

Knowledge Management: Perspective of Transformational Leadership on Employee Performance



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ABSTRACT: This research is a development of the role of knowledge management, transformational leadership and Employee Engagement on the performance of private employees in the city of Makassar. The number of respondents who contributed to filling out the questionnaire during this research was as many as 295 with various types of work fields and also their respective expertise. Knowledge management becomes an important thing because its application requires follow-up from both parties, namely the organization and also the employees themselves, so it is very interesting to see this phenomenon occur. While transformational leadership is considered to be an elegant model of leadership suitable for many types of organizations, this requires further verification. Meanwhile, employee engagement is an interesting issue because the composition of workers in the world of work today has entered various types of generations that work culturally have different perspectives on work than previous generations. This research is a quantitative approach using SmartPLS 4 Software as a tool in managing existing data. The results of the study show that directly and indirectly all variables that are independent of the bound have an influence and are significant, while the role of transformational leadership as a moderator of the relationship between knowledge management and performance is not able to strengthen this relationship. Based on this research it can be said that the important role of knowledge management,

KEYWORDS: Knowledge Management, Transformational Leadership, employee engagement

1. INTRODUCTION

Working conditions that continue to develop and lead to real changes in both the way they work and the work environment make the concept of change management even more visible. Ullrich et al (2023) explained that the current conditions of change encourage organizations to look again at the implications of changes to the work style of each existing employee, especially with advances in technology. The same thing was conveyed by Sayers and Smollan (2009) that changes in the organization can trigger various negative or positive reactions which of course will have a direct impact on the company, for this reason the management of existing changes requires various approaches to involvement, both work environment, organizational culture, leadership, knowledge and also the direct involvement of every existing human resource.

The ability of an organization to use and utilize knowledge effectively depends on its human resources, how to create, share and use knowledge. Knowledge management looks at managing the process of creating, storing, accessing, and deploying organizational resources. Organizations must consider the main goals in order to increase individual capacity and increase organizational knowledge (Antunes & Pinheiroc, 2019). This should be able to become a strong capital in achieving future challenges. According to Robbins in Basirun (2021) transformational leadership is a modern leadership theory where an idea was originally developed by Burns, who said that clear transformational leadership is where a process of leaders and their subordinates always tries to achieve a higher level of morality and motivation than previously.

Kahn (1990:694) defines employee engagement as Personal Engagement that utilizes themselves as members of the organization to carry out their job roles; in this engagement the people employed express themselves physically, cognitively, and emotionally during their performance. This is certainly a good strength if managed properly, because the important involvement of an employee makes it easier for the organization to carry out various strong aspects in positive ways.

In this research, the position of transformational leadership has a lot of speculation, both as an independent variable that tests its effect on employee performance and also as a moderation between the relationships of knowledge management on employee

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performance. This is done as a form of research development related to previous research that has been published. Several studies suggest a relationship between each variable with different research results, giving rise to a real research gap. Laras et al (2019) stated that knowledge management has an influence on employee performance. The same thing was stated in the results of research conducted by Harmen (2018) and Rachma & Suwarsi (2020) who concluded that knowledge management has an influence on employee performance. However, the results of research conducted by Setyawan (2021) and Rahman & Rhilo (2020) suggest that knowledge management has no effect on employee performance. Several empirical studies have found that there is a positive relationship between leadership and performance, including: Sugeng (2004) found that school leadership has a positive and significant effect on teacher professional competence. Likewise Absah (2007) found that the role of leadership mediated by organizational learning has a positive and significant effect on improving lecturer performance, while Soemardjoko (2010) found that leadership is a variable that contributes to increasing lecturer competence in quality assurance education.

2. LITERATURE REVIEW

a. Knowledge Management

Dalkir (2005) writes in his book as follows Knowledge management is a surprising mix of strategies, tools, and techniques—some of which are nothing new under the sun. Storytelling, peer-to-peer mentoring, and learning from mistakes, for example, all have precedents in education, training, and artificial intelligence practices. Knowledge management makes use of a mixture of techniques from knowledge-based system design, such as structured knowledge acquisition strategies from subject matter experts (McGraw and Harrison-Briggs, 1989) and educational technology (eg, task and job analysis to design and develop tasks support systems; see Gery, 1991).

