

## Research Article

## The Effect of Organizational Learning on Organizational Performance through Mediations: Study in Government Secretariat of Pidie Jaya

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**Abstract:** The purpose of this study is to determine the effect of organizational learning on innovation, organizational learning on total quality management, innovation on organizational performance, total quality management on organizational performance of organizational learning on organizational performance, the indirect effect of organizational learning on organizational performance through total quality management and the indirect effect of organizational learning on organizational performance. The object is Government Secretariat of Pidie Jaya. The population is all employees in the organization as much as 159 people, and the sampling technique used is a census, which means that takes all population that is 159 respondents. This research is a verification type that test the causality theories among variables by using structural equation modeling (SEM) for data analysis tool with the help of the AMOS program. The results shows that 1) There is an influence of organizational learning on total quality management; 2) There is an influence of organizational learning on innovation; 3) There is an influence of innovation on organizational performance; 4) There is an influence of total quality management on the organizational performance,; 5) There is an influence of organizational learning on organizational performance; 6) There is no indirect effect of organizational learning on organizational performance through total quality management, and; 7) There is no indirect effect of organizational learning on organizational performance through innovation. The originality of this study lies in the development of the models from the previous theories and verify the model with Structural Equation Model (SEM), with a new time and a new object. The limitation lies in the number of variables, and the object. The findings contribute to realm of science that enrich the knowledge and update the causality theories. These also contribute to practical leaders especially to the organization that is Government Secretariat of Pidie Jaya, as a reference to take further actions both in policies and implementation.

**Keywords:** organizational learning, innovation, total quality management, organizational performance.

### I. INTRODUCTION

According to (Abdullah, 2014) provides an understanding that performance is the result of work that has a strong relationship with the objectives of the organizational strategy, satisfaction for those served and contribute to the economy. According to (Robertson, 2002) in (Mahmudi, 2007) that performance measurement is a process of evaluating the progress of work on the achievement of goals and objectives that have been determined. Organizations must also constantly change to develop effectiveness, these changes are shown to find or develop ways to use existing resources and capabilities to enhance the ability to create value and improve performance (Jones, 2004). According to (Zainal, 2015) performance is described

as a measurement of the success achievement in carrying out tasks in a certain period based on predetermined criteria.

The decline in performance at the Government Secretariat of Pidie Jaya is partly due to the lack of employee innovation in finding new ideas that are useful in completing work or innovation in providing services to the community. innovation is needed by all employees at the Government Secretariat, especially in providing better public services. innovations are 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 who have the status quo. The

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problem is that humans are basically individuals who do not like change so tend to reject a change. (Ancok, 2012) states that innovation is something that is often very complex. innovation requires a long process and involves many people in various organizational units. Drucker in (Ellita & Anatan, 2009) states that the environmental changes faced by companies provide an opportunity to give birth to something new and different through systemic innovation that requires changes in an organized and directed manner so as to provide opportunities to create innovation both economically and socially. In conclusion, innovation is a very important thing that must be possessed by every organization. (Han, Kim, & Srivastava, 1998) suggested that innovation refers to new products or efforts to make new breakthroughs. innovation is a new invention that is different from the existing or previously known. people or entrepreneurs who always innovate, so he can be said to be an innovative entrepreneur. Someone who is innovative will always try to make improvements, presenting something new / unique that is different from existing ones. innovation is also an important attitude for an entrepreneur.

The quality of human resources can affect competition in increasing business towards the progress of a company. By using a good management system where this management system can be used as a tool to improve organizational performance through the performance of its employees. One of the commonly quality management tool used is total quality management (TQM). The effective application of TQM has a positive influence which will ultimately benefit the organization. With the implementation of TQM that focuses on services and the involvement of employees, it is expected to affect the performance of the company or organization.

Total Quality Management (TQM) is a way to improve performance continuously at every level of operation or process in every functional area of an organization using all available human resources and capital (Gaspersz & Fontana, 2011). According to Tjiptono and Diana, (2013), suggests ten main elements of TQM. The ten elements are focused on (1) customers, (2) obsession with quality, (3) scientific approach, (4) long-term commitment, (5) teamwork, (6) continuous system improvement, (7) improvement and training, (8) controlled freedom, (9) unity of purpose, and (10) involvement in employee empowerment. According to (Supriyono, 1999), TQM is a system approach to integrate all functions and processes in order to achieve continuous product quality improvement to achieve customer satisfaction.

Quality becomes the main focus of every company. Various things are done to improve the quality that is applied to the company's products, services and management. Along with the development of science, an innovation is known as TQM. According

to (Tjiptono & Diana, 2003), TQM is an approach in increasing organizational productivity (quantitative performance), improving quality (reducing errors and damage levels), increasing the effectiveness of all activities, increasing efficiency (reducing resources through increasing productivity), and doing everything correct in the right way.

