



The Role of Transformational Leadership on Employee Performance Through Organizational Learning Culture and Intrinsic Work Motivation

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ABSTRACT

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When organizations devote various resources to increase its effectiveness and growth, leaders continue to think about the best ways to motivate employees to work more effectively and efficiently. Therefore, this study examines the following questions: (a) the extent to which transformational leadership affects organizational learning culture, intrinsic work motivation, and employee performance? (b) the extent to which organizational learning culture affects employee performance? and (c) the extent to which intrinsic work motivation affects employee performance? Using a questionnaire distributed online to employees at a community health center in Riau island – Indonesia, data were collected and analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM) employing SmartPLS 3.0 software. The results of the study prove that (a) transformational leadership directly and significantly affects organizational learning culture, intrinsic work motivation, and employee performance, (b) organizational learning culture directly has no significant effect on employee performance, and (c) intrinsic work motivation directly and significantly affects employee performance. The findings and implications of this study indicate that intrinsic work motivation indirectly plays an important role in linking transformational leadership and employee performance.

1. INTRODUCTION

To deal with rapid changes, globalization, competitive market demands, and technological developments, today's organizations urgently need transformative leadership practices so that they are able to bring about organizational survival and growth [1, 2]. Therefore, organizations need to have a good understanding of the alignment between the various needs of employees, and the leadership style practiced within the organization [3, 4].

The age difference between employees is often an obstacle in managing employee and organizational performance. Therefore, according to Macon and Artley [5], leaders must identify, classify, and adequately manage the generation gap between employees to realize the expected performance and achievements. Burris, Ayman [6], Hapsari, Stoffers [7] recommend several competencies (i.e., the ability to provide fair judgment and accommodate employee job satisfaction) that leaders must possess to manage a diverse work environment of all ages.

The transformational leadership style reflects a visionary relationship between leaders and employees based on trust, confidence, admiration, and respect [8], where transformational leaders are proven to be able to increase the effectiveness of employee and organizational performance [9-12]. Organizations' transformational leaders effectively inspire and confidently engage employees in their work, which can help them participate in creative work activities. However, the

literature also shows that transformational leadership behavior (i.e., idealized influence) is not significantly related to the effectiveness of employee behavior [13]. In fact, transformational leadership is not able to improve employee performance [14]. Furthermore, researchers highly appreciate a mediating mechanism (such as organizational learning culture) by Khan and Khan [15], Ur Rehman, Bhatti [16] and (intrinsic work motivation) by Morkevičiūtė and Endriulaitienė [17], Nguyen, Mai [18] in the relationship between transformational leadership and employee performance. When the leader lays out a clear vision in the face of organizational planned changes, a dynamic learning culture and high motivation encourage employees to perform better in their work. Therefore, this study examines the following questions: (a) the extent to which transformational leadership affects organizational learning culture, intrinsic work motivation, and employee performance? (b) the extent to which organizational learning culture affects employee performance? and (c) the extent to which intrinsic work motivation affects employee performance?

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Employee performance

Performance is the level of achievement obtained by

employees in fulfilling the vision and mission of the organization in the workplace [19]. Many scholars are very varied in perceiving performance, but most of them always link performance with the effectiveness of achieving organizational goals [20]. The organization's ability to mobilize various resources, especially employees, can produce effective and efficient work outcomes [21]. Therefore, effective employee performance management is very important to encourage overall organizational performance [22].

Many antecedent variables of employee performance have been studied over the last few decades and have been considered one interesting topic for achieving organizational excellence [23, 24]. For instance, Buil, Martínez [25] investigate how transformational leadership can affect employee performance. Their findings prove that transformational leadership significantly affects employee performance, either directly or indirectly, through organizational identification and work engagement. Furthermore, Kuvaas, Buch [26] found that intrinsic work motivation was significantly associated with positive employee work outcomes. Intrinsic work motivation encourages employees' high levels of effort, perseverance, and energy to be totally involved in the work and develop better in the organization. Likewise, Naqshbandi and Tabche [27] findings show that organizational learning culture affects employee work innovation. The learning culture within the organization enhances the acquisition and exchange of new knowledge, which is a major factor in shaping and encouraging employee performance improvement.

