
The Effect of Transformational Leadership, Organizational Learning, and Innovation on Employment Engagement and Its Implications on Employee Performance of Malahayati Shipping Polytechnic

Muhammad Aziz, Nurdasila, T. Meldi Kesuma

Management Department, Universitas Syiah Kuala, Indonesia

DOI - <http://doi.org/10.37502/IJSMR.2021.4517>

Abstract

The purpose of this study was to examine the effect of transformational leadership, organizational learning, and innovation on employment engagement and its implications on the performance of employees in malahayati shipping polytechnic. Data were analyzed using structural equation modeling (SEM). From the results we can see that transformational leadership affects employee engagement, organizational learning affects employee engagement, innovation affects employee engagement, transformational leadership affects employee performance, organizational learning affects employee performance, innovation affects employee performance, and employee engagement affects employee performance, transformational leadership affects employee performance through employee engagement, organizational learning affects employee performance through employee engagement, and innovation affects employee performance through employee engagement. The model also proves that employee engagement functions as a mediator. These findings re-verify that the employee performance improvement model still relies on the functions of strengthening transformational leadership, increasing organizational learning, and increasing innovation, so that these functions can affect employee engagement and have an impact on improving employee performance. Academically, this causality combination model can be justified and can be applied to organizations and management. For future research, the current authors suggest developing it by adding variables such as talent management and leaders' performance expectancy.

Keywords: Transformational Leadership, Organizational Learning, Innovation, Employee Engagement, and Employee Performance.

1. Introduction

As an organization, Malahayati Shipping Polytechnic is required to produce performance following the main tasks and functions, especially in the preparation of education and training plans and

programs, providing lecture materials, learning, and practices in laboratories, simulators, workshops, and fieldwork practices, as well as providing impact for employees of the Malahayati Shipping Polytechnic itself, especially those related to services to employees and employee development to be more efficient in the organization.

Employee performance at the Malahayati Shipping Polytechnic is the result of work produced by employees in achieving organizational goals. The phenomenon related to employee performance is currently one of the topics that are constantly discussed by the Head of Malahayati Shipping Polytechnic as the leader as well as by the participants. The quality of service assessed by many trainees or students is still not satisfactory. There are higher service demands from the trainees, especially in terms of getting their rights, namely satisfactory service, and adequate facilities.

Some of the factors that caused the decline in the performance of the Malahayati Shipping Polytechnic employees, among others, were due to the low employee engagement. In order to increase employee engagement, it is necessary to know the factors that can influence it. Then related to employee engagement, it is said that employee engagement is related to other ideas in organizational behavior (Saks, 2006). While employee engagement is not an attitude, but the degree to which an individual is attentive and happy in doing the given task. Employee engagement is a current issue in the management of Human Resources (HR). employee engagement is defined as a positive, satisfying mental condition related to work that is characterized by enthusiasm, dedication, and appreciation (Ahmad & Shahzad, 2011).

To support employee engagement, it is necessary to have a leadership style that can make employees feel more engaged, namely transformational leadership. Based on the phenomenon that occurs that the transformational leadership carried out by the leadership of the Malahayati Shipping Polytechnic so far has not been able to increase employee engagement with the Malahayati Shipping Polytechnic organization, this can be seen from the desire of some employees to move to other services within the Malahayati Shipping Polytechnic.

Organizational learning is one of the variables that also have an influence in increasing employee engagement and also the expected performance. Organizational learning is also closely related to the development of human resources who have high abilities, which greatly support the achievement of the organization's vision and mission to immediately advance and develop rapidly, especially in providing satisfactory services to the community in the field of public services. The abilities possessed by a member make it different from those who have average or ordinary abilities, where members who have higher abilities tend to have better performance than members who have ordinary abilities.

Meanwhile, innovations made by employees also have an impact on increasing employee engagement and also employee performance. One of the reasons for the decline in employee performance at the Malahayati Shipping Polytechnic is the lack of employee innovation in finding new ideas that are useful in completing work or innovation in providing services to the community. According to (Stollberger, West, & Sacramento, 2017) more simply defines innovation as new ideas that this work means that innovation is closely related to useful new ideas, the new nature of innovation will mean nothing if it is not followed by the usefulness value of its presence. Innovation is generally understood as a change in behavior.

