

Organizational Learning and Employee Performance: The Role of Competence as a Mediating Variable

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Abstract

Learning organizations play a pivotal role in enhancing employee performance, as organizations fostering a robust learning culture can offer the necessary support and development to enhance employee skills, knowledge, and effectiveness. Enhancing employee competency holds utmost importance in boosting performance, as employees equipped with skills, knowledge, and attitudes aligned with job requirements can operate more proficiently and productively. This study aims to examine the impact of learning organizations on performance, with competency serving as an intermediary variable. Conducted at PT Bumitama Gunajaya Agro, this research employs Structural Equation Modeling via LISREL 8.8 software for data analysis. The sample comprises 150 employees from PT Bumitama Gunajaya Agro. Model suitability is assessed using the Chi-Square test, RMSEA, CFI, and GFI. Findings indicate that learning organizations significantly enhance employee performance. Additionally, competency serves as a positive mediator in the relationship between learning organization and performance. These results underscore the significance of implementing learning organization principles, which involve employees in learning initiatives, to enhance competency and subsequently boost employee performance.

Keywords: *Learning organization; competency; performance; Variable Intervening.*

A. INTRODUCTION

Currently, the business world is experiencing global competition and increasingly tight competition in business strategies within an environment that is volatile, uncertain, complex, and ambiguous (VUCA) (Brier & Lia Dwi Jayanti, 2020). In the era of globalization and increasingly complex business competition, companies need to pay attention to factors that can influence their performance. One significant factor is the company's ability to learn and adapt, known as the learning organization (Senge, 2013).

The concept of a learning organization emphasizes the importance of companies in acquiring new knowledge, sharing information, and transforming it into actions that impact the company's performance. Learning organizations play a vital role in improving employee performance because organizations capable of building a strong learning culture can provide the support and development needed to enhance employees' skills, knowledge, and performance (Argote, 2011).

Employee competence is crucial for improving employee performance because employees with skills, knowledge, and attitudes suitable for the job demands can work more effectively and efficiently (Huang, 2016). This implies that employee competence is a critical factor that can influence organizational performance. Employees with high competence can make a greater contribution to organizational performance (Krisnawati, 2021). High competence can be achieved if employees continue to learn. Thus, a correlation exists among the learning organization, competency, and performance (Purnomo, 2020).

A learning organization and enhancing employee competence can be an effective strategy to improve overall organizational performance (Rahardjo & Purwanto, 2018). Hence, it is crucial for organizations to allocate adequate focus on the learning and development of

their employees, create a culture that supports learning and innovation, and implement a learning organization within the company (Anggriani, 2017).

Several studies have shown research conducted by Anggara (2019) revealed a favorable impact of a learning organization on employee performance. Likewise, Safitri's findings corroborate this notion (2018) indicated that a learning organization significantly affects employee performance. However, research conducted by Sumiarsih (2017) yielded contrasting results, concluding that a learning organization does not affect employee performance.

PT Bumitama Gunajaya Agro, a company operating in South Jakarta, faces challenges in maintaining competitiveness and achieving competitive advantage in a highly dynamic industry. The organization operates within the PT Bumitama Gunajaya Agro sector and is backed by a workforce of employees.

Consistent with the observations made by the researchers, PT Bumitama Gunajaya Agro has implemented a learning organization within its company; however, its implementation towards employees has not been optimal. This is evident from employees who have never or only rarely received training during their 10 years of employment, thus affecting their competence and consequently their performance.

The objective of this study is to investigate how a learning organization influences employee performance, with a focus on competence as an intervening factor at PT Bumitama Gunajaya Agro.

B. LITERATURE REVIEW

This study utilizes the Resource Based Theory as a foundation to analyze the relationship among variables. The Resource Based Theory emphasizes the importance of internal organizational resources as the main factors in creating competitive advantage. This theory states that organizations with valuable, rare, inimitable, and non-substitutable resources (VRIN) will have a competitive advantage. Therefore, superior human resources will result in superior performance. The RBT theory in the impact of a Learning Organization on performance, intervened by competence, highlights the importance of managing and optimizing internal resources, especially human resources, to achieve competitive advantage and better performance in a continually changing business environment.