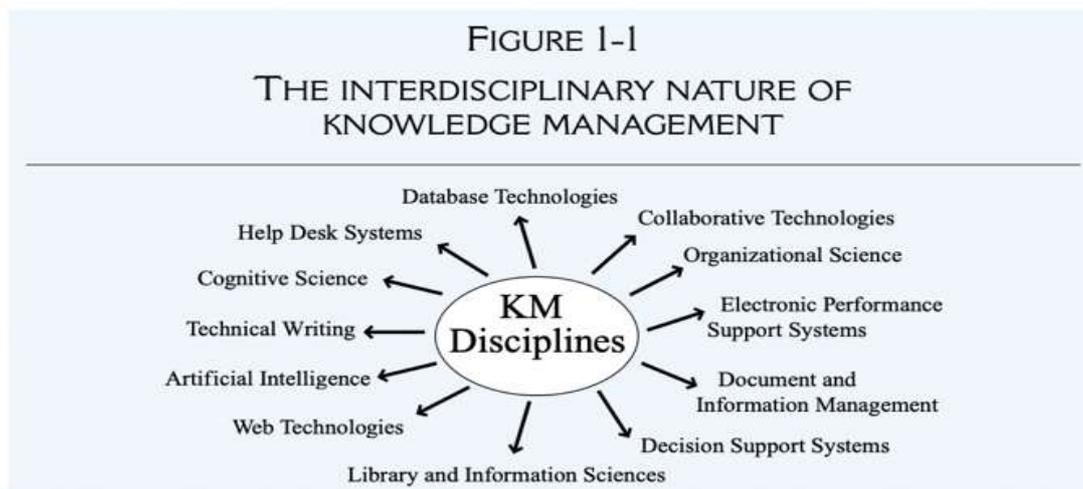


Figure 1. The Interdisciplinary Knowledge Management

Source: Kimiz Dalkir (2005)

b. Transformational leadership

According to Robbins in Basirun (2021) transformational leadership is a modern leadership theory where an idea was originally developed by Burns, who said that clear transformational leadership is where a process of leaders and their subordinates always tries to achieve a higher level of morality and motivation than previously. The term Transformational leadership is the result of a development in the thinking of several leadership theorists. Beginning with the thought of James Mac Gregor Burns (1979) who used the term Transforming Leadership, then developed by Bernard M. Bass (1985) in his book entitled Leadership and Performance beyond Expectations uses the term Transformational Leadership which according to his confession was inspired by Burn Thought. Since Bass, the term Transformational Leadership is a standard term in the science of leadership.

c. Employer Engagement

Kahn (1990:694) defines employee engagement as Personal Engagement that utilizes themselves as members of the organization to carry out their job roles; in this engagement the people employed express themselves physically, cognitively, and emotionally during their performance. This is certainly a good strength if managed properly, because the important involvement of an employee makes it easier for the organization to carry out various strong aspects in positive ways.

d. Performance

According to Edison (2018: 176) "Performance is the result obtained by an organization, both the organization is profit oriented and the non-profit oriented produced over a period of time." According to another opinion, Simamora (2015: 339) "Performance

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refers to the level of achievement of the tasks that make up an employee's job. Performance reflects how well the employee meets the requirements of a job. Often misinterpreted as effort, which reflects the energy expended, performance is measured in terms of results.

The hypothesis in this study is as follows:

- H1 : Knowledge management has a direct and significant influence on employee performance.
- H2: Knowledge management has a significant influence on employee engagement
- H3 : Transformational leadership has a direct and significant influence on employee performance.
- H4 : Transformational leadership has a significant influence on employee engagement.
- H5: Employee engagement has an influence on employee performance
- H6: Transformational leadership moderates the relationship between knowledge management and employee performance.
- H7: Knowledge management influences employee performance through employee engagement
- H8 : Transformational leadership influences employee performance through employee engagement

3. RESEARCH METHODOLOGY

This research is a type of quantitative research. Sugiyono (2018) explains that the quantitative method is a data analysis method that is carried out by collecting and analyzing data in the form of numbers with the aim of examining populations and samples which are then analyzed and processed using statistics. This research was conducted to determine the effect of each independent variable on the dependent variable by adding a moderating variable as a form of updating in the research. The moderating variable is a variable that is used to see the potential/possibility of increasing the influence of the independent variable on the dependent being tested.

The approach used in this study is a quantitative approach that is associative. Associative is a study that asks the cause and effect between two or more variables. The data analysis technique used in this study is quantitative data analysis and uses the Moderated Regression Analysis (MRA) model as well as path analysis or structure equation models with the help of SmartPLS version 3.2.9. The consideration of researchers in using PLS is because PLS can be used to confirm theories (theoretical testing) and recommend relationships that do not yet have a theoretical basis (exploratory) and PLS can analyze as well as constructs that are formed with reflection indicators and formative indicators.

4. RESEARCH RESULT

1. SmartPLS Outer Model Test

The PLS test results in this study used the outer model evaluation with a reflective model on each indicator and the inner model evaluation used a significance level of 5%. In this study the results of the PLS SEM test with the help of the SmartPLS version 3.2.9 software in full model can be presented in Figure 2, along with the R2 value of each variable complete with the loading value of each factor. The following is a full image of the structural equation path model.