Innovation is needed by all employees at the Malahayati Shipping Polytechnic, especially in providing better public services. Listening to the meaning of public services in the future following the objectives of Bureaucratic Reform is a big challenge for organizations as public service providers, to foster a culture of innovation in their organizations. Innovation is usually closely related to a characteristic and developing environment. With this assumption, innovation will not appear in a static environment with the social character of individuals or groups with status quo. The problem is that humans are basically individuals who do not like change so they tend to resist a change.

2. Literature Review

Transformational leadership

(Ismail, 2018) mentioned transformational leadership, which is a leadership style model in which the leader evaluates the abilities and potential of each subordinate in carrying out responsibilities at work while monitoring the possibility of subordinates expanding their responsibilities in the future.

(Komsiyah, 2016) put forward the initial concept of transformational leadership as transforming leadership, namely the process when the leader (leader) and that (follower) support each other to achieve a better level of morality and motivation. Burn emphasizes that leadership is a process, and not a set of certain actions at a particular time.

Transforming leadership can be viewed as a micro-scale influencing process between individuals and as a macro-scale influencing process to mobilize power in changing social systems and reforming institutions (Safiullah, 2014). (Komsiyah, 2016) distinguished transforming leadership from transactional leadership. He argued that transactional leaders will motivate subordinates by addressing the interests of their subordinates. If a leader can meet the needs of his subordinates, subordinates will obey the leader, so that what happens in transactional leadership is a reciprocal relationship between leaders and subordinates.

(Dessler & Angelica, 2016) developed the concept of transformational leadership based on the concept proposed by Burn, but Bass did not use the term transforming leadership but transformational leadership. Thus, Bass's leadership orientation is not based on the process as stated by Burn, but on the leadership conditions at a certain time.

Organizational Learning

Organizational learning illustrates learning is a prerequisite for the success of a change and organizational performance (Chiu, Luk, & Tang, 2002). Learning can increase the intellectual capability of staff so that the organization becomes better because it has staff who are always learning, (Watkins and Marsick, 2007). Organizational learning has skills in creating, obtaining, and transforming knowledge and modifying their behavior according to new knowledge and ideas (Garvin, 2010).

(MacLeod & Clarke, 2011) viewed LO as an integrative system that is applied in the

workplace and environment to support the learning process. There were three basic things that are carried out in understanding the concept of LO (MacLeod & Clarke, 2011), namely: (1) organizational learning process, (2) thinking collectively in terms of a set of people and competencies, and (3) a thematic system environment where every component of the organization can be connected to allow continuous learning to occur. The learning atmosphere is built by various components, such as leadership, the learning process, and other supporting systematic factors, which are overall stated in seven dimensions, namely: Continuous learning, Inquiry and dialogue, Team learning, Embedded system, Empowerment, System connection, Strategic leadership (MacLeod & Clarke, 2011).

Then (Greenberg & Baron, 2000) defined organizational learning as organizational skills to create, acquire, interpret, transfer and share knowledge, which aims to modify its behavior to describe new knowledge and insights. Learning brings organizational members and other resources together to build a process by which competencies are formed, and employees continuously apply their knowledge and expertise to strategic or operational problems so that deeper knowledge is built, which in turn will increase competence.

Innovation

Innovation is something related to goods, services, or ideas that are perceived as new by someone. (Ancok, 2012) states that innovation is something that is often very complex. Innovation demands a long process and involves many people in various organizational units. Drucker in (Ellita & Anatan, 2009) states that environmental changes faced by companies provide an opportunity to give birth to something new and different through systemic innovations that require organized and directed changes to provide opportunities to create innovations, both economic and social. In conclusion, innovation is a very important thing that must be owned by every organization.

Serena (Aktar, 2012) suggested that innovation refers to new products or efforts to make new breakthroughs. Innovation is a new invention that is different from existing or previously known ones. People or entrepreneurs who always innovate, then he can be said to be an innovative entrepreneur.

Someone innovative will always try to make improvements, presenting something new/unique that is different from the existing ones. Innovativeness is also an important attitude for an entrepreneur to have. Entrepreneurs who always innovate in their business.

Employee Engagement

Employee engagement emerged and developed as a concept in business, management, industrial/organizational psychology, and the field of human resource development (Saks, 2006). Employee engagement is a new idea and was introduced by HR consulting companies by offering suggestions on how to create and develop it, then academic researchers began to join in doing the same research (Milkovich, Newman, & Gerhart, 2016). Then further (Milkovich et al.,

2016) stated "numerous definitions of engagement can be derived from the practice and research-driven literatures" which means that various definitions of engagement come from the practice literature and literature that is supported by research. Unfortunately, much of what has been written about employee engagement comes from the literature. Practitioners and consulting firms there is a dearth of research on employee engagement in the academic literature.