The rationale for the need for TQM is very simple, namely that the best way to compete and advantage in global competition is to produce the best quality. To produce the best quality, continuous improvement efforts are needed for human capabilities, processes and the environment. The success of an organization is largely determined by the activities of the utilization of human resources, namely those who provide energy, creativity and enthusiasm for the organization and play an important role in the operational functions of the organization. Human resources must always be considered, maintained, and developed by the organization. In connection with the demands of skilled and competent human resources, a new concept or paradigm is known as a learning organization.

Learning organizations are organizations that empower all members to carry out learning activities. The core of organizational learning lies in the ability of organizations to always learn from changes that occur. All actors involved in the organization are required to always make improvements (continuous improvement) and adjust to their environment (Parmono, 2001) in (Haryanti, 2006). Each organization is formed to achieve certain goals, and if achieved then it can be said to be successful. Then learning organizations are also considered not to show good learning, this can be seen from the thinking system that still tends to be not good, mental models of employees who are still not good, personal skills shown by employees have not shown personal skills such as leadership expectations and employee skills in sharing the organization's vision in achieving organizational goals. organizational learning or Learning Organization (LO) illustrates that learning is a prerequisite for the success of a change and organizational performance (Rose, Kumar, & Pak, 2009). Learning can improve the intellectual capabilities of staff so that organizations become better because they have staff who are always learning, (Watkins & Marsick, 1996). Learning organizations have skills in creating, obtaining and transforming knowledge and modifying their behavior in accordance with new knowledge and ideas, (Garvin, 2010).

(Marsick & Watkins, 2003), view LO as an integrative system implemented in the workplace and the environment to support the learning process. There are three basic things that are carried in understanding the concept of LO (Watkins & Marsick, 1996), namely: (1) the learning process of the organization, (2) thinking collectively in relation to a group of people and

competencies, and (3) the thematic environment where each components of the organization can be connected to enable continuous learning. The learning atmosphere is built by various components, such as leadership, learning processes and other supporting systematic factors, which are overall expressed in seven dimensions, namely: Continuous learning, Inquiry and dialogue, Team learning, Embedded systems, Empowerment, System connections, Strategic leadership (Marsick & Watkins, 2003). This idea is in line with the arguments of (Argyris & Schon, 1998), and (Senge, 1999).

Then (Garvin, 2010) defines organizational learning as an organization's expertise to create, obtain,

interpret, transfer and share knowledge, which aims to modify its behavior to describe new knowledge and insights. Another definition by (Stata, 1989) states that organizational learning occurs through the sharing of insights, knowledge and mental models that are built based on past knowledge and experience. (Pedler, Boydell, & Burgoyne, 1989) defines learning organizations as organizations that facilitate learning in all members of their organization and continuously transform themselves. Learning organization is the process of gaining individual and group knowledge that is willing to apply it to their work in making decisions and influencing each other as dynamic capabilities as a source of competitive advantage (Khandekar & Sharma, 2006).

From the explanation above, the research model and hypothesis can be defined as follows.

