *cross loadings*, the *fornell–larcker criterion*, and the *heterotrait–monotrait ratio* (HTMT). The results of these three assessments are presented in Tables 3, 4, and 5, respectively, as a basis for evaluating the distinctiveness among the constructs in the research model.

Tabel 3. *Cross Loading*

Indicator	Transformational Leadership	Organizational Culture	Public Administration Reform	Good Governance
KT1	**0,889**	0,576	0,650	0,571
KT2	**0,693**	0,510	0,574	0,529
KT3	**0,864**	0,484	0,584	0,447
KT4	**0,835**	0,553	0,628	0,549
KT5	**0,837**	0,432	0,509	0,406
KO1	0,419	**0,704**	0,434	0,530
KO2	0,398	**0,800**	0,607	0,656
KO3	0,463	**0,880**	0,686	0,727
KO4	0,389	**0,840**	0,617	0,695
KO5	0,580	**0,754**	0,765	0,721
KO6	0,626	**0,586**	0,602	0,539
RAP1	0,549	0,740	**0,796**	0,710
RAP2	0,755	0,703	**0,840**	0,686
RAP3	0,511	0,543	**0,794**	0,680
RAP4	0,580	0,740	**0,903**	0,788
TKB1	0,468	0,800	0,747	**0,864**
TKB2	0,479	0,787	0,775	**0,894**
TKB3	0,572	0,599	0,680	**0,789**
TKB4	0,565	0,649	0,672	**0,800**

Source: SmartPLS 3.0 Output

The *Cross Loading* results show that most indicators have the highest loading on the constructs they are intended to measure. This indicates that the indicators generally demonstrate adequate discriminant ability across their respective constructs. However, several indicators, particularly KO5, RAP1, and TKB1–TKB2, exhibit relatively high cross-

loadings on other constructs. Therefore, discriminant validity needs to be further confirmed using the *Fornell–Larcker Criterion* and HTMT.

Tabel 4. Fornell–Larcker Analysis

Construct	Diagonal Value	Highest Value with Other Constructs
KT	0,826	0,720
KO	0,767	0,852
RAP	0,835	0,859
TKB	0,838	0,859

Source: SmartPLS 3.0 Output

The transformational leadership (KT) construct meets the discriminant validity criterion because its diagonal value of 0.826 is greater than its highest correlation with another construct, which is 0.720. In contrast, organizational culture (KO), public administration reform (RAP), and good governance (TKB) do not meet the fornell–larcker criterion because their diagonal values are lower than certain inter-construct correlations. This condition indicates a relatively high degree of empirical similarity among these constructs.

Tabel 5. *Heterotrait–Monotrait Ratio of Correlations* (HTMT)

Construct	KT	KO	RAP	TKB
KT	—	0,717	0,822	0,707
KO	0,717	—	0,944	0,980
RAP	0,822	0,944	—	1,001
TKB	0,707	0,980	1,001	—

Source: SmartPLS 3.0 Output

The HTMT results show that the relationships between KT–KO (0.717), KT–RAP (0.822), and KT–TKB (0.707) are below the threshold of 0.90, indicating that transformational leadership demonstrates relatively adequate empirical distinctiveness from the other constructs. In contrast, the HTMT values for KO–RAP (0.944), KO–TKB (0.980), and RAP–TKB (1.001) indicate substantial empirical overlap, with RAP–TKB being the primary concern because its value slightly exceeds 1.00.

Overall, discriminant validity is not yet fully optimal, particularly for the relationships among KO–RAP, KO–TKB, and RAP–TKB. However, most indicators have their highest loading on their respective constructs. Referring to (Henseler et al., 2015), the model can still be used for further analysis, while taking into account the empirical overlap among the constructs.

3. Reliability

Reliability testing was conducted using *composite reliability* and *cronbach's alpha* to assess the internal consistency of the indicators in measuring the research constructs. The results of these assessments are presented in Tables 6 and 7 as a basis for ensuring that all constructs demonstrate adequate reliability.

a) Composite Reliability

The *composite reliability* test was used to assess the internal consistency of each construct. A construct is considered reliable when its *composite reliability* value is greater than 0.70. The results of the analysis are presented in the following table.