Employee engagement is a positive attitude of employees and the company (commitment, involvement and engagement) towards cultural values and the achievement of company success. Engagement moves beyond satisfaction which combines the various perceptions of employees who collectively show high performance, commitment, and loyalty (Mujiasih, 2015). Then in her study also defined employee engagement as a condition in which humans feel that they find meaning in themselves as a whole, have the motivation to work, are able to receive support from others positively, and are able to work effectively and efficiently. in the workplace.

Employee Performance

According to (Mathis & Jackson, 2019), the concept of performance is an abbreviation of work energy kinetics which in English is performance. Performance or performance is the output produced by functions or individuals in a particular job or profession. (Toha, 2017) defined individual performance as individual work performance which is regulated based on standards or criteria set by an organization.

Based on the above understanding that performance or what is often referred to as work performance or job performance is the quality and quantity of an individual's work (output) in a particular activity and according to the size applicable to the job concerned. This measure is determined by the organization that is set as a target in one period.

In any organization, the activity of evaluating the performance or performance of each employee is a common activity. Performance appraisal is the equivalent of performance appraisal, work weighing, performance appraisal (work), work appraisal, and performance weighing (Moeheriono, 2014). According to (Moeheriono, 2014), performance appraisal is an assessment process of personality traits, work behavior, and the work of a worker/employee, which is considered to support his/her performance, which is used as consideration for making decisions regarding actions against him/her in the manpower sector.

Previous Research Review

Research by (Susanto, Faisal, & Putra, 2019) proved that organizational learning influences improving employee performance. Then the research conducted by (Handayani, Nasir, & Muslim, 2018), where the research results prove that organizational learning influences on improving organizational performance, research conducted by (Jafri, Iskandarsyah, & Kesuma, 2019) proves that Employee employee engagement influences improving employee performance at the Secretariat of Pidie Jaya Regency.

Research Hypothesis

Based on the theories, the authors determined the hypotheses for this research are as follows.

H1: transformational leadership affects employee engagement,

H2: organizational learning affects employee engagement

H3: innovation affects employee engagement

H4: transformational leadership affects employee performance,

H5: organizational learning affects employee performance

H6: innovation affects employee performance

H7: employee engagement affects employee performance

H8: transformational leadership affects employee performance through employee engagement

H9: organizational learning affects employee performance through employee engagement

H10: innovation affects employee performance through employee engagement.

3. Research Method

Research Location and Object

The location of this research was carried out at the Malahayati Shipping Polytechnic. The objects of research are transformational leadership, organizational learning, innovation, employee engagement, and employee performance at the Malahayati Shipping Polytechnic.

Data Analysis Tools

Data analysis equipment to test respondents' perceptions used descriptive tests based on the average value of each variable, assuming if the mean value < 4 , then it was perceived less well and if the mean value was 4, then it was perceived well by the respondents.

The data analysis equipment used in this research is Structural Equation Modeling (SEM) with the help of the Amos program. The SEM equation model is a set of statistical techniques that allow the simultaneous testing of a series of relatively complex relationships (Ferdinand, 2014).

4. Result

SEM Full Model Test

Data were collected and processed, and the results are shown in the following figure :