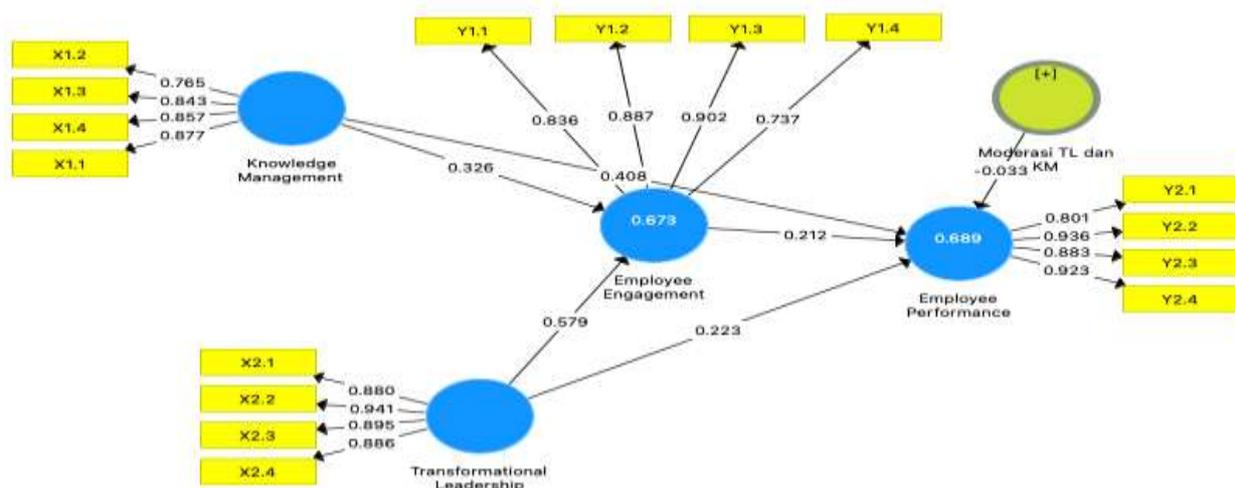


Figure 2. Outer Model Test

The results of the outer model test carried out show that the loading factor value seen in each variable has a value above 0.7, which means that each variable has a strong indicator in explaining the relationship of the independent variable to the dependent

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variable. This has a real impact on the relationships described in the research. After testing the outer model and showing significant results, it can be stated that the model in this study is accepted. Furthermore, construct reliability and validity tests were carried out which could later become a reference in evaluating the Goodness of Fit PLS model with the aim of evaluating the outer model and inner model.

a. Construct Reliability and Validity Test

the construct reliability and validity test is a test that looks at the strength of the research instrument used in meeting the needs of the data to be processed, by providing a standard in looking at the value of the loading factor and also the Cronbach Alfa value of each variable used. This is stated in the table below.

Table 1. Construct Reliability and Validity Test

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Employee Engagement	0.863	0.907	0.711
Employee Performance	0.909	0.937	0.788
Knowledge Management	0.857	0.903	0.700
Transformational Leadership	0.922	0.945	0.811

Based on the value of composite reliability, it can be seen that all the variables in this research are reliable and valid. This is proven by looking at the value of composite reliability which is higher than 0.7.

2. Hypothesis testing

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the output result for inner weight. Table 2. provides the estimated output for testing the structural model.

Table 2. Total Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Employee Engagement -> Employee Performance	0,212	0,208	0,084	2,526	0,012
Knowledge Management -> Employee Engagement	0,326	0,317	0,054	6,001	0,000
Knowledge Management -> Employee Performance	0,477	0,477	0,045	10,617	0,000
Moderasi TL dan KM -> Employee Performance	-0,033	-0,030	0,023	1,468	0,143
Transformational Leadership -> Employee Engagement	0,579	0,583	0,039	14,998	0,000
Transformational Leadership -> Employee Performance	0,346	0,347	0,038	9,119	0,000

From the results of hypothesis testing with the PLS program statistical testing of each hypothesized relationship is carried out using a simulation. In this case, the bootstrapping method was carried out on the sample. Testing with bootstrapping is also intended to minimize the problem of abnormal research data. The results of testing with bootstrapping from the PLS analysis are as follows:

- Testing hypothesis 1 (The effect of knowledge management on employee performance) The results of testing the hypothesis show a t value of 10.617 with a significant value of 0.000 which is smaller than 0.05 and is stated to have a significant influence and knowledge management on the performance of private employees in the city of Makassar.
- Testing hypothesis 2 (The effect of knowledge management on employee engagement) the results of testing the hypothesis showed a t value of 6.001 with a significant value of 0.000 which is smaller than 0.05 and was stated to have a significant influence and knowledge management on employee engagement of private employees in the city of Makassar.