2.2 Transformational leadership, employee performance, intrinsic work motivation, and organizational learning culture

Transformational leadership has become a very interesting topic in the management of modern organizations [28]. Bass [8] popularized the theory of transformational leadership, which was developed from the concept of Burns [29], by asserting that transformational leaders are more focused on empowering employees through inspirational motivation to achieve the interests of the organization as a whole. Leader behavior in transformational leadership seems to be seen as going beyond economic and social exchanges between leaders and employees by focusing on optimism, mutual progress, and a strong drive for employees to achieve organizational goals regardless of their personal interests [30, 31].

Transformational leadership lays out the organization's vision clearly and seeks to build trust in the achievement of that vision in employees so that they are willing to sacrifice their personal interests in order to achieve collective and organizational progress. According to Bass [8], transformational leadership includes 4 categories of behavior: (1) idealized influence (leader appears as a role model), (2) inspirational motivation (leader explains goals clearly), (3) intellectual stimulation (leader encourages creative thinking), and (4) individualized consideration (leader takes an individual approach to the coaching process). The findings of Amrullah, Haryono [32] show that transformational leadership significantly influences employee performance. Transformational leadership is able to inspire employees to create a culture that is adaptive to the various changes that occur in the organization.

Transformational leadership is very helpful for

organizations to encourage extra work behavior of employees and develop a pleasant workplace [33]. Transformational leadership enhances the ability of employees to share knowledge so that they are able to produce innovative performance [34, 35]. Transformational leadership encourages employees to use their full potential responsibly [36], directs them to get work done from a different perspective [37], and makes them work harder, thereby increasing participation and job satisfaction with the organization [38]. Therefore,

H1: Transformational leadership significantly affects employee performance

Previous research has shown that work motivation is highly dependent on how employees interact, understand, and interpret the behavior of transformational leaders [39]. Transformational leaders encourage intrinsic work motivation of employees through articulating a clear vision of the future, good attention, high emotional connection with work, and the creation of comfortable working conditions [17]. Transformational leaders care deeply about employees by respecting their feelings [40], emphasizing the importance of group goals that unite feelings of attachment among employees [41, 42], and create a positive work atmosphere that allows employees to have high work motivation and commitment to work without special external stimuli [43, 44]. Therefore,

H2: Transformational leadership significantly affects intrinsic work motivation

Transformational leadership positively affects a comfortable work culture so employees feel high job satisfaction [45, 46]. Transformational leaders are able to create a culture of inclusiveness, empowering working conditions, and highly emphasize positive behaviors in the workplace, which in turn, encourage employees to perform autonomously and think rationally [47]. Transformational leadership inspires employees to help each other and demonstrate innovative work behaviors [48] and encourages them to stay within the organization [49]. Through inspirational motivation, transformational leaders encourage organizational learning culture in employees so that they learn continuously and share ideas with each other in the workplace, which contributes positively to employee job satisfaction [50]. Therefore,

H3: Transformational leadership significantly affects organizational learning culture

2.3 Organizational learning culture and employee performance

Organizational learning refers to the development of new, highly complex knowledge that leads to changes in the individual behavior of employees and the organization [51]. Organizations develop a learning culture by creating knowledge, collecting, disseminating knowledge, and modifying it to become more useful for changing employee behavior [52]. Therefore, organizations that emphasize organizational learning culture always use at least 3 stages: first, gain knowledge; second, interpret that knowledge meaningfully; third, change and implement knowledge in the form of behavior and not just words [53].

A learning culture of sharing knowledge increases employees' ability to innovate, which has positive implications for improving performance [54]. Promoting a culture of

knowledge sharing within the organization further facilitates the creation of new ideas and the development of innovative capabilities among employees as they can easily acquire new knowledge and skills through collaboration with colleagues [55] so that the resulting performance becomes very effective and efficient.

Organizations with a high learning culture can change employees' work difficulties to be easier by integrating and transferring knowledge, experience, and information to colleagues to enable them to produce better performance [56]. When employees feel that the organization facilitates adequate learning that supports completing their work, according to social exchange theory [57], they become very willing to fulfill their duties and responsibilities in the best possible way [58]. Nam and Park [59], Sangpern and Jermstittiparsert [60] found that organizational learning culture positively improves employee performance. Therefore,

H4: Organizational learning culture significantly affects employee performance

2.4 Intrinsic work motivation and employee performance

For the achievement of personal and organizational goals, work motivation is seen as very important [61, 62]. Work motivation is the main basis for driving individual and organizational behavior [63]. Work motivation is a series of forces and energies that direct individual behavior to do work. Work motivation not only includes the drive to carry out meaningful activities but also determines the direction, intensity and duration of work [64].