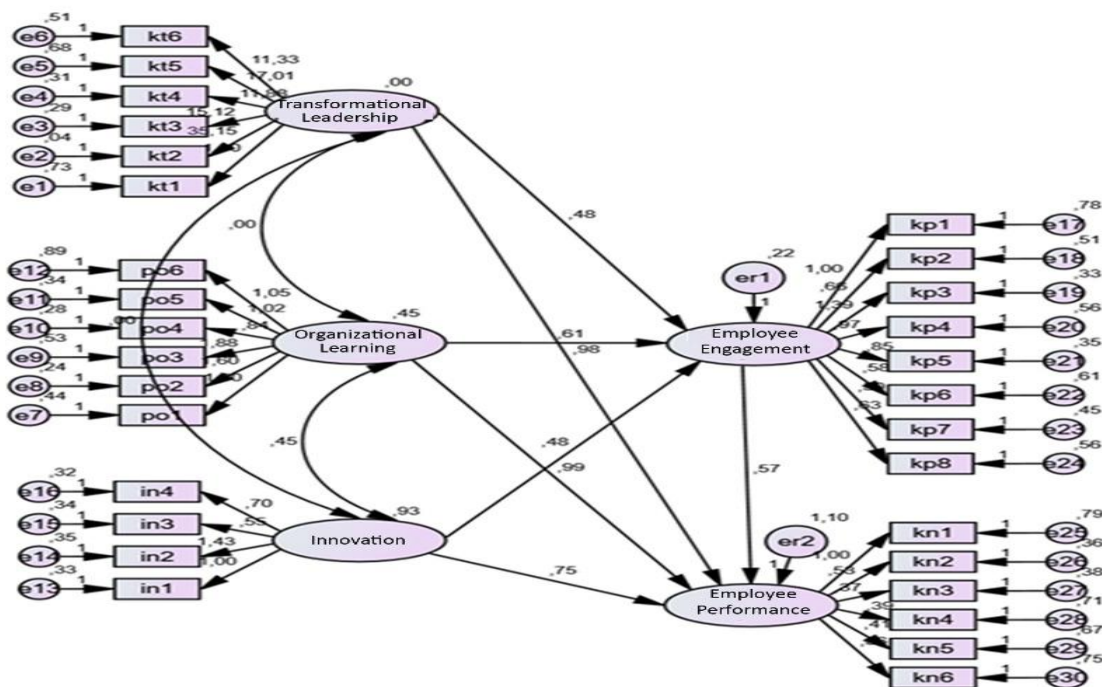


Figure 1. SEM Test Results

Figure 1 above is the result of testing variables using the SEM method. For an explanation of its significance can be expressed as follows.

Direct Effect Test Result (H1, H2, H3, H4, H5, H6, and H7)

H1 : Transformational Leadership in Affecting Employee Engagement at Malahayati Shipping Polytechnic

The testing result of the transformational leadership effect on employee engagement shows a CR value of 6.079 and a probability of 0.000. That two values have met the requirements for H1 acceptance, namely the CR value of 6.079 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee engagement model at the Malahayati Shipping Polytechnic is a function of strengthening transformational leadership. The stronger the transformational leadership, the higher the employee engagement.

H2 : Organizational learning in Affecting Employee Engagement at Malahayati Shipping Polytechnic

The testing result of the organizational learning effect on employee engagement shows a CR value of 6.740 and with a probability of 0.000. That two values have met the requirements for H2 acceptance, namely the CR value of 6.740 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee engagement model at the Malahayati Shipping Polytechnic is a function of strengthening the organizational learning. The stronger the organizational learning, the higher the employee engagement.

H3 : Innovation in Affecting the Employee Engagement of Malahayati Shipping Polytechnic employees

The testing result of the innovation effect on employee engagement shows a CR value of 6.274 and a probability of 0.000. That two values have met the requirements for H3 acceptance, namely the CR value of 6.274 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee engagement model at the Malahayati Shipping Polytechnic is a function of improving innovation. The higher the innovation, the higher the employee engagement.

H4 : Transformational Leadership in Affecting the Employee Performance of the Malahayati Shipping Polytechnic

The testing result of the transformational leadership effect on employee performance shows a CR value of 4.253 and a probability of 0.000. That two values have met the requirements for H5 acceptance, namely the CR value of 4.253 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee performance model at the Malahayati Shipping Polytechnic is a function of strengthening transformational leadership. The stronger the transformational leadership, the higher the employee performance.

H5 : Organizational learning in Affecting the Employee Performance of the Malahayati Shipping Polytechnic

The testing result of the organizational learning effect on employee performance shows a CR value of 4.296 and a probability of 0.000. That two values have met the requirements for H6 acceptance, namely the CR value of 4.296 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee performance model at the Malahayati Shipping Polytechnic is a function of strengthening organizational learning. The stronger the organizational learning, the higher the employee performance.

H6 : Innovation in Affecting the Employee Performance of the Malahayati Shipping Polytechnic

The testing result of the communication effect on employee performance shows a CR value of 3.634 and a probability of 0.000. That two values have met the requirements for H7 acceptance, namely the CR value of 3.634 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee performance model at the Malahayati Shipping Polytechnic is a function of improving innovation. The higher the innovation, the higher the employee performance.