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- c. Testing hypothesis 3 (The effect of transformational leadership on employee performance) the results of hypothesis testing show a t-value of 9.119 with a significant value of 0.000 which is smaller than 0.05 and is stated to have a significant influence and relationship between transformational leadership on the performance of private employees in the city of Makassar.
- d. Testing hypothesis 4 (The effect of transformational leadership on employee engagement) the results of testing the hypothesis showed a t value of 14.998 with a significant value of 0.000 which is smaller than 0.05 and was stated to have a significant influence and relationship between transformational leadership on employee engagement.
- e. Testing hypothesis 5 (Effect of employee engagement on employee performance) The results of hypothesis testing showed a t-value of 2.526 with a significant value of 0.012 which is smaller than 0.05 and was stated to have a significant influence and correlation between employee engagement on the performance of private employees in Makassar city.
- f. Testing hypothesis 6 (The role of transformational leadership on the influence of knowledge management on employee performance) The results of testing the hypothesis show that the t value is 1.468 and is classified as low with a significant value of 0.143 which is greater than 0.05 and it is stated that transformational leadership is not able to strengthen the relationship between knowledge management and performance of private employees in the city of Makassar.

Furthermore, for testing the hypothesis which explains the indirect relationship between the independent variable and the dependent variable through the intervening variable, it is explained in the following table:

Table 3. Indirect effect test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Knowledge Management -> Employee Engagement -> Employee Performance	0,069	0,067	0,032	2,160	0,031
Transformational Leadership -> Employee Engagement -> Employee Performance	0,123	0,121	0,048	2,577	0,010

Based on the results of the hypothesis test on the indirect effect test, it is produced that:

- a. Hypothesis 7 test (The effect of knowledge management on employee performance through employee engagement) The results of the hypothesis test show a t value of 2.160 with a significant value of 0.031 which means less than 0.05 and it is stated that knowledge management has an influence on the performance of private employees in the city of Makassar through employee engagement.
- b. Hypothesis 8 test (The effect of transformational leadership on employee performance through employee engagement) The results of the hypothesis test show a t value of 2.577 with a significant value of 0.010 which means less than 0.05 and it is stated that transformational leadership has an influence on the performance of private employees in the city of Makassar through employee engagement.

5. DISCUSSION

a. The direct effect of the independent variable on the dependent variable:

Based on the results of research conducted it was found that all independent variables have a direct influence on the performance of private employees in the city of Makassar. Knowledge management has a strong role in responding to the good performance of private employees in the city of Makassar, this condition illustrates that employees who have good knowledge about their work and are supported by the availability of information in the work environment and provided by the company provide positive input for the performance of each employee. Existing private employees. Meanwhile, for transformational leadership, it illustrates that leaders who have leadership patterns that can protect, can provide motivation and also act as good examples for employees can have a positive influence on the company. this is in line with the opinion of Komariah (2010) explaining that leadership is a very important aspect in the organization, and is the best encouragement through a management change implemented, so that a leader is not only a symbol of the company but his position has a very positive influence on development. organization. The quality of a leader in an increasingly modern era will be seen when the leader is able or not to apply knowledge to his subordinates. This condition provides an interesting illustration that the application of knowledge management and transformational leadership can encourage good performance for employees and have a positive impact on the company. and is the best encouragement through

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b. The role of intervening variables in explaining the relationship between independent and dependent variables:

In this research, employee engagement is an intervening variable that will explain the relationship between knowledge management and transformational leadership on the performance of private employees in Makassar city. The condition of employee engagement in explaining the relationship of each variable shows that each variable has an influence on employee performance.

c. The role of the Transformational leadership variable as moderation:

The position of transformational leadership in this research is also very important in testing as a moderation between the relationships of knowledge management on the performance of private employees. The research results show that leadership is not able to strengthen the relationship between the two variables, it is explained that leadership and knowledge possessed by employees cannot be interacted with as a strength, this is because employees understand the main tasks in every job they have so that is quite important. Leadership war is considered sufficient to provide motivation alone without the need to be involved in the exchange and explanation of knowledge that takes place continuously

6. CONCLUSION

This research produces an interesting picture of various other research, this is because the condition of transformational leadership is not able to be a moderation in explaining the relationship of knowledge management to employee performance. This is also a direction for continuing research, demonstrating the state of leadership in explaining the knowledge of every human resource in various organizations. As a challenge in the future, how can each of these knowledge be institutionalized and become organizational knowledge which in the future will be developed into a knowledge-standard organizational culture.

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