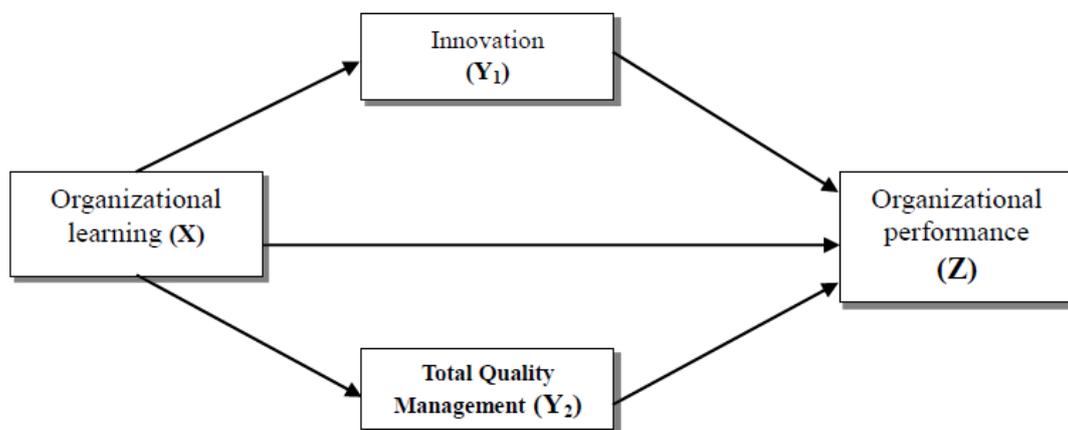


Figure 1. Research Paradigm

**H1:** There is an influence of organizational learning on total quality management;

**H2:** There is an influence of organizational learning on innovation;

**H3:** There is an influence of innovation on organizational performance;

**H4:** There is an influence of total quality management on the organizational performance;

**H5:** There is an influence of organizational learning on organizational performance;

## II. METHOD

The location of this research is at Pidie Jayam and the object is its Government Secretariat. The Population is all employees in the organization as much as 159 people, and the sampling technique used is a census, which means that takes all population that is 159 respondents. Questionnaires is used to obtain primary data about the dimensions of the constructs that are being developed in this study. Data is analyzed using Structural Equation Model (SEM) with AMOS

software. According to (F. Hair Jr, Sarstedt, Hopkins, & G. Kuppelwieser, 2014) SEM method is a development of path analysis and multiple regression which are both a form of multivariate analysis. For the indirect effect test, Sobel test is used.

The authors build constructs from previous theories to measure each variable, that are : 1. Organizational learning : Systems thinking, mental models, personal skills, teamwork, vision sharing skills, and dialogue; 2. innovation : product innovation, process innovation, technology innovation, and human resource (HR) innovation; 3. total quality management : quality products, organizational will, active participation of employees, carrying out operational activities, compiling work programs, following procedures, implementing monitoring processes, and applying measurement; 4. organizational performance : productivity, service quality, responsiveness, accountability, and justice.

III. RESULT

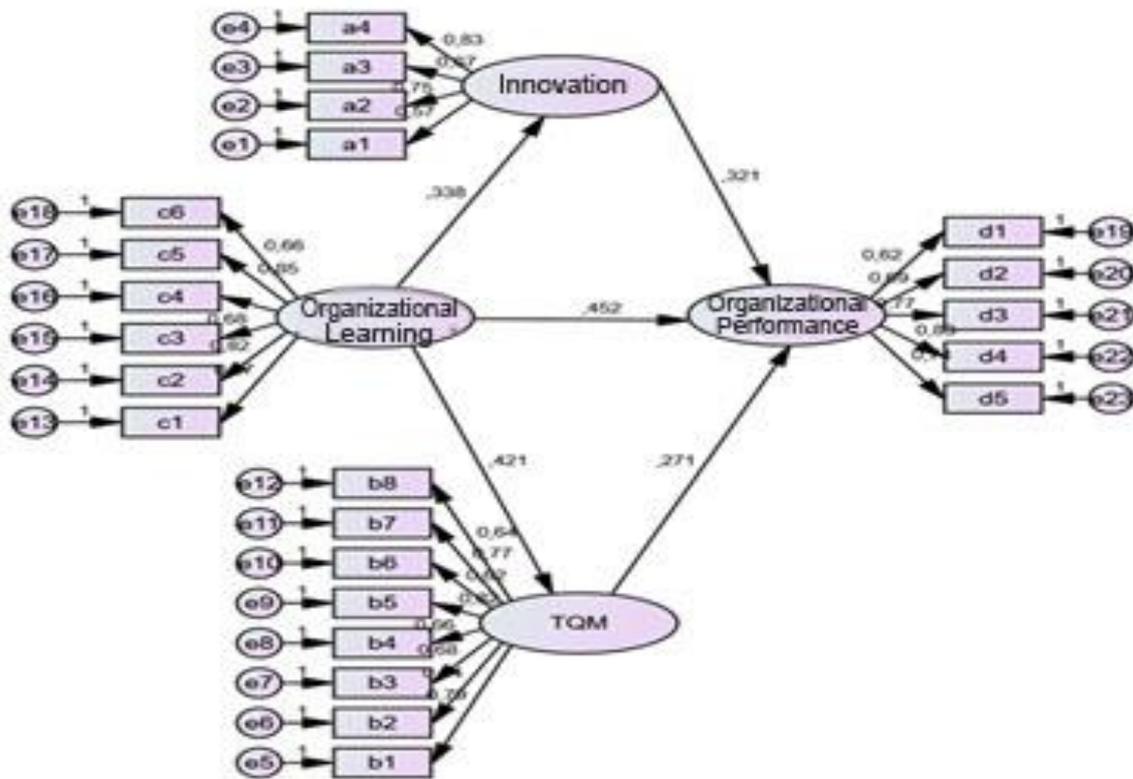


Figure 2. Result

Analysis of the result at the full SEM model stage is carried out by conducting a suitability test and a

statistical test. The results of data processing for the full SEM model analysis are shown as follows.