Tabel 6. Construct Reliability and Validity Analysis Results (Composite Reliability)

Variabel	Composite Reliability
Transformational Leadership	0,896
Organizational Culture	0,877
Public Administration Reform	0,902

Variabel	Composite Reliability
Good Governance	0,904

Sumber: Output SmartPLS 3.0

The *composite reliability* results show that all constructs have values above the 0.70 threshold, namely 0.896 for transformational leadership, 0.877 for organizational culture, 0.902 for public administration reform, and 0.904 for good governance. Therefore, all constructs are considered reliable and demonstrate good internal consistency.

b) Cronbach's Alpha

The *Cronbach's Alpha* test was used to assess the internal consistency of the instrument. Constructing is considered reliable when its *Cronbach's Alpha* value is greater than 0.70.

Tabel 7. Hasil Analisis *Construct Reliability and Validity (Cronbach's Alpha)*

Variabel	Cronbach's Alpha
Transformational Leadership	0,846
Organizational Culture	0,825
Public Administration Reform	0,853
Good Governance	0,859

Sumber: Output SmartPLS 3.0

The *cronbach's alpha* results show that all constructs have values above the 0.70 threshold, namely 0.846 for transformational leadership, 0.825 for organizational culture, 0.853 for public administration reform, and 0.859 for good governance. Therefore, all constructs are considered reliable and demonstrate good internal consistency.

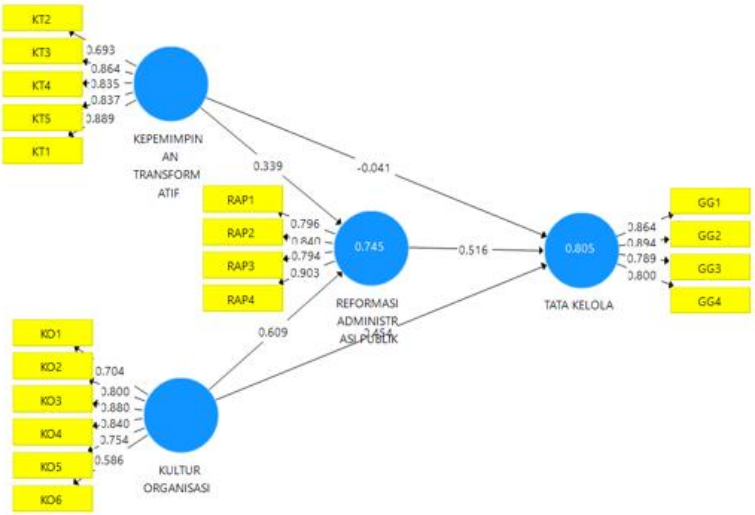


Figure 1. Outer Model

Structural Model (*Inner Model*)

The *inner model* was used to assess the relationships among the constructs based on the R^2 values. An R^2 value of 0.67 is considered strong, 0.33 moderate, and 0.19 weak (Furadantin, 2018).

Tabel 8. Structural Model Analysis (R^2)

Variabel	R^2	R^2 *Adjusted*
Transformational Leadership	0,745	0,740
Good Governance	0,805	0,799

Sumber: Output SmartPLS 3.0

The R^2 value of 0.745 for public administration reform indicates that the model has strong predictive explanatory power, while the R^2 value of 0.805 for good governance indicates very strong explanatory power. The *Adjusted* R^2 values, which are only slightly lower than the corresponding R^2 values, indicate that the model's explanatory power remains stable after accounting for the number of predictors included in the model.

Hypothesis Testing

Hypothesis testing was conducted using *path coefficients* and *indirect effects* to assess the direct and indirect effects among the constructs. Hypotheses were evaluated based on the *T-statistics* and *P-values*, with the results presented in Table 9.

