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The Influence of Organization Culture and Agile Leadership on Employee Performance

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Abstract: As the technology industry develops rapidly, it is vital that leaders adapt to this change and maintain their position within the marketplace through their workforce opportunities. This will not only allow the organisation to be competitive, but also to attract and retain the best talent. The purpose of this study was to identify what causes employees in the company, Silentmode Sdn Bhd (a Malaysia-based software provider), to perform effectively or ineffectively. To accomplish this, research analysed the relationship between Organisational Culture and Leadership and how both affect employee productivity. A quantitative causal design was utilised to gather data from every employee (census), with a result of 89 valid responses following extensive data cleaning and analysis by Multiple Linear Regressions. The analysis of results showed a significant difference between the two variables; Culture was not statistically significant, which indicates that Culture is viewed as an administrative policy rather than an influence on behaviour. Conversely, Agile Leadership was determined to have a statistically significant positive effect on employee performance, as it focuses on adaptiveness to change in order for the organisation to remain viable through the challenges of today's marketplace. Culture and Leadership together account for 16.4% of the variance in employee performance. Consequently, it was concluded that while Culture provides a foundation for establishing the settings in which employees operate, Agile Leadership is the foundation on which productivity occurs in the technology industry. Therefore, it is recommended that Management place emphasis on continuing to increase and renew the internalisation of Culture while also developing the Agile competency of the leadership team.

Keywords: Agile Leadership, Employee Performance, Multiple Linear Regression, Organizational Culture, Tech Industry.

INTRODUCTION

Human resource management plays an important role in creating a successful company in today's rapidly growing technological environment (Saimin et al., 2025). The performance of each employee affects the outcome of their business and the health of an organisation (Widjaja et al., 2023). A high level of employee performance should generate the best possible results from the business, whereas poor performance will limit a company’s ability to improve and enhance its performance as an organisation. However, performance is not an isolated

variable; it is influenced by a complex interplay of internal factors. Among these, the work environment (specifically organisational culture) and management behaviour are critical determinants (Ardiansyah & Ratnamiasih, 2021; Tamimi et al., 2022).

According to (Aji Winoto, 2020; Maulidiyah, 2020), Organisational Culture is defined as the collective understanding of an organisation's purpose. The culture represents the organisation's values and the way they will be maintained, and it encompasses many different aspects of organisational behaviour, including; How well a company adapts to the environment around it (Adaptiveness), The level of involvement of employees in creating, maintaining and improving the organisation (Involvement), How consistently the company operates (Consistency), and finally, The purpose of the company (Mission). An effective organisational culture will guide the employee's actions towards achieving the company's mission. Innovation and consistency are critical components of a technology organisation's success. Therefore, it is important that technology organisations have well-defined Organisational Cultures. (Oktiani et al., 2019) emphasise that a strong culture simplifies problem-solving by aligning employee mindsets. Furthermore, (Komariah et al., 2023) argue that culture serves as a normative "guideline" that directs behaviour toward organisational targets. However, merely documenting a Company Culture does not necessarily mean it will be successfully internalised into the organisation and the employees' daily operation.

Like with cultural shifts, the fast-paced nature of the technology industry requires a type of leader who can function effectively in that environment. Traditional leadership styles are not typically equipped to handle this rapid change since traditional leadership models are based on strict hierarchical structures and long-range planning. Therefore, "Agile Leadership" becomes a viable option. (Josephs & Joiner, 2007) define agile leadership as the ability to effectively lead that is adaptable to complex and quickly changing environments. (Munawar et al., 2023) expanded on this definition by stating that an agile leader is someone who can create collaborative strategies, continuously assess their external environment, and make incremental or radical changes based on experimentation. In contrast, traditional leaders dictate what to do, while agile leaders enable and facilitate (Grant & Dawson, 2025). (Dalimunthe, 2018) adds that leadership style significantly dictates the motivation levels of the workforce. Thus, they would be more appropriate for leading a software development team in theory.

While the theoretical ideals associated with agile methodologies exist, there are also many practical issues hindering the adoption of such methods within a company. For example, in Silentmode Sdn Bhd, a Malaysian software development company, the pre-findings from interviews and observations in December 2025 demonstrated some performance gaps that still can be improved. Although Silentmode Sdn Bhd's culture values the use of agile methodologies and ISO certification, management identified that fluctuations in performance targets were not due to a deficiency in technical skills, but rather due to poor communication regarding obstacles, and a lack of initiative in informing others about those obstacles. Supervisory personnel encountered difficulties establishing and maintaining their team's understanding of strategic performance expectations, given the uncertainty surrounding the industry. Additionally, while Silentmode Sdn Bhd's culture promotes employee independence/autonomy, not all employees have successfully adjusted to this type of environment and how those employees operate is thus varied as far as discipline and responsiveness. This difference between expected versus actual performance indicates a disconnect between the "ideal" leadership/culture an organisation wants to achieve versus the actual culture an organisation has embraced and how that affects performance (Gustaman & Said, 2020).