Table 1. Regression Weight For Direct Effect Hypothesis

			C.R.	P	Decision
Innovation	<---	Organizational Learning	3.662	***	H1 accepted
TQM	<---	Organizational Learning	3.117	***	H2 accepted
Organizational Performance	<---	Organizational Learning	4.390	***	H3 accepted
Organizational Performance	<---	Innovation	8.096	***	H4 accepted
Organizational Performance	<---	TQM	3.863	***	H5 accepted

Based on Figure 2 and Table 1, it can be explained the influence of each variable.

**H1 (accepted)** : The estimated parameter for testing the effect of organizational learning on innovation shows a CR value of 3.662 and with a probability of 0.000. Both values are obtained to meet the requirements for H1 acceptance, namely a CR value of 3.662 which is greater than 1.97 and a probability smaller than 0.05. Thus it explains that organizational learning influences the innovations carried out by employees.

**H2 (accepted)** : The estimated parameter for testing the effect of organizational learning on total quality management shows a CR value of 3.117 and with a probability of 0.000. Both values obtained are eligible for H2 acceptance, namely a CR value of 3.117 which is greater than 1.97 and a probability smaller than 0.05. Thus it describes that organizational learning influences the total quality management of employees.

**H3 (accepted)** : The estimated parameter for testing the effect of innovation on organizational performance shows a CR value of 8.096 and with a probability of 0,000. Both values are obtained to meet the requirements for H3 acceptance, namely a CR value of 8.096, greater than 1.97 and a probability smaller than 0.05. Thus it figures that the innovation skill of employees has an influence on improving organizational performance.

**H4 (accepted)** : The estimated parameter for testing the effect of total quality management on organizational performance shows a CR value of 3.863 and with a probability of 0,000. Both values are obtained to meet the requirements for H4 acceptance, namely a CR value of 3.863 which is greater than 1.97 and a probability smaller than 0.05. Thus it shows that total quality management effects organizational

performance of Secretariat of Pidie Jaya.

**H5 (accepted)** : The estimated parameter for testing the effect of organizational learning on organizational performance shows a CR value of 4.390 and with a probability of 0,000. Both values are obtained to meet the requirements for H5 acceptance, namely a CR value of 4.390 which is greater than 1.97 and a probability smaller than 0.05. Thus it describes that organizational learning influences the organizational performance of Secretariat of Pidie Jaya.

For the indirect hypothesis, the test used is a Sobel test with the special calculator as a tool, that can be explained as follows.

**H6 (rejected)** : From the Sobel test shows that the sobel test statistic value for the innovation as a mediation variable of the effect of organizational learning on organizational performance is 0.846. This number is smaller than 1.97. This explains that there is no significant effect of the innovation as a mediation variable.

**H7 (rejected)** : From the Sobel test shows that the sobel test statistic value for the TQM as a mediation variable of the effect of organizational learning on organizational performance is 0.846. This number is smaller than 1.97. This figures that there is no significant effect of the TQM as a mediation variable.

**Table 2. Coefficient of Hypothesis Accepted**

No	Variable	Direction	Variable	Coefficient
1	Innovation	<---	Organizational Learning	0.338
2	TQM	<---	Organizational Learning	0.421
3	Organizational Performance	<---	Organizational Learning	0.321
4	Organizational Performance	<---	Innovation	0.271
5	Organizational Performance	<---	TQM	0.452

The coefficient for the influence can be seen in Table 2. This coefficient explains the magnitude of the effect of exogenous on endogenous variables. The research findings show that all the exogenous variables directly influence the endogenous variables. Thus it explains that the findings of direct influence are consistent with the indication from previous theories. For the indirect influences, there are no mediation variables proven, so the coefficient is ignored. These all also figure the map of problem to be evaluated in the body of Government Secretariat of Pidie Jaya.

**IV. CONCLUSION**

The result shows that :1) There is an influence of organizational learning on total quality management; 2) There is an influence of organizational learning on innovation; 3) There is an influence of innovation on organizational performance; 4) There is an influence of total quality management on the organizational performance, ; 5) There is an influence of organizational learning on organizational performance; 6) There is no indirect effect of organizational learning on organizational performance through total quality management, and; 7) There is no indirect effect of organizational learning on organizational performance through innovation. The originality of this study lies in the integration of the previous research models and verify it with SEM, with a new time and a new object. The limitation lies in the number of variables that are only four, and the object. The findings contribute to realm of science that enrich the knowledge and update the causality theories. These also contribute to practical leads especially to the organization of Government Secretariat of Pidie Jaya, as a reference to take further actions both in policies and implementation.

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