Tabel 9. Hypothesis Testing Analysis Results (*Path Coefficients* and *Indirect Effects*)

Path Relationship	Original Sample (O)	Sample Mean (M)	T Statistics	P Values	Confidence Interval 95%	Description
Transformational Leadership → Public Administration Reform	0,339	0,330	0,070	4,868	0,000	Significant
Transformational Leadership → Good Governance	-0,041	-0,032	0,080	0,518	0,605	Not Significant
Organizational Culture → Public Administration Reform	0,609	0,617	0,063	9,637	0,000	Significant
Organizational Culture → Good Governance	0,454	0,451	0,102	4,466	0,000	Significant
Public Administration Reform → Good Governance	0,516	0,513	0,095	5,410	0,000	Significant
Transformational Leadership → Public Administration Reform → Good Governance	0,175	0,169	0,047	3,716	<0,001	Significant
Organizational Culture → Public Administration Reform → Good Governance	0,314	0,317	0,069	4,541	<0,001	Significant

The results show that transformational leadership has a positive and significant effect on public administration reform ($\beta = 0.339$; $p < 0.001$) but does not have a significant effect on good governance ($\beta = -0.041$; $p = 0.605$). Organizational culture has positive and significant effects on Public Administration Reform ($\beta = 0.609$; $p < 0.001$) and good governance ($\beta = 0.454$; $p < 0.001$). Furthermore, public administration reform has a positive and significant effect on good governance ($\beta = 0.516$; $p < 0.001$). regarding the indirect effects, public administration reform significantly mediates the relationships of transformational leadership and organizational culture with good governance, with $\beta = 0.175$ and $\beta = 0.314$, respectively ($p < 0.001$).

1. The Effect of Transformational Leadership on Public Administration Reform

Transformational Leadership has a positive and significant effect on Public Administration Reform, with a path coefficient of 0.339, a *t-statistic* of 4.868, and $p < 0.001$. This indicates that stronger implementation of transformational leadership is associated with a greater tendency toward public administration reform.

2. The Effect of Transformational Leadership on Good Governance

Transformational Leadership does not demonstrate a significant direct effect on good governance. The path coefficient is −0.041, with a *t-statistic* of 0.518 and $p = 0.605$. Therefore, an increase in transformational leadership has not been empirically demonstrated to directly improve good governance in this model, and H2 is rejected. This finding indicates that transformational leadership does not directly exert a significant influence on the improvement of good governance.

3. The Effect of Organizational Culture on Public Administration Reform

Organizational Culture has a positive and significant effect on public administration reform. The coefficient of 0.609, *t-statistic* of 9.637, and $p < 0.001$ indicate that organizational culture is one of the strong predictors of public administration reform in the research model.

4. The Effect of Organizational Culture on Good Governance

Organizational culture also has a positive and significant effect on good governance, with a coefficient of 0.454, a *t-statistic* of 4.466, and $p < 0.001$. This finding indicates that a stronger organizational culture characterized by positive organizational values and behaviors is associated with better governance. Accordingly, H4 is accepted. The result demonstrates that a stronger Organizational Culture contributes to improving the quality of governance.

5. The Effect of Public Administration Reform on Good Governance

Public Administration Reform has a positive and significant effect on Good Governance, with a coefficient of 0.516, a *t-statistic* of 5.410, and $p < 0.001$. This finding provides empirical support for the argument that administrative reform constitutes an important mechanism for improving the quality of governance. Therefore, H5 is accepted. The result indicates that better implementation of public administration reform is associated with better governance.

6. The Effect of Transformational Leadership on Good Governance through Public Administration Reform

The indirect effect of transformational leadership on good governance through public administration reform is 0.175 and is statistically significant, with a *t-statistic* of 3.716 and $p < 0.001$. The 95% bootstrap confidence interval ranges from 0.081 to 0.268, which does not include zero. This finding indicates that public administration reform significantly mediates the effect of transformational leadership on good governance.

7. The Effect of Organizational Culture on Good Governance through Public Administration Reform

The indirect effect of organizational culture on good governance through Public Administration Reform is 0.314, with a *t-statistic* of 4.541 and $p < 0.001$. The 95% bootstrap confidence interval ranges from 0.193 to 0.455, which also does not include zero. This result indicates that public administration reform significantly mediates the effect of organizational culture on good governance.

