



The impact of transformational leadership and knowledge management on organizational performance through organizational resilience

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Abstract: The quality of a workforce is closely tied to the achievement of organizational goals and overall success. Due to its significant influence on business performance, firms prioritize the assurance of high-quality staff performance. This study seeks to investigate the impact of transformational leadership and knowledge management on organizational performance via organizational resilience. This study uses primary data collected through questionnaires distributed via Google Forms, utilizing a Likert scale for responses. The data analysis was carried out using the PLS-SEM method (Partial Least Squares SEM). The results of this study indicate that transformational leadership and knowledge management influence organizational resilience through organizational performance.

Abstrak: Kualitas tenaga kerja dipengaruhi langsung oleh pencapaian dan keberhasilan tujuan organisasi. Karena dampaknya yang signifikan terhadap bisnis, kualitas kinerja karyawan mendapat perhatian penuh dari perusahaan. Penelitian bertujuan untuk menguji pengaruh kepemimpinan transformasional dan manajemen pengetahuan terhadap kinerja organisasi melalui ketahanan organisasi. Sumber data yang digunakan dalam penelitian ini adalah data primer yang dikumpulkan melalui Google Form untuk mengumpulkan hasil jawaban dari kuesioner dengan menggunakan skala Likert. Metode pengujian data menggunakan PLS-SEM (*Partial Least Squares SEM*). Hasil penelitian mengungkapkan bahwa kepemimpinan transformasional dan manajemen pengetahuan berpengaruh terhadap kinerja organisasi melalui ketahanan organisasi.

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Introduction

One of the most valuable resources for any business is its workforce. While human resources play a vital role in service delivery, organizational management is equally important in evaluating the effectiveness of human resources in service provision. The quality of a workforce is directly impacted by the achievement and success of organizational goals. Given its significant impact on business outcomes, companies place great emphasis on ensuring high-quality employee performance. Consequently, businesses are compelled to select individuals who are experienced, meticulous, proactive, and highly dedicated (Lie & Siagian, 2018).

Previous studies have examined the effects of knowledge management and transformational leadership on organizational performance. Organizational performance benefits significantly from transformational leadership (Jiang & Chen, 2018). Several experts suggest that mediating variables exist in the relationship between transformational leadership and organizational performance (Khan et al., 2018). Findings indicate that management expertise positively impacts organizational performance, with numerous studies detailing how mediating variables influence the relationship between knowledge management and organizational performance (Iqbal et al., 2018).

Improved transformational leadership leads to increased task performance. Work behavior has a direct and substantial favorable impact on task performance, indicates that improved work behavior results in superior task performance. Yumhi's research (2021) has shown a direct and significant positive influence of transformational leadership on task performance. As noted earlier, mediating variables can impact the relationship between transformational leadership and organizational performance (Khan et al., 2018). Additionally, management expertise has a significant role in improving organizational performance, as discussed in studies on the mediating influence of knowledge management (Iqbal et al., 2018).

The research aims to examine the influence of transformational leadership and knowledge management on organizational performance through organizational resilience. It also aims to explore how these strategies are implemented in manufacturing companies in the Tunas 1 industrial area in Batam, Riau Islands.

Literature Review

Transformational Leadership and Organizational Resilience

Transformational leadership, a leadership style that inspires followers to achieve new levels of performance, is characterized by the ability to identify desires, values, and motivations while fostering change across the organization (Wardani & Eliyana, 2020). This approach emphasizes fulfilling followers' demands and fostering their development through increased employee engagement, dedication, and productivity

(Torlak et al., 2021). Transformational leaders inspire innovative efforts by creating an environment that encourages employees to develop skills and meet personal needs while striving toward organizational success. Yulianti et al. (2022) found a significant relationship between transformational leadership and organizational resilience.

H₁: Transformational leadership significantly influences organizational resilience.