H7 : Employee Engagement in Affecting Employee Performance of the Malahayati Shipping Polytechnic

Testing result of the employee engagement effect on employee performance shows a CR value of 6.579 and a probability of 0.000. That two values have met the requirements for H4 acceptance,

namely the CR value of 6.579 which is greater than 1.97 and the probability is less than 0.05. This means that the improvement of the employee performance model at the Malahayati Shipping Polytechnic is a function of improving employee engagement. The higher the employee engagement, the higher the employee performance.

Indirect Effect Test Result (H8, H9, and H10)

The direct effect of transformational leadership variables on employee engagement is 0.229. Meanwhile, the effect of transformational leadership on employee performance through the employee engagement variable is 0.274. This means that if the Malahayati Shipping Polytechnic needs to improve its employee performance, the organization needs to strengthen its leadership style that leads to transformational leadership, especially concerning the leadership being able to provide ideas for career development and performance improvement and the leader always listens attentively, and pays attention, especially for subordinates.

The direct effect of organizational learning variable on employee engagement is 0.372, while the organizational learning affects employee performance if through the employee engagement variable is 0.294. This means that if the Malahayati Shipping Polytechnic needs to improve its employee performance, the organization needs to develop the potential of existing resources, compared to having to recruit new human resources.

The direct effect of the innovation variable on employee engagement is 0.223. Meanwhile, the effect of work innovation on employee performance through the employee engagement variable is 0.270. This means that if the Malahayati Shipping Polytechnic needs to improve its employee performance, the employees need to increase their innovations and increase their ability to create some findings that can facilitate works.

5. Conclusion

From the results we can see that transformational leadership affects employee engagement, organizational learning affects employee engagement, innovation affects employee engagement, transformational leadership affects employee performance, organizational learning affects employee performance, innovation affects employee performance, and employee engagement affects employee performance, transformational leadership affects employee performance through employee engagement, organizational learning affects employee performance through employee engagement, and innovation affects employee performance through employee engagement. The model also proves that employee engagement functions as a mediator.

These findings re-verify that the employee performance improvement model still relies on the functions of strengthening transformational leadership, increasing organizational learning, and increasing innovation, so that these functions can affect employee engagement and have an impact on improving employee performance. Academically, this causality combination model can be justified and can be applied to organizations and management. For future research, the

current authors suggest developing it by adding variables such as talent management and leaders' performance expectancy.

Practically, of course, this model can be applied specifically to the research subject, namely the Malahayati shipping polytechnic to improve the performance of its employees. Several suggestions are mapped from the research and conclusion, as follows.

1. In order to improve employee performance based on a transformational leadership perspective, leaders can apply a transformational leadership style, especially in transforming constructive ideas to improve employee performance in improving the performance of the Malahayati Shipping Polytechnic in the future.
2. Then the problem of organizational learning in order to increase employee engagement and employee performance, what needs to be improved is that it is expected that employees will improve their mental attitude to be able to face various challenges in facing various problems at work and can achieve the performance expected by the leadership.
3. Then increase individual performance and employee performance based on innovation, so what needs to be considered is that employees must be given the opportunity to develop their innovations by giving them the freedom to experiment.
4. In order to increase the engagement of employees of the Malahayati Service Polytechnic as a whole, what needs to be considered is the ability of all employees to improve the quality of work produced by employees, so that they can meet the targets set by the leadership?
5. Meanwhile, to improve employee performance, what needs attention is to ensure that the implementation of service activities is following the established procedures or not so that the work can run smoothly.

References

- 1) Ahmad, S., & Shahzad, K. (2011). HRM and employee performance: A case of university teachers of Azad Jammu and Kashmir (AJK) in Pakistan. *African Journal of Business Management*, 5(13), 5249–5253. <https://doi.org/10.5897/AJBM10.1605>
- 2) Aktar, S. (2012). The Impact of Rewards on Employee Performance in Commercial Banks of Bangladesh: An Empirical Study. *IOSR Journal of Business and Management*, 6(2), 9–15. <https://doi.org/10.9790/487X-0620915>
- 3) Ancok, D. (2012). *Psikologi Kepemimpinan & Inovasi*. Jakarta: Erlangga.
- 4) Chiu, R. K., Luk, V. W., & Tang, T. L. (2002). Retaining and motivating employees: Compensation preferences in Hong Kong and China. *Personnel Review*, 31(4), 402–431. <https://doi.org/https://doi.org/10.1108/00483480210430346>
- 5) Dessler, G., & Angelica, D. (2016). *Manajemen Sumber Daya Manusia = Human Resource Management* (14 Ed). Jakarta: Salemba Empat.
- 6) Ellita, L., & Anatan, L. (2009). *Manajemen Inovasi Transformasi Menuju Organisasi Kelas Dunia*. Bandung: Alfabeta.