Discussion

1. The Effect of Transformational Leadership on Public Administration Reform

Transformational leadership has a positive and significant effect on public administration reform, indicating that effective transformational leadership can play an important role in strengthening the implementation of administrative reform. Leaders who are able to communicate a clear vision, provide motivation, encourage innovation, and build employees' commitment to change can create an organizational environment that is more receptive to administrative transformation. In the context of public administration, such leadership can encourage improvements in bureaucratic processes, organizational practices, service delivery, and the adoption of more adaptive and innovative approaches.

This finding is consistent with (Saadah, 2024; Suandi et al., 2024), who emphasize the importance of transformational leadership in promoting innovation in the public sector and supporting bureaucratic change. Their findings reinforce the argument that administrative reform is not merely a matter of changing procedures or regulations but also requires leadership capable of mobilizing organizational members toward a shared vision of change. Theoretically, this finding strengthens transformational leadership theory, which views leaders as important agents of organizational change through vision, inspiration, intellectual

stimulation, and individualized support. Thus, transformational leadership can serve as a strategic driver that facilitates the successful implementation of public administration reform.

2. The Effect of Transformational Leadership on Good Governance

Transformational Leadership does not have a significant direct effect on good governance. This finding indicates that although transformational leadership provides vision, motivation, and direction for organizational change, these leadership qualities do not automatically translate into improvements in governance outcomes. In the context of public administration, a leader's vision needs to be supported by concrete changes in administrative systems, procedures, organizational structures, accountability mechanisms, and public service practices. Without such institutional changes, transformational leadership may remain at the level of leadership orientation and may not be sufficient to produce measurable improvements in good governance.

This result differs from the findings of (Dema et al., 2021; Omar Elmasry & Bakri, 2019), who reported a positive relationship between transformational leadership and good governance. The difference may be explained by variations in institutional context, organizational characteristics, and the mechanisms through which leadership affects governance. In the present study, transformational leadership appears to have a stronger role in initiating or supporting public administration reform rather than directly improving good governance. Therefore, the benefits of transformational leadership may require an intermediate process that converts leadership vision into systematic administrative changes.

Theoretically, this finding provides an important refinement to transformational leadership theory by suggesting that the effect of leadership on governance outcomes is not necessarily immediate or direct. Instead, leadership may influence governance through institutional and organizational mechanisms, particularly public administration reform. Administrative reform can function as a bridge that translates leadership vision and motivation into improvements in accountability, transparency, effectiveness, efficiency, and responsiveness. Thus, the insignificant direct relationship does not necessarily imply that transformational leadership is irrelevant to good governance, rather, its contribution may become more meaningful when it is embedded within and followed by effective administrative reform.

3. The Effect of Organizational Culture on Public Administration Reform

Organizational culture has a positive and significant effect on public administration reform, indicating that a strong and supportive organizational culture can increase an organization's readiness and capacity to implement administrative change. Organizational values such as innovation, collaboration, integrity, accountability, adaptability, and service orientation can encourage employees to accept new policies, improve work processes, and actively participate in reform initiatives. A culture that supports openness to change also helps reduce resistance within the organization, strengthens cooperation among employees, and creates a shared commitment to achieving administrative reform objectives.

This result is consistent with the findings of (Dobrin et al., 2021; Kirmikiroglou et al., 2024; Mojić et al., 2018; Yuana et al., 2025), who highlight the important role of organizational culture in supporting organizational transformation and change in the public sector. Their findings suggest that administrative reform cannot rely solely on formal policies, regulations, or structural adjustments, but also require cultural conditions that encourage employees to embrace new ways of working. In this context, organizational culture functions as an internal foundation that shapes how employees respond to reform policies and translate them into daily administrative practices.

Theoretically, this finding reinforces organizational culture theory, which views organizational values, norms, beliefs, and shared practices as important foundations for organizational effectiveness and successful reform. A culture that promotes innovation,

integrity, collaboration, and public service can create a more conducive environment for implementing administrative changes. Therefore, strengthening organizational culture should be considered an integral component of public administration reform, because sustainable reform requires not only changes in administrative systems but also changes in the values and behaviors that guide organizational members.