Deci and Ryan [65, 66] introduced the self-determination theory to identify various types of motivation, namely intrinsic and extrinsic motivation. The behavior of intrinsically motivated employees is driven by a sense of satisfaction or pleasure attached to work when carrying out these work activities. Furthermore, extrinsic motivation is the drive to act in a certain way for the purpose or external consequences of the work done [66]. In particular, this study focuses more on intrinsic work motivation because of the possibility that intrinsic motivation can increase along with the increase in employee work ability to maintain performance and organizational sustainability [67].

Good et al. [68] and Suharto et al. [69] found that intrinsic work motivation significantly affects employee performance. Intrinsic work motivation gives employees a great deal of autonomy and the opportunity to choose and carry out their work in an innovative way [70]. Intrinsic motivation increases internal work passion and subjective pleasure felt by employees [71] so that they optimize their commitment to work well according to their abilities [72]. Therefore,

H5: Intrinsic work motivation significantly affects employee performance

3. RESEARCH METHODS

The data in this study were collected in Riau island – Indonesia, obtained from employees who work in community health centers. Research data was collected for three months, from April to June 2022. The data collection procedure used purposive sampling, which included two stages: first, distributing questionnaires online using google-form; second, distributing questionnaires directly by using printouts. There are 170 questionnaires distributed to respondents, of which 64

questionnaires were collected and deserved to be analyzed (with a response rate of 37.65%). Fifty percent of respondents are male. Most of the respondents (40.6%) are between 26 – 30 years old, while 45.3% have undergraduate education qualifications. In addition, most of the respondents have insufficient work experience, as 44.4% have worked in the 'current' organization for 1 to 3 years.

Transformational leadership is measured using 7 question items developed by Astuty and Udin [12], Kirkman, Chen [73]. An example of a question item is: “*leader in the organization clearly defines the vision and mission*”. Organizational learning culture is measured using 7 question items developed by Lin and Huang [74], Naqshbandi and Tabche [27], Yang, Watkins [75]. An example of a question item is: “*when employees learn, they are highly valued in the organization*”. Intrinsic work motivation was measured using 4 question items developed by Çetin and Aşkun [76], Tremblay, Blanchard [77]. An example of a question item is: “*employees get much fun when learning new things*”. Employee performance is measured using 6 question items developed by Astuty and Udin [12], Buil, Martínez [25]. An example of a question item is: “*employees display adequate quality of work on target*”. All respondents' responses were assessed on a five-point Likert scale with answers ranging from 1 (strongly disagree) to 5 (strongly agree).