- 7) Ferdinand, A. (2014). *Structural Equation Modeling dalam Penelitian Manajemen* (5th ed.). Semarang: Badan Penerbit Universitas Diponegoro.
- 8) Garvin, D. A. (2010). *Rethinking the MBA: Business Education at a Crossroads* (1st editio). New York: Harvard Business Review Press.
- 9) Greenberg, J., & Baron, R. A. (2000). *Behavior in Organizations: Understanding and Managing the Human Side of Work*. United States: Prentice Hall.
- 10) Handayani, C. R., Nasir, & Muslim. (2018). The Effect Of Transformational Leadership, Learning Organization And Compensation Toward Employeeperformance And Its Implications On The Organizational Performance (A Studi At Revenue And Assetof Government Iagency In The Province Of Aceh, Indonesia). *Jurnal Magister Manajemen*2, 1(1).
- 11) Ismail. (2018). *Manajemen Perbankan: Dari Teori Menuju Aplikasi*. Jakarta: Kencana.
- 12) Jafri, I., Iskandarsyah, & Kesuma, T. M. (2019). Determinant of Organization Effectiveness: Study in Government Organization of Pidie Jaya. *The International Journal of Business Management and Technology*, 3(4), 137–144.
- 13) Komsiyah, I. (2016). Kepemimpinan Transformatif Perkembangan dan Implementasinya pada Lembaga Pendidikan. *Ta'allum: Jurnal Pendidikan Islam*, 4(2), 293–316. <https://doi.org/https://doi.org/10.21274/taalum.2016.4.2.293-316>
- 14) MacLeod, D., & Clarke, N. (2011). *Engaging for success: enhancing performance through employee engagement*. London: Institute of Education - UCL.
- 15) Mathis, R. L., & Jackson, J. H. (2019). *Human Resource Management : Personnel Human Resource Management* (Ed. 15). USA: Harvard Business Review.
- 16) Milkovich, G. T., Newman, J. M., & Gerhart, B. (2016). *Compensation* (12th ed.). New York: McGraw-Hill Education.
- 17) Moeheriono. (2014). *Pengukuran Kinerja Berbasis Kompetensi* (Revision). Jakarta: Raja Grafindo Persada.
- 18) Mujiasih, E. (2015). Hubungan Antara Persepsi Hubungan Organisasi (Perceived Organizational Support) dengan Keterikatan Karyawan. *Jurnal Psikologi*, 14(1), 40–51. <https://doi.org/https://doi.org/10.14710/jpu.14.1.40-51>
- 19) Safiullah, A. B. (2014). Impact of Rewards on Employee Motivation of the Telecommunication Industry of Bangladesh: An Empirical Study. *IOSR Journal of Business and Management (IOSR-JBM)*, 16(12), 22–30. <https://doi.org/10.9790/487X-161222230>
- 20) Saks, A. M. (2006). Employee engagement: Antecedents and consequences. *Journal of Managerial Psychology*, 21(7), 600–619.
- 21) Stollberger, J., West, M. A., & Sacramento, C. (2017). *Group creativity in team and organizational innovation* (P. B. Paulus & B. A. Nijstad, Eds.). Britania Raya: Oxford University Press.
- 22) Susanto, D. B., Faisal, & Putra, T. R. I. (2019). The Effect Of Knowledge Management, Organizational Learning And Work Satisfaction Toward Organizational Commitment

And Its Impact On Employee Performance In Secretariat Office, District Of Nagan Raya, Aceh Province, Indonesia. *International Journal of Social Science and Economic Research*, (7), 5066–5076.

- 23) Toha, M. (2017). *Analisis Pengaruh Profesionalisme, Kedisiplinan, Motivasi Kerja, Budaya Kerja Dan Komunikasi Terhadap Kinerja Pegawai Otoritas Jasa Keuangan*. Institut Agama Islam Negeri (IAIN) Salatiga.