

THE MEDIATING EFFECT OF KNOWLEDGE MANAGEMENT ON LEADERSHIP TOWARD ORGANIZATIONAL PERFORMANCE OF STATE ORGANIZATION FOR HIGHER EDUCATION

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ABSTRACT

This research was conducted with the aim to analyze the impact of leadership on organizational performance using variables of knowledge management as a mediating variable. The unit of analysis in this research was the study program and the scholars who study populations, where the quality of undergraduate study program was a picture of total conditions of higher education in general (BAN-PT, 2015). The analytical method used to test the hypothesis of the research was SEM (Structural Equation Model). The leadership of the heads of study program and management of exact science-related knowledge, non-exact science-related knowledge and exact-non-exact science-related knowledge is still considered good enough, while the organizational performance of the exact-science study programs, non-exact science study programs and exact-non-exact science study programs is still quite high. In relation to the exact-science study programs, non-exact science study programs and exact-non-exact science study programs, leadership simultaneously has a significant effect on knowledge management in public higher education institutions in South Sulawesi and East Java. Originality for this papers show: (1) mediation effect (using Sobel test) of knowledge management in relationship between leadership toward organizational performance, (2) location of studies (no previous research for this relationship): Hiher Education in two provinces, South Sulawesi and East Java.

Keywords: Knowledge Management, Leadership, Organizational Performance

INTRODUCTION

Knowledge is among the intangible assets of important and strategic value. Based on this understanding, higher education institutions can use knowledge as their resource to achieve their objectives, where it can be realized only if such knowledge is managed well. Knowledge management can be used as a strategy for organizations to achieve success as according to Allamel & Saba (2010) knowledge management can add value to organizations by applying it to their products and services.

Leadership is basically an ability to affect and to motivate members to contribute in the achievement of organizational goals (McShane & Von-Glinow, 2008; Dessler, 2004 & Certo, 2009). This understanding reflects that the behavior of members of the organization and the achievement of its goals are very dependent to the ability of a leader.

Although the integration of leadership and knowledge management (KM) in achieving superior organizational performance is important, only few studies link leadership and

organizational performance via KM processes. This research aims to examining the impact of leadership on organizational performance via KM processes in terms of knowledge acquisition, knowledge sharing and knowledge application in three of the leading and most promising telecommunication companies in the Middle-East.

THEORETICAL BACKGROUND

Relationship between leadership, knowledge management and organizational performance

Theriou et al. (2011) highlighted the role of leadership and culture in KM effectiveness and found a strong positive relationship between KM processes and organizational performance (profitability and market share). They argued that KM is an essential instrument for organizations to capture and transfer information in order to gain competitive advantage. In the healthcare sector, Kim et al. (2010) examined the relationship between knowledge sharing and organizational performance. They found that hospital structure has a significant impact on knowledge-sharing practices, which together improve organizational performance in terms of patient safety.

MATERIAL AND METHOD

This research was conducted with the aim to analyze the impact of leadership on organizational performance using variables of knowledge management as a mediating variable. Based on the objectives, this research was descriptive-verify. The unit of analysis in this research was the study program and the scholars who study populations, where the quality of undergraduate study program was a picture of total conditions of higher education in general (BAN-PT, 2015). There are 164 graduate study programs at the College of South Sulawesi and East Java. The respondents or units of observation in this study included the heads of the study programs, lecturers, students and administrative staffs. Data collection techniques in the field were conducted through interviews with captains, lecturers and students to reveal facts related to the variables studied. The questionnaire uses a list of questions answered by respondents made with the likert scale. Observation is done by observing directly the conditions in each study program. The analytical method used to test the hypothesis of the research was SEM (Structural Equation Model) by involving three measurement models (reflection of three research variables, equivalent to first order factor analysis). SEM analysis tool in this research is intended to solve the problem of small number of sample that is only 164 Graduate Program as a whole let alone after the study of religion that is dropped so that left 138 Graduate Program.