4. The Effect of Organizational Culture on Good Governance

Organizational Culture has a positive and significant effect on Good Governance, indicating that a strong organizational culture can create an internal environment that supports the implementation of effective, transparent, accountable, and responsive governance. Organizational values such as integrity, accountability, collaboration, transparency, professionalism, and service orientation encourage employees to perform their responsibilities consistently with good governance principles. When these values are deeply internalized, they can influence not only individual behavior but also organizational decision-making, coordination, public service delivery, and accountability practices.

This finding is consistent with Anggara and (Anggara & Suwasono, 2023; Jatmiko & Amalia, 2022), who emphasize the importance of organizational culture in supporting the implementation of good governance. Their findings suggest that governance improvements require more formal regulations and administrative procedures; they also depend on the extent to which organizational members understand, accept, and practice the values underlying good governance. A culture that promotes ethical behavior, cooperation, responsibility, and commitment to public service can therefore strengthen the organization's ability to implement governance principles in everyday administrative practices.

Conceptually, this finding confirms that good governance is built not only through formal rules, policies, and institutional mechanisms, but also through values and behaviors that are consistently internalized within the organization. In this sense, organizational culture acts as an important foundation that connects formal governance requirements with actual employee behavior. Therefore, strengthening organizational culture is essential for creating sustainable Good Governance, because governance practices are more likely to be effective when they are supported by shared organizational values and behaviors rather than relying solely on external controls and regulations.

5. The Effect of Public Administration Reform on Good Governance

Public Administration Reform has a positive and significant effect on Good Governance, indicating that improvements in administrative systems, procedures, organizational structures, coordination mechanisms, accountability, transparency, and public service delivery can contribute substantially to improving the quality of governance. Administrative reform enables public institutions to address bureaucratic inefficiencies, reduce unnecessary procedures, strengthen institutional accountability, and improve the responsiveness of government organizations to public needs. Through these changes, government institutions can become more effective, transparent, participatory, and oriented toward the delivery of quality public services.

The positive relationship also indicates that good governance is more likely to be achieved when administrative reform is implemented consistently and comprehensively. Reform that improves coordination among government units can reduce overlapping functions and facilitate more effective decision-making. Similarly, stronger accountability mechanisms can encourage responsible use of public resources, while improvements in service procedures can increase efficiency and public satisfaction. Therefore, administrative reform is not merely an internal bureaucratic adjustment but represents an important institutional process for creating governance that is more accountable, transparent, effective, and responsive.

This result is consistent with the findings of (Anđelković, 2023; Wibowo & Kertati, 2022), who emphasize the importance of administrative reform in strengthening governance quality and improving the performance of public institutions. Their findings support the argument that improvements in governance require systematic changes within public administration rather than relying solely on leadership initiatives or formal governance principles.

Theoretically, this finding reinforces the complementary relationship between public administration reform theory and good governance theory. Public administration reform can be understood as the process of institutional and administrative change, while good governance represents the governance condition and outcome expected from that change. In other words, administrative reform provides the mechanisms through which government institutions improve their systems, practices, and organizational capabilities, while good governance reflects the resulting improvements in transparency, accountability, effectiveness, efficiency, responsiveness, and public-oriented service. Thus, the significant relationship found in this study confirms that successful administrative reform can serve as a strategic pathway for achieving sustainable good governance.

6. The Effect of Transformational Leadership on Good Governance through Public Administration Reform

Although the direct effect of transformational leadership on good governance is not significant, its indirect effect through public administration reform is significant. This finding indicates that transformational leadership does not automatically produce better governance outcomes simply through the presence of leadership vision, inspiration, motivation, or commitment to change. Instead, the influence of leadership becomes more meaningful when its vision and impetus for organizational change are translated into concrete administrative reforms, including improvements in systems, procedures, coordination, accountability, decision-making, and public service delivery. Thus, public administration reform functions as an important process through which leadership initiatives can be transformed into measurable improvements in governance.