A Learning Organization creates an environment that supports the development of employee competencies. When employees possess relevant and high-quality competencies, they tend to work more effectively and efficiently. As a result, individual and organizational performance tends to increase due to continuous learning cycles and improvement. In other words, a learning organization helps develop employee competencies, which in turn contribute to the improvement of individual and organizational performance.

A learning organization is characterized as an entity that consistently evolves, possessing the capacity to adapt and change (Marsick & Watkins, 2019). Garvin (2002) defines a learning organization as one that possesses the capability to generate, acquire, interpret, transfer, and disseminate knowledge in order to adjust its behavior based on new insights and understandings. Marsick & Watkins (2015) outline seven dimensions of a learning organization, which encompass: (a) Continuous learning, which involves ensuring that all individuals within the organization continue to expand their knowledge and skills, offering opportunities for education, sustainable development, and adaptation to changes in the environment, (b) Inquiry and dialogue, promoting open communication among employees to express their perspectives and engage in active listening and questioning, thereby encouraging feedback, reflection, and discussion regarding tasks and responsibilities, (c) Team Learning, facilitating collective learning experiences within team settings to access diverse perspectives, develop collaborative abilities, and construct shared knowledge, (d) Embedded systems,

establishing systems and procedures that support learning, integrated into the workflow to enhance performance. This involves efforts to develop mechanisms that capture and disseminate learning, (e) Empowerment, fostering confidence and autonomy among employees to make decisions related to their work and address existing challenges, (f) System connection, striking a balance between individual and organizational learning to support the organization's vision and objectives. The organization should also engage with its community, (g) Strategic alignment, necessitating leadership committed to learning, strategically leveraging learning initiatives to cultivate an environment conducive to employee development.

Competence refers to the ability to perform tasks and responsibilities based on skills and knowledge supported by expected work behavior (Sumendap, 2021). In human resource management, competence refers to individual characteristics that make them successful in their job (Krisnawati, 2021). To meet an employee's competence, the following dimensions are required (Edison, 2016): (a) Knowledge, having knowledge so that the work can be carried out smoothly and a willingness to expand and improve knowledge through formal studies and training related to the job, (b) Skills, mastering skills relevant to the job and the ability to identify problems faced and find solutions and solve problems, (c) Attitude, having a high initiative to help colleagues, and applying courtesy in actions.

According to Mangkunegara (2018), employee performance refers to the level of quality and quantity of work accomplished by an individual in fulfilling their assigned responsibilities. It encompasses the work output produced by an employee in accordance with predetermined standards, including job quality, quantity, timeliness, and cost (Dessler, 2017). According to P. Robbins & A. Judge (2019), There are six criteria for evaluating individual employee performance: (a) Quality, which is assessed based on the employee's perception of work quality and task execution proficiency in terms of skills and capabilities, (b) Quantity, referring to the volume of output produced, quantified by units or activity cycles completed, (c) Timeliness, indicating the level of task completion within specified deadlines, considering coordination with outcomes and optimizing available time for other tasks, (d) Effectiveness, evaluating the efficient utilization of organizational resources (human, financial, technological, raw materials) to enhance overall productivity, (e) Independence, assessing the employee's capability to eventually perform tasks autonomously, and (f) Work Commitment, measuring the level of dedication and responsibility employees exhibit towards their roles and the organization.

C. METHOD

The study population comprises 540 employees of PT Bumitama Gunajaya Agro located in South Jakarta. Proportional random sampling is employed in this study, with the selection criteria including permanent employees from various departments such as Human Capital, Accounting, Corporate Finance, Plasma Funding, Tax Development, Treasury, Estate Development Service, Sustainability Project, GIS Development, Engineering Support, Program Development Audit, and Information Technology (IT).