Knowledge Management and Organizational Resilience

Knowledge management refers to the process and activities involved in acquiring, discovering, organizing, and disseminating information and expertise within an organization for strategic purposes (Hussinki et al., 2017). It is a critical business capital for capturing and utilizing essential knowledge to achieve organizational goals (Falasca et al., 2017). Effective knowledge transfer and structured organizational memory contribute to organizational resilience by fostering adaptive capabilities (Widiastuti & Budi, 2016). Arfiansyah (2021) revealed a strong connection between knowledge management practices and organizational resilience.

H₂: Knowledge management significantly influences organizational resilience.

Organizational Resilience and Organizational Performance

Organizational resilience involves the capacity to consistently support employee growth and recovery, contributing to individual and organizational success (Yuesti & Sumantra, 2017). It requires employees to exhibit intellectual curiosity, actively reflect on experiences, adapt theoretical knowledge, and implement it in practice (Serrat, 2017). Resilience ensures organizations can effectively face challenges and maintain performance levels. Yuesti and Sumantra (2017) emphasized the importance of resilience in achieving organizational objectives.

H₃: Organizational resilience significantly influences organizational performance.

Transformational Leadership and Organizational Performance

Transformational leaders clarify responsibilities and align employees toward defined goals. Such leaders, known for their charismatic and intellectual stimulation, prioritize individual growth and innovation (Khan et al., 2018). This leadership style positively influences employees by enhancing their commitment, loyalty, and overall productivity, contributing to improved organizational performance.

H₄: Transformational leadership significantly influences organizational performance.

Knowledge Management and Organizational Performance

Knowledge management facilitates effective decision-making, strategic planning, and innovation by ensuring employees have access to critical knowledge (Yuesti & Sumantra, 2017). Learning organizations that encourage knowledge sharing and application achieve better organizational performance. Mustika et al. (2022)

highlighted the direct influence of knowledge management practices on performance outcomes.

H5: Knowledge management significantly influences organizational performance.

Mediating Role of Organizational Resilience

Transformational leadership indirectly impacts organizational performance through resilience by inspiring followers to align their efforts with organizational goals, fostering adaptive and innovative thinking, and improving overall effectiveness (Wardani & Eliyana, 2020). Resilience acts as a bridge, enhancing the leadership-performance relationship. Similarly, effective knowledge management enhances resilience by enabling the acquisition and application of knowledge critical for overcoming challenges. Research by Kılıç & Uludağ (2021) found that knowledge management positively impacts performance via resilience, which acts as a mediator for sustained success.

H6: Transformational leadership influences organizational performance through organizational resilience.

H7: Knowledge management influences organizational performance through organizational resilience.