The significant indirect effect also suggests that transformational leadership plays an important initiating role in the reform process, while public administration reform serves as the mechanism that converts leadership capacity into governance outcomes. Leaders may provide a clear direction, encourage innovation, mobilize employees, and create commitment to change; however, these efforts need to be institutionalized through changes in administrative structures and practices. Once these reforms are implemented effectively, they can contribute to greater transparency, accountability, effectiveness, efficiency, responsiveness, and service orientation, which are fundamental dimensions of Good Governance.

This finding complements the studies of (Dema et al., 2021; Omar Elmasry & Bakri, 2019), which primarily emphasize the direct relationship between transformational leadership and good governance, as well as (Saadah, 2024), who highlights the contribution of transformational leadership to public sector innovation and change. The present finding extends this perspective by demonstrating that the relationship between leadership and governance may not always operate directly. Rather, the effect can occur through an intervening administrative mechanism that translates leadership vision into institutional and organizational changes.

Theoretically, these finding positions public administration reform as a critical *change mechanism* linking transformational leadership to good governance. This provides a more comprehensive explanation of how leadership can influence governance outcomes: transformational leadership → public administration reform → good governance. In this relationship, transformational leadership provides the vision, motivation, and strategic

direction for change; administrative reform provides the institutional process for implementing that change; and good governance represents the expected outcome. Therefore, the findings strengthen the theoretical integration between transformational leadership theory, public administration reform theory, and good governance theory, while demonstrating that effective governance may depend not only on who leads the organization, but also on how leadership-driven change is institutionalized through administrative reform.

7. The Effect of Organizational Culture on Good Governance through Public Administration Reform

Public administration reform significantly mediates the relationship between organizational culture and good governance. This finding indicates that an adaptive, collaborative, and change-oriented organizational culture contributes to better governance not only through its direct influence on employee attitudes and organizational behavior, but also through improvements in administrative systems, procedures, coordination, accountability, and public service practices. In other words, organizational culture provides the internal values and behavioral foundations needed to support change, while public administration reform translates these values into concrete institutional and administrative improvements. As a result, the positive influence of organizational culture on Good Governance becomes stronger and more meaningful when it is supported by effective administrative reform.

This finding reinforces the studies of (Bernal-Torres et al., 2024; Kirmikiroglou et al., 2024; Yuana et al., 2025), which emphasize the importance of organizational culture in supporting organizational transformation, public sector change, and improved institutional performance. However, the present finding provides further insight by demonstrating that the influence of organizational culture on governance can operate through an intervening administrative mechanism. A culture that promotes innovation, integrity, collaboration, accountability, and service orientation can encourage employees to accept and participate in reform initiatives. These cultural values can subsequently be institutionalized through changes in administrative structures and practices, ultimately contributing to better governance outcomes.

Theoretically, public administration reform functions as a *change mechanism* that translates organizational values and behaviors into improved governance practices. Organizational culture provides the foundation by shaping how employees think, behave, cooperate, and respond to change, while public administration reform provides the institutional pathway for embedding those values into administrative practices. Good governance, in turn, represents the expected outcome of this process, reflected in greater transparency, accountability, effectiveness, efficiency, responsiveness, and service quality. Thus, the findings strengthen the theoretical relationship among organizational culture theory, public administration reform theory, and good governance theory, showing that sustainable governance improvement requires not only a supportive organizational culture but also an administrative reform process capable of institutionalizing that culture.

CONCLUSIONS AND RECOMMENDATIONS

This study shows that transformational leadership has a positive effect on public administration reform but does not have a direct effect on good governance. In contrast, organizational culture has positive effects on both public administration reform and good governance. Public administration reform also contributes positively to good governance.

Furthermore, public administration reform significantly mediates the effects of transformational leadership and organizational culture on good governance. These findings indicate that improving governance depends not only on leadership and organizational culture, but primarily on the organization’s ability to translate both factors into changes in

administrative systems and practices. The research model also demonstrates strong explanatory power for public administration reform and good governance.

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