The determination of the required sample size for Structural Equation Modeling (SEM) analysis depends on several factors, such as model complexity, number of variables, desired significance level, and sample-to-parameter ratio (Kline, R. B., 2015). Generally, there is an agreement that a minimum of 100 samples is needed for SEM analysis. In determining the sample size, it can be done by using a minimum sample-to-parameter ratio of 5:1 (Hair Jr, 2019). This means that each estimated parameter should be supported by at least 5 samples.

In this study, there are 3 variables and 27 indicators used, resulting in 27 questionnaire questions. Hence, 27 questions x 5 samples = 135. Therefore, the calculated sample size is 135 samples. As a reserve, an additional 10% of the calculated sample is taken, resulting in a total

sample size of 150 people. To ensure that the sample taken is sufficiently representative, the sample is taken using proportional random sampling and distributed evenly across the entire population.

In this study, the sample consists of 150 employees from PT Bumitama Gunajaya Agro located in South Jakarta. Data analysis is conducted using Structural Equation Modeling (SEM) with LISREL software.

D. RESULTS AND DISCUSSION

This study employed Structural Equation Modeling (SEM) through the LISREL 8.80 program to investigate the influence of a learning organization, mediated by competence, on employee performance. Data collection was conducted via questionnaire methods among employees of PT Bumitama Gunajaya Agro in South Jakarta.

Table 1. Normality Test Table

Variable	Skewness		Kurtosis		Skewness and Kurtosis	
	Z-Score	P-Value	Z-Score	P-Value	Chi-Square	P-Value
LO1	-3.454	0.001	-1.506	0.132	14.197	0.001
LO2	-2.710	0.007	-1.181	0.238	8.738	0.013
LO3	-2.564	0.010	1.251	0.211	8.142	0.017
LO4	-2.731	0.006	-1.697	0.090	10.337	0.006
LO5	-2.341	0.019	-1.020	0.308	6.519	0.038
LO6	-1.787	0.074	-0.797	0.425	3.827	0.148
LO7	-2.672	0.008	-1.985	0.047	11.081	0.004
LO8	-2.197	0.028	-0.938	0.348	5.709	0.058
LO9	-1.602	0.109	-0.499	0.618	2.815	0.245
KK1	-4.070	0.000	-0.960	0.337	17.484	0.000
KK2	-3.660	0.000	-0.909	0.363	14.218	0.001
KK3	-3.696	0.000	-0.862	0.389	14.400	0.001
KK4	-4.122	0.000	-0.855	0.393	17.718	0.000
KK5	-4.763	0.000	0.380	0.704	22.834	0.000
KK6	-4.418	0.000	-0.056	0.955	19.524	0.000
KK7	-3.474	0.001	-1.539	0.124	14.441	0.001
KK8	-4.579	0.000	0.115	0.908	20.981	0.000
KK9	-4.718	0.000	0.333	0.739	22.372	0.000
KP1	-3.665	0.000	-1.515	0.130	15.725	0.000
KP2	-1.986	0.047	-0.669	0.503	4.393	0.111
KP3	-0.486	0.627	0.876	0.381	1.003	0.606
KP4	-1.208	0.227	0.020	0.984	1.459	0.482
KP5	-3.747	0.000	-0.856	0.392	14.774	0.001
KP6	-4.046	0.000	0.494	0.622	16.616	0.000
KP7	-4.735	0.000	0.098	0.922	22.429	0.000
KP8	-3.485	0.000	0.950	0.342	13.044	0.001
KP9	-4.420	0.000	0.099	0.921	19.549	0.000

Source: Data Processing Results (2023)

In the normality test conducted earlier, data can be deemed normally distributed if the P-Value of Skewness and Kurtosis is greater than 0.05. Univariate normality refers to the assessment of normality for each variable. Based on the provided results, it is evident that variables LO2, LO3, LO4, LO5, LO6, LO8, LO9, KP2, KP3, and KP4 exhibit normality as their P-Values for Skewness and Kurtosis are greater than 0.05. However, variables LO1