RESULT AND DISCUSSION

Latent variable	Value	SE	t	P-value
Leadership (KP)→ Knowledge Management (KM)	0.187	0.092	2.029	0.046*
Knowledge Management (KM)→ Organizational Performance (Performance)	0.054	0.133	0.404	0.688
Leadership (KP) → Organizational Performance (Performance)	0.203	0.106	1.906	0.061
(KP) → (KM) → (KO)	0.010098	0.025	0.398	0.691

Based on the Table 1, t-test result is revealed that $t_{\text{stat}}=0.398 < t_{\text{table}}=1.65$. Thus, it can be concluded that the indirect effect of leadership on organizational performance through knowledge management in the exact-science study programs at public higher education institutions in South Sulawesi and East Java is insignificant.

Latent variable	coefficient line	SE	t	p-value
Leadership (KP) → Knowledge Management (KM)	0.141	0.109	1.292	0.201
Knowledge Management (KM) → Organizational Performance (KO)	0.179	0.095	1.883	0.065
Leadership (KP) → Organizational Performance (KO)	0.294	0.131	2.242	0.029
(KO) → (PP) → (KO)	0.025	0.024	1.066	0.286

Based on the Table 2, model can be explained that the effect of knowledge management on organizational performance is 0.179. The t-test result shows that $t_{\text{stat}} > t_{\text{table}}$, meaning that knowledge management has a significant-positive effect on the organizational performance of non-exact science study programs at public higher education institutions in South Sulawesi and East Java.

The t-test result reveals that $t_{\text{stat}}=1.054 < t_{\text{table}}=1.67$. Thus, it can be concluded that the indirect effect of leadership on organizational performance through knowledge management in public higher education institutions in South Sulawesi and East Java is insignificant.

Latent variable	coefficient line	SE	T	p-value
Leadership (KP) → Knowledge Management (KM)	0.186	0.078	2.390	0.018
Knowledge Management (KM) → Organizational Performance (KO)	0.174	0.070	2.295	0.014
Leadership (KP) → Organizational Performance (KO)	0.246	0.081	3.031	0.003
(KO) → (PP) → (KO)	0.032	0.019	1.721	0.085

Based on the Table 3, model can be explained that the effect of leadership on knowledge management is 0.186. The t-test result shows that $t_{\text{stat}} > t_{\text{table}}$, meaning that leadership has a significant-positive effect on knowledge management. This implies that the better the leadership, the better the knowledge management of public higher education institutions in South Sulawesi and East Java.

Based on the Table 3, model can be explained that the effect of knowledge management on organizational performance is 0.174. The t-test result shows that $t_{\text{stat}} > t_{\text{table}}$, meaning that knowledge management has a significant-positive effect on the organizational performance of higher education institutions in South Sulawesi and East Java.

The t-test result reveals that $t_{\text{stat}}=2.46 < t_{\text{critical}}=1.64$. Thus, it can be concluded that leadership has a significant effect on organizational performance through knowledge management in public higher education institutions in South Sulawesi and East Java. The research findings of exact and non-exact science groups are different from the research findings of exact science groups and those of non-exact science groups.

The Exact-Science Model

The research findings suggest that regarding the exact-science study programs, leadership has a significant-positive effect on knowledge management. These findings corroborate the findings of the research conducted by Mertins et al. (2003) that leadership is the main factor for successful knowledge management. These findings are different from the findings of the research conducted by Allamel & Saba (2010) that knowledge management is considered to add value to organizations by applying knowledge to their products and services. Likewise, these findings are also inconsistent with those of the research conducted by Harrington & Guimaraes (2005) that knowledge management plays an important role in organizational performance. The research findings show that for exact-science study programs, the indirect effect of leadership on organizational performance through knowledge management is insignificant. It is because in terms of these exact-science study programs, the direct effect of knowledge management on performance is insignificant.