Previous research has shown conflicting outcomes for organisations looking to better understand the correlation between Agile Leadership, Organisational Culture and Employee Performance, as seen in previous studies. For instance, (Saimin et al., 2025) concluded that both organisational culture and agile leadership greatly influence the employee performance levels, but found that agile leadership had a much higher degree of influence (coefficient). On the other

hand, (Porkodi, 2024) found through conducting a meta-analysis of multiple research studies that agile leadership had the ability to provide organisations with an ongoing basis of improved outcomes and productivity as well as innovation. Similarly, (Pratama & Almansur, 2024) confirmed the positive impact of agile leadership on satisfaction and performance. However, there are companies that point to the importance of the continued need to focus on their organisational culture. According to (Alsya & Ubaidillah, 2024; Syahruddin et al., 2020), organisational culture is the primary factor of employee performance when compared to other factors such as communication. Conversely, (Prasetiawan et al., 2025) stated that although Agile leadership was not directly responsible for impacting employee performance, it did support employee performance through enabling access to agile workforce agility and employee outcomes. Finally, (Pangarso et al., 2021) found that both variables combined contribute significantly to performance.

This conflicting evidence supports that differences in culture and agile leadership significantly differ from each other in multiple ways. This study is conducted to specifically explore how the organisational culture and the agile leadership styles influence employee performance at Silentmode Sdn Bhd, while determining if using a compliance-based organisational culture and the agile leadership style impacts performance at the specific company studied.

Based on the theoretical framework and the empirical problems that have been identified, this study proposes that Organisational Culture generally has a positive influence on employee performance, where a stronger internalisation of values is expected to align with better work outcomes (H1). Furthermore, it is assumed that Agile Leadership has a positive, substantial direct impact on employee performance due to its ability to provide guidance through change in the technology environment (H2). Also, this research suggests that Organisational Culture and Agile Leadership jointly affect employee performance, indicating that the best method to achieve optimal performance is through an adaptive leadership style coupled with a supportive culture (H3).

METHOD

Research Design

In this study, a quantitative approach is applied using a causal design to establish a cause-and-effect relationship between the independent variables and the dependent variable. Specifically, the primary goal of this study was to assess the impact of Organisational Culture (X1) and Agile Leadership (X2) on Employee Performance (Y) within a technology-related environment.

Population & Sample

The study was conducted in Silentmode Sdn Bhd, a software development company located in Malaysia. The total population of the study included all employees employed by Silentmode Sdn Bhd (i.e., permanent staff, contract workers, and expatriates), with a total of 112 employees surveyed. In order to gather representative data for the analysis, the initial sampling method used was census sampling (total sampling).

To validate the statistical data analysis results, an intensive data cleaning process was performed. The screening resulted in identifying 23 survey responses as unengaged responses or outliers (i.e., when participants selected the same scale response multiple times) and, therefore, those 23 surveys were excluded from the final analysis. Therefore, the valid final sample constituted 89 surveys.

Data Collection & Instrument

An online questionnaire was developed and administered through Tally to collect data, using a 5-point Likert-type scale, 1 (Strongly Disagree) to 5 (Strongly Agree). The variables

were then operationalised into precise indicators according to established theories to accurately assess whether the instrument measured the constructs it was designed to measure. Organisational culture (X1) has Mission Clarity, Adaptability to Change, Employee Involvement, and Consistency of Values as indicators. For Agile Leadership (X2), the indicators are Strategic Agility, Monitoring & Decision Making, Testing & Evaluation, and Implementation of Radical Changes. Furthermore, Employee Performance (Y) has more indicators to be measured, which are Quantity of Work, Quality of Work, Independence, Initiative, Adaptability and Cooperative Behavior.

Data Analysis Technique

The hypotheses were assessed through the application of Multiple Linear Regression procedures to the data collected. Before carrying out the regression analysis, a number of classical assumptions were tested on the data, including testing for normality (Jarque-Bera), testing for multicollinearity (VIF & Tolerance), and testing for heteroscedasticity, all of which help to assure that the model is BLUE (Best Linear Unbiased Estimator). Pearson Correlation and Cronbach's Alpha were employed to conduct Validity and Reliability Testing, respectively.