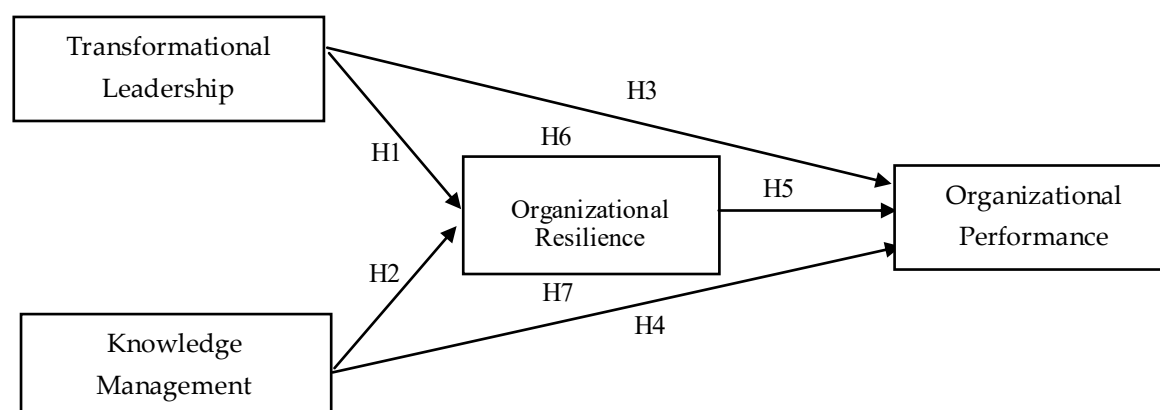


Figure 1. Conceptual Research Model

Method

The data used in this study are primary data collected directly from respondents. The data collection was conducted using a questionnaire distributed through Google Forms, employing a Likert scale to measure responses. Data analysis was performed using the SmartPLS software. A common method bias (CMB) test was applied to ensure that the research did not contain more than 50% of overall bias. If the common method bias value is less than 50%, the research can be considered free from significant bias (CMB). The analytical methods used in this study include

validity tests, reliability tests, hypothesis testing, and goodness-of-fit (GoF) assessments. The respondents were employees of manufacturing companies located in the Tunas 1 Industrial Area, Batam Center.

Result

This study involved 194 respondents based on the results of the questionnaire. The characteristics of the respondents show that 32 were male and 162 were female. Data analysis for all 194 respondents was conducted using SmartPLS software. The validity test results indicated that all variables were valid, and the reliability test results confirmed that all variables were reliable. The validity test results in Table 1 show that each research variable (X3) achieved outer loading and AVE values with total scores for all indicators exceeding 0.70. This demonstrates that the statements in the research instrument, as presented in Table 1, meet the requirements for data validity.

The reliability test results in Table 2 indicate that all four research variables achieved Cronbach's alpha coefficients greater than 0.70, confirming that the statements in the questionnaire are reliable and suitable for use in the study. Table 3 shows that the R-square value for the organizational resilience variable (Y1) is 0.873,

Table 1. Validity Test Results

Variabel	Outer Loading	AVE	Keterangan
Organizational Performance (Y2)	0.931	0.802	Valid
	0.941		Valid
	0.808		Valid
Organizational Resilience (Y1)	0.898	0.795	Valid
	0.916		Valid
	0.865		Valid
	0.876		Valid
	0.901		Valid
Transformational Leadership (X1)	0.879	0.732	Valid
	0.926		Valid
	0.845		Valid
	0.765		Valid
Knowledge Management (X2)	0.894	0.805	Valid
	0.923		Valid
	0.870		Valid
	0.901		Valid

Source: Data analysis, 2024

Table 2. Reliability Test

Variabel	Cronbach's Alpha	Description
Organizational Performance (Y2)	0.874	Reliable
Organizational Resilience (Y1)	0.935	Reliable
Transformational Leadership (X1)	0.877	Reliable
Knowledge Management (X2)	0.919	Reliable

Source: Data analysis, 2024

Table 3. R-Square and Q-Square Score

Construct	R-square	Q-Square
Organizational Performance (Y2)	0.873	0.614
Organizational Resilience (Y1)	0.778	0.680

Source: Data analysis, 2024

which can be interpreted as 87.3% of the variation in organizational resilience being explained by the model, while the remaining 12.7% is influenced by variables outside the model. The R-square value for the organizational performance variable (Y2) is 0.778, indicating that 77.8% of the variation in organizational performance is explained by the model, while the remaining 22.2% is influenced by variables outside the model.

Based on Table 3, the Q-Square value for the Organizational Performance variable (Y2) is 0.614, and the Q-Square value for the Organizational Resilience variable (Y1) is 0.680. These values indicate that the model has good predictive relevance. Based on Table 4, the f-square value for the effect of transformational leadership on organizational resilience is 0.068, indicating that the predictive power of the latent variable is at a small level. The f-square value for the effect of knowledge management on organizational resilience is 1.463, suggesting that the predictive power of the latent variable is at a large level. Similarly, the f-square value for the effect of organizational resilience on organizational performance is 1.463, also indicating a large level of predictive power for the latent variable.