4. RESULTS AND DISCUSSION

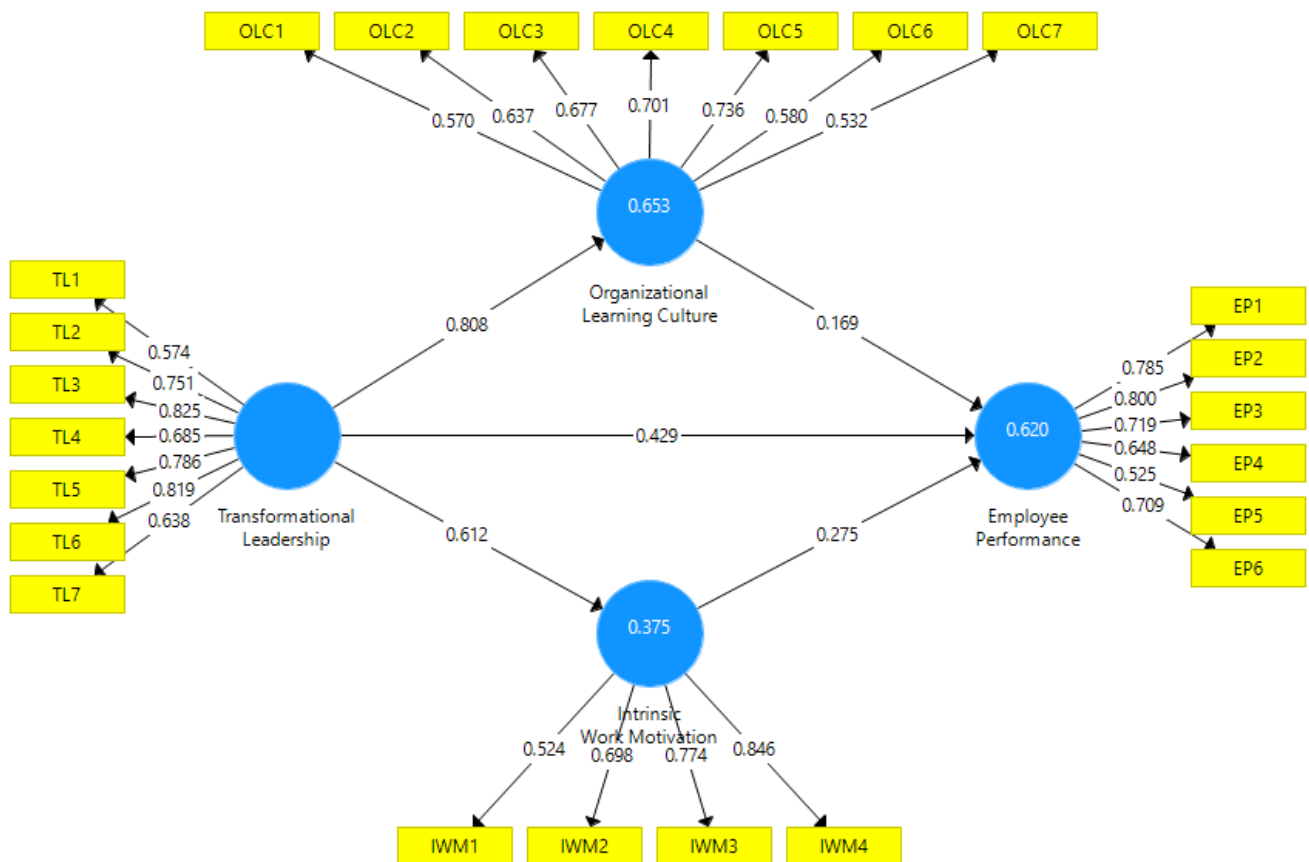
This study uses Partial Least Squares Structural Equation Modeling (PLS-SEM) with employing SmartPLS 3.0 software to test the data. The choice of approach with PLS-SEM analysis is based on data features and mediation analysis. Data analysis using PLS-SEM can predict the independent variable's effect on the dependent variable [78] and is very suitable for predicting a group of equations and developing relationships between variables in the proposed research model [79].

The results of the convergent validity test in Table 1 show that the factor loading value of each item ranges from 0.525 to 0.846, which exceeds the threshold value of 0.50 [80]. This indicates that all items are significant, proving the measurement model's convergent validity. The Cronbach's α values of all variables ranged from 0.683 to 0.851, beyond the acceptable level of 0.60 [80]. Composite reliability (CR) (for transformational leadership, organizational learning culture, intrinsic work motivation, and employee performance), CR values were 0.888, 0.825, 0.808, and 0.853, respectively, which were higher than 0.70 as suggested by Sarstedt, Hair [78]. Furthermore, all average variance extracted (AVE) values (for transformational leadership, organizational learning culture, intrinsic work motivation, and employee performance), AVE values were 0.534, 0.406, 0.519, and 0.495, respectively, which exceeded the acceptable level of 0.40 [80, 81].

The discriminant validity test in this study used the Fornell-Larcker criterion. Fornell-Larcker criterion becomes an acceptable approach to assess discriminant validity. The test results in Table 2 indicate a value greater than the correlation between variables. Therefore, discriminant validity in this study obtained valid approval and preferences as well as in accordance with the criteria set by Fornell-Larcker [82].