RESULTS AND DISCUSSION

Respondent Profile

The data collected from a total of 112 employees yielded a total of 94 responses. After performing intensive data cleaning to eliminate outlier data and responses sourced from employees who had not engaged with the material, a final sample size of 89 valid samples was established for further analysis, as presented in Table 1, the demographic profile of respondents.

Table 1. Respondent Demographics

Category	Classification	Frequency	Percentage (%)
Gender	Male	58	62%
	Female	36	38%
Age	18-25 years	23	24%
	26-30 years	36	38%
	31-35 years	28	30%
	>35 years	7	8%
Education	High School / Equivalent	7	7%
	Bachelor's Degree	84	89%
	Master's Degree	3	4%

Source: Processed Primary Data, 2026

The workforce of Silentmode Sdn Bhd is approximately 62% male and is predominantly composed of young adults, with a plurality (38%) of the workforce members within the 26-30 age group. Employees at Silentmode Sdn Bhd also appear to be highly educated, with 89% holding at least a Bachelor's degree. The demographics of the Silentmode Sdn Bhd workforce indicate a dynamic, intelligent workforce that is well-positioned to meet the challenges created by the fast-moving technological industry.

Data Quality Test

To ensure the validity of the results from the tests and to establish the reliability of the measures, validity tests were completed on the items using Pearson Correlation. All items had to have a test of correlation (r) higher than the r-table (0.207) to demonstrate a level of validity. To assess the reliability of the measures, Cronbach's Alpha results were obtained for all measures, and an acceptable level was established at an alpha value of 0.60 or higher. The results from all tests are presented in Table 2.

Table 2. Summary of Validity and Reliability Tests

Variable	Items	Validity Status	Cronbach's Alpha	Reliability Status
Organisational Culture (X1)	X1.1	Valid (0.664 > 0.207)	0.755	Reliable
	X1.2	Valid (0.724 > 0.207)		
	X1.3	Valid (0.596 > 0.207)		
	X1.4	Valid (0.431 > 0.207)		
	X1.5	Valid (0.395 > 0.207)		
	X1.6	Valid (0.604 > 0.207)		
	X1.7	Valid (0.670 > 0.207)		
	X1.8	Valid (0.743 > 0.207)		
Agile Leadership (X2)	X2.1	Valid (0.783 > 0.207)	0.906	Very Reliable
	X2.2	Valid (0.790 > 0.207)		
	X2.3	Valid (0.768 > 0.207)		
	X2.4	Valid (0.893 > 0.207)		
	X2.5	Valid (0.677 > 0.207)		
	X2.6	Valid (0.758 > 0.207)		
	X2.7	Valid (0.848 > 0.207)		
	X2.8	Valid (0.718 > 0.207)		
Kinerja Karyawan (Y)	Y.1	Valid (0.660 > 0.207)	0.777	Reliable
	Y.2	Valid (0.650 > 0.207)		
	Y.3	Valid (0.606 > 0.207)		
	Y.4	Valid (0.736 > 0.207)		
	Y.5	Valid (0.646 > 0.207)		
	Y.6	Valid (0.687 > 0.207)		
	Y.7	Valid (0.577 > 0.207)		
	Y.8	Valid (0.409 > 0.207)		

Source: Processed Primary Data, 2026

According to the information displayed in Table 2, each of the variables used in this study fulfilled the statistical criteria based on the results of the analysis, with Agile Leadership (X2) yielding the highest test score (0.906). This indicates that the respondents had a consistent understanding of the leadership practices that exist in the organisation.

Multiple Linear Regression Analysis

The core analysis of this study utilizes Multiple Linear Regression to measure the impact of independent variables on the dependent variable. The results are summarised in Table 3.

Table 3. Multiple Linear Regression Results

Model	Unstandardised Coefficients	t	Sig.	Conclusion
(Constant)	20.409	6.484	0.000	
Organisation Culture (X1)	0.167	1.544	0.126	Not Significant
Agile Leadership (X2)	0.203	2.490	0.015	Significant
F-Statistic		8.425	0.000	Simultaneous Effect
R-Square		0.164		16.4% Contribution

Source: Processed Primary Data, 2026

Based on Table 3 above, the regression equation is derived as follows:

$$Y = 20{,}409 + 0{,}167\,X_1 + 0{,}203\,X_2$$

The constant value of 20.409 indicates that without the influence of culture and agile leadership, the baseline performance of employees remains at a moderate level.