Table 4. F-Square Score

Construct	F-Square
<i>Transformational Leadership on Organizational Resilience</i>	0,068
<i>Knowledge management on Organizational Resilience</i>	1,463
<i>Organizational Resilience on Organizational Performance</i>	3,498

Source: Data analysis, 2024

Table 6. Hypothesis Testing Results

Constructed Model	Original Sample (O)	Mean (M)	(STDE V)	T-Stats	P Values
Transformational Leadership (X1) → Organizational Resilience (Y1)	0,170	0,181	0,067	2,541	0,011
Knowledge Management (X2) → Organizational Resilience (Y1)	0,788	0,775	0,066	12,016	0,000
Transformational Leadership (X1) → Organizational Performance (Y2)	0,150	0,159	0,059	2,529	0,012
Knowledge Management (X2) → Organizational Performance (Y2)	0,695	0,682	0,062	11,137	0,000
Organizational Resilience (Y1) → Organizational Performance (Y2)	0,882	0,879	0,027	32,450	0,000
Transformational Leadership (X1) → Organizational Resilience (Y1) → Organizational Performance (Y2)	0,150	0,159	0,099	2,529	0,012
Knowledge Management (X2) → Organizational Resilience (Y1) → Organizational Performance (Y2)	0,695	0,682	0,062	11,137	0,000

Source: Data analysis, 2024

Based on the hypothesis testing results presented in Table 5, all hypotheses are accepted as they achieved a t-statistic value greater than 1.96 and a p-value less than 0.05.

Discussion

Based on the results of hypothesis testing, transformational leadership has a positive and significant effect on organizational resilience, thus supporting H1. Transformational leadership assesses how well teams and leaders collaborate to create a high-quality work environment that facilitates achieving organizational goals (Ehnrrooth et al., 2021; Mlinarevic et al., 2022).

Similarly, knowledge management has a positive and significant effect on organizational resilience, thus supporting H2. The expansion of an organization's workforce and the advancement of knowledge- or technology-based industries are indicators of change in maintaining a knowledge-driven environment. Knowledge sharing—helping organizations achieve business goals by sharing information among individuals and departments—is a critical step. Knowledge is stored in various forms, such as electronic media, to support organizational purposes (Alsuwaidi & Mansor, 2022). These findings align with prior research by Iqbal (2019), which states that knowledge management significantly impacts organizational performance.

Transformational leadership has a positive and significant effect on organizational performance, thus supporting H3. Organizational success is closely related to profitability, and financial performance is often used to assess organizational performance. The findings align with research conducted by Kılıç & Uludağ (2021), which concluded that transformational leadership has a positive and significant effect on organizational performance. Similarly, this study supports the findings of Khan et al. (2018), who stated that transformational leadership positively influences organizational performance.

Knowledge management has a positive and significant effect on organizational performance, thus supporting H4. The path coefficient shows a positive relationship between the variables. The impact of knowledge management on organizational performance has been widely discussed in the literature, with many researchers exploring how specific knowledge management strategies influence organizational performance. This study aligns with the findings of Isa & Rahmah (2023), which concluded that knowledge management has a positive impact on organizational performance.

Organizational resilience has a positive and significant effect on organizational performance, thus supporting H5. The path coefficient shows a positive relationship between these variables. Organizational performance is viewed as a primary dependent variable used to measure the basic productivity of an organization. This study supports previous research conducted by Mustika et al. (2022), which stated that knowledge management influences performance.

Conclusion

The results of this study indicate that transformational leadership and knowledge management influence organizational resilience through organizational performance. By clarifying job roles and responsibilities, transformational leaders inspire and motivate their followers toward achieving predetermined goals. In the context of leadership affecting organizational performance, organizations require leaders who can effectively manage changes and ensure the entire team works together in achieving their goals. Consequently, leaders have the capacity to affect total organizational productivity, dedication, job satisfaction, and the quality of work life. Recommendations for the corporation entail implementing comprehensive training programs and fortifying the transformational leadership culture to improve organizational performance.

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