Table 1. Coefficients of the measurement model

Variables	Items	Loadings	Cronbach's α	CR	AVE
Transformational Leadership	TL1	0.574	0.851	0.888	0.534
	TL2	0.751			
	TL3	0.825			
	TL4	0.685			
	TL5	0.786			
	TL6	0.819			
	TL7	0.638			
Organizational Learning Culture	OLC1	0.570	0.757	0.825	0.406
	OLC2	0.637			
	OLC3	0.677			
	OLC4	0.701			
	OLC5	0.736			
	OLC6	0.580			
	OLC7	0.532			
Intrinsic Work Motivation	IWM1	0.524	0.683	0.808	0.519
	IWM2	0.698			
	IWM3	0.774			
	IWM4	0.846			
Employee Performance	EP1	0.785	0.793	0.853	0.495
	EP2	0.800			
	EP3	0.719			
	EP4	0.648			
	EP5	0.525			
	EP6	0.709			

**Figure 1.** Hypothesized research model**Table 2.** Discriminant validity (Fornell-Larcker criterion)

Variables	1	2	3	4
Employee Performance	0.704			
Intrinsic Work Motivation	0.665	0.721		
Organizational Learning Culture	0.723	0.754	0.637	
Transformational Leadership	0.734	0.612	0.808	0.731

Table 3. Path coefficients

Relationships	β	Standard deviation	T-statistics	P-values
<i>Direct Effect</i>				
Transformational Leadership → Employee Performance	0.429	0.166	2.582	0.011
Transformational Leadership → Intrinsic Work Motivation	0.612	0.099	6.207	0.000
Transformational Leadership → Organizational Learning Culture	0.808	0.040	20.260	0.000
Organizational Learning Culture → Employee Performance	0.169	0.173	0.978	0.330
Intrinsic Work Motivation → Employee Performance	0.275	0.126	2.192	0.031
<i>Indirect Effect</i>				
Transformational Leadership → Organizational Learning Culture → Employee Performance	0.137	0.143	0.956	0.342
Transformational Leadership → Intrinsic Work Motivation → Employee Performance	0.168	0.074	2.270	0.025

The findings of the PLS-SEM analysis in Figure 1 and Table 3 show that transformational leadership has a positive and significant effect on employee performance ($\beta = 0.429$, $t = 2.582$, $p < 0.05$), supporting H1. Transformational leadership also has a positive and significant effect on intrinsic work motivation ($\beta = 0.612$, $t = 6.207$, $p < 0.05$) and organizational learning culture ($\beta = 0.808$, $t = 20.260$, $p < 0.05$), supporting H2 and H3. On the other hand, organizational learning culture has no significant effect on employee performance ($\beta = 0.169$, $t = 0.978$, $p > 0.05$), rejecting H4. Moreover, intrinsic work motivation has a positive and significant effect on employee performance ($\beta = 0.275$, $t = 2.192$, $p < 0.05$), supporting H5. Furthermore, the results showed that the indirect effect of organizational learning culture in mediating the relationship between transformational leadership and employee performance was insignificant ($\beta = 0.137$, $t = 0.956$, $p > 0.05$). Moreover, the indirect effect of intrinsic work motivation in mediating the relationship between transformational leadership and employee performance is positive and significant, with ($\beta = 0.168$, $t = 2.270$, $p < 0.05$).

The findings of this study indicate that transformational leadership is able to influence intrinsic work motivation, organizational learning culture, and employee performance. Transformational leadership is very significant in increasing employees' values and self-confidence so that they can identify various opportunities and new ideas to realize the expected performance in the organization. Transformational leaders, using intellectual stimulation and inspirational motivation, are able to inspire and inspire employees to perform certain pleasant tasks so that they work harder to achieve common goals and the organization. In the perspective of social exchange theory [57], when transformational leaders use idealized influence and individualized consideration to encourage and care for employees, employees become increasingly eager to learn well and continuously to realize their potential and higher performance. In addition, transformational leaders are also able to inspire and stimulate employees to appear more creative in completing their work successfully [83-85].

The findings of this study indicate that organizational learning culture has no significant effect on employee performance, which is in line with Hendri [86], Lin and Huang [74]. This is caused by organizational learning carried out by employees not in accordance with the demands of change and work. They have become accustomed to learning within the organization by ignoring the acquisition of knowledge and skills from outside the organization. Employees also pay less attention to innovation at work by ignoring the acquisition, dissemination, and application of existing knowledge. This

makes it more difficult for employees to innovate and generate new ideas for job success. While on the other hand, Joo [87] asserts that when employees feel that the organization provides opportunities to learn, engage and encourage continuous learning, the greater their chances of completing tasks and working well.