The Non-Exact Science Model

The research findings suggest that regarding the non-exact science study programs, leadership does not have a significant-positive effect on knowledge management. These findings are inconsistent with the findings of the research conducted by Mertins et al., (2003) that leadership is a main factor for successful knowledge management. These findings are consistent with the findings of the research conducted by Allamel & Saba (2010) that knowledge management is considered to add value to organizations by applying knowledge to their products and services. The research findings on the non-exact science study programs are similar to those of the exact-science study programs where it is revealed that the indirect effect of leadership on organizational performance through knowledge management is insignificant. Perhaps, such a condition results from the insignificant effect of leadership on knowledge management in the non-exact science study programs.

Discussion of the Model

Leadership has a significant and positive influence on knowledge management. The influence of leadership on the management of knowledge is positive which means if the leadership is running better, the implementation of knowledge management in the study program at the State University in South Sulawesi and East Java will also be better. The role of a leader is crucial, not to exclude the success of knowledge management. Knowledge management is a form of RBV-based strategy that is believed to enable organizations to achieve competitive advantage. The participation of members of the organization is indispensable in the successful management of knowledge and it can be made possible by a leader's ability to mobilize all his followers. The essence of leadership is processes in which a person influences, directs, motivates and makes others contribute to the achievement of organizational goals (McShane & Von-Glinow, 2008).

Leadership affects organizational performance. The influence of leadership on organizational performance is positive, meaning that the more the leadership in the exact study program, the better the performance of the organization of the exact study program at State University in South Sulawesi and East Java. Leadership is something that makes things different in the success and failure of an organization. As it is understood that leadership is a process in

which a person influences, directs, motivates and makes others contribute to the achievement of organizational goals (McShane & Von-Glinow, 2008, Dessler, 2004 & Certo, 2009).

Knowledge management can have an impact on organizational performance in various ways, one of which, according to Allamel & Saba (2010), is that knowledge management is supposed to add value to the organization by applying knowledge to their products and services. It is supported by Harrington & Guimaraes (2005) who says that knowledge management has an important role in showing the role of knowledge in achieving organizational performance. The results of this study contradict the findings of Allamel & Saba (2010) that knowledge management is considered to add value to organizations by applying knowledge to their products and services. The findings of Zack, Michael, James McKeen & Satyendra (2009) that the practice of knowledge management is directly related to organizational performance where directly related to financial performance is also contrary to the results of research on this exact course.

CONCLUSIONS AND RECCOMENDATIONS

Based on the analysis, these findings corroborate the findings of the research conducted by Mertins et al. (2003) that leadership is the main factor for successful knowledge management but these findings are different from the findings of the research conducted by Allamel & Saba (2010) that knowledge management is considered to add value to organizations by applying knowledge to their products and services.

Based on these conclusions, some things can be suggested: chairman of the Leadership Learning Program would be better to improve the ability to stimulate the intellectual, by Leadership Learning Program to seek more fairness in delegating tasks to the appropriate considerations such as based on competence and not based on proximity; Leadership Learning Program of exact science should be more tolerant of mistakes of the subordinates while Leadership Learning Program of non-exact science should give full confidence in subordinates to carry out specific tasks; the ability to inspire and motivate, by Leadership Learning Program, the leader should convey the vision to his subordinates on each occasion by creating a realistic depiction properly and that subordinates can understand it; individual consideration, by Leadership Learning Program, the leader should occasionally show concern for the privacies of his subordinates such as asking family conditions; increasing the influence of the ideal, Leadership Learning Program must be willing to share, especially about the success and experience, so that subordinates can learn from it; related contingent reward by Leadership Learning Program, the leader should consistently provide appropriate award by improving communication and building a stronger emotional connection; related management by exception, Leadership Learning Program should be able to see the subordinates who need more guidance and who do not, but Leadership Learning Program should not give over control and that the behavior of passive non-transactional reduced, Leadership Learning Program should be able to manage time well.

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