Discussion

The first hypothesis states that the organisational culture affects the performance of employees, and the evidence supports the hypothesis negatively, with the null hypothesis supported at a 95% confidence level of probability and a statistical significance value of 0.126. Therefore, H1 was rejected as there was no strong direct relationship between the organisational culture and the performance level of the employees at Silentmode Sdn Bhd. This contradicts findings by (Romadhona & Wahyuningtyas, 2019), who found culture to be a major driver. However, this result aligns with the observations of (Gustaman & Said, 2020) in contexts where culture is merely symbolic. At Silentmode, culture appears to be "administrative compliance" rather than "behavioural driver." As noted by(Oktiani et al., 2019), culture only improves performance if it is deeply clustered into daily habits, which seems to be missing here.

The findings presented here are not aligned with previous research conducted by (Saimin et al., 2025) and (Romadhona & Wahyuningtyas, 2019), both stating that culture was a main contributory factor to performance. However, these findings can be justified by the current setting within Silentmode Sdn Bhd. Internal observations suggest that Silentmode Sdn Bhd has developed strong operational standards such as ISO certification and SOC 2 compliance, leading to a framework for organisational governance. Nevertheless, while these frameworks have developed ways to deal with compliance, they have not been successfully converted into the behaviour that drives the performance of Silentmode's employees; instead, they have developed into employees viewing culture as a set of guidelines to follow, and thus do not see it as a collective value system to which they hold each other accountable to excel. Therefore, there appears to be a need to develop practices that will transform this "culture on the books" into behaviours that are adopted by the workforce in order to establish a performance-driven culture at Silentmode Sdn Bhd.

While H1 is rejected, H2 proposes that Agile Leadership has an impact on employee performance. It has been accepted based on a value of 0.015 for significance (< 0.05). We see from the positive coefficient of 0.203 that the more effectively Agile leadership is implemented, the more effectively employees will perform.

This supports (Porkodi, 2024) conclusions that in dynamic industries, Agile Leadership acts as a vehicle for organisational success. In the case of a volatile organisation, such as Silentmode, employees need help from their leaders in making quick decisions, assisting them with their ability to adapt to changing environments, and providing them with clarity regarding how to operate under uncertain circumstances. The Agile leader stabilises the organisation's transition from a highly volatile environment to the daily responsibilities of team members. This also reinforces the idea that, in low-touch technology environments, an Agile leader's ability to be flexible and respond quickly to changing environments affects employees' immediate performance levels more significantly than any standard cultural protocols of the organisation.

Furthermore, the third hypothesis (H3) of the study was also accepted. The significance of the F-test (0.000) supports this acceptance of H3, with the combination of organisational culture and agile leadership explaining 16.4% of the variance of the employee performance (R-square = 0.164). Although this percentage may appear small, it indicates that the other factors that drive performance (e.g., skills or knowledge, pay and benefits, work/life balance), which are outside the scope of this study, account for 83.6% of the total employee performance. In addition, the study demonstrates that the combination of an organisational culture that is supportive and agile leadership is statistically significant; these two components provide a strong foundation for achieving success.

CONCLUSION

The objective of this research is to assess how Organisational Culture and Agile Leadership affect Employee Performance at Silentmode Sdn Bhd. The findings of the research led to three main conclusions: Organisational Culture has a small but not statistically significant

impact on employee performance. In other words, although Silentmode Sdn Bhd has an ISO Certification and established standard operating procedures (SOPs), the company's culture is perceived as merely an administrative obligation. As such, an organisation's culture currently has a limited or insignificant impact on its ability to enhance productivity.

Secondly, Agile Leadership plays an important role in enhancing employee performance and is therefore a key variable for improving performance outcomes. The fast-paced nature of the Technology sector means that employees place a great deal of importance on leaders who are agile and responsive in making decisions, and can provide direction at times of uncertainty. The leaders are thus instrumental in providing clarity between confusion at the strategic level and the ability to execute at the operational level.

Finally, both Organisational Culture and Agile Leadership contribute together towards Employee Performance, whereby they account for only 16.4% of total variance in Employee Performance, with the other 83.6% being a result of other variables not yet addressed through this research.

As a result of these findings, Silentmode Sdn Bhd's management is advised to concentrate on two primary strategic priorities. The first priority is to reinstate and improve the company culture program. In order to create an environment where team members can fully engage with and internalise the company's values, management should expand beyond traditional methods such as “document-based cultures” and utilise open forums and employee involvement programs to create an inclusive environment. The second priority is for the company to invest resources into providing training programs that will enhance the supervisors' level of proficiency in Agile Leadership and specifically focus on developing the ability to adapt strategically and communicate flexibly. In addition to future investigations, while the current study accounts for only 16.4% of the performance variance, other areas warranting exploration may include: technical competency, remuneration/compensation, and work/life balance, and the incorporation of qualitative and quantitative approaches to generate more comprehensive data related to the underlying causes of the ineffectiveness of cultural practice.

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