The findings of this study prove that intrinsic work motivation has a significant effect on employee performance. This confirms the findings of previous studies, such as Han, Kim [88], Jnaneswar and Ranjit [89], Laksmana and Riana [90], Nguyen, Mai [18]. Employees with high intrinsic work motivation tend to be diligent, productive, totally involved, highly committed to their work, and able to cope with various work challenges well. This is because they find pleasure and high satisfaction when doing work, so their work passion and performance achievement increase. Intrinsically motivated employees are very interested in growth and learning opportunities because they can provide a deep sense of satisfaction [70] and high goal achievement [91].

5. CONCLUSION

The study concluded that (a) transformational leadership significantly affects organizational learning culture, intrinsic work motivation, and employee performance, (b) organizational learning culture has no significant effect on employee performance, and (c) intrinsic work motivation significantly affects employee performance. The implications of the findings of this study indicate that intrinsic work motivation plays an important role in linking transformational leadership and employee performance.

Theoretically, the findings of this study contribute greatly to the development of theories of organizational behavior and performance management. First, this study finds that transformational leadership can directly affect organizational learning culture, intrinsic work motivation, and employee performance. Second, this study finds that organizational learning culture does not directly affect employee performance or as a mediator in the relationship between transformational leadership and employee performance. Therefore, these findings have contributed to the management literature's dark side of organizational learning culture. Meanwhile, this study found that intrinsic work motivation can influence employee performance directly or indirectly as a mediator in the relationship between transformational leadership and employee performance. As a result, the findings of this study are very important because they are able to provide new knowledge about the role of transformational leadership,

organizational learning culture, and intrinsic work motivation on employee performance comprehensively.

Based on the findings of this study, several practical implications are offered for the advancement of organizations. First, top management in organizations needs to adopt and implement transformational leadership to improve organizational learning culture, intrinsic work motivation, and employee performance comprehensively. The findings of this study have shown that when transformational leadership is well implemented in the organization, organizational learning culture, intrinsic work motivation, and employee performance develop well. Therefore, every prospective organizational leader needs to be properly trained to master and apply transformational leadership to increase organizational productivity. Second, when employees have intrinsic work motivation in completing tasks and work, this really helps them realize innovative, creative, and more productive performance in the organization. Therefore, the human resources department in the organization can create a comfortable work environment so that employees are always challenged and feel pleasure when completing performance, which in turn contributes positively to the organization's progress.

This research was conducted at a community health center in Riau island - Indonesia, where the sample of employees involved was only 64 respondents, which greatly limited the generalizability of the research findings. Therefore, future research needs to explore the same variables and conceptual models in different work settings, such as the hospitality industry, construction, education, or manufacturing industry, to gain more comprehensive insights and findings. Furthermore, because this study only examines transformational leadership warfare on employee performance through organizational learning culture and intrinsic work motivation, future research needs to explore more variables by introducing moderating variables such as relational identification, readiness to change, work engagement, and efficacy beliefs.

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APPENDIX

Measurement Scales

Transformational Leadership

1. My leader describes the organization's vision clearly (TL1)
2. My leader demonstrates the right role model (TL2)
3. My leader encourages the achievement of shared goals (TL3)
4. My leader encourages followers to show their best performance (TL4)
5. My leader shows respect for followers (TL5)
6. My leader pays high attention to the welfare of followers (TL6)
7. My leader considers follower suggestions before acting (TL7)

Organizational Learning Culture

1. In my organization, people are rewarded and valued for learning (OLC1)

2. In my organization, people spend time building trust with each other (OLC2)
3. In my organization, groups revise their thinking as a result of group decisions (OLC3)
4. My organization makes its lessons learned available to all employees (OLC4)
5. My organization recognizes people for taking initiatives (OLC5)
6. My organization works together with the outside community to meet mutual needs (OLC6)
7. In my organization, leaders continually look for opportunities to learn (OLC7)

Intrinsic Work Motivation

1. I derive much pleasure from learning new things (IWM1)

2. I am able to manage the important tasks related to this work (IWM2)
3. For the satisfaction I experience from taking on interesting challenges (IWM3)
4. For the satisfaction I experience when I am successful at doing difficult tasks (IWM4)

Employee Performance

1. I generate quality work (EP1)
2. I generate a sufficient quantity of work (EP2)
3. I work on time (EP3)
4. I am able to cooperate with others (EP4)
5. I am able to finish a good job (EP5)
6. I am looking for better ways to do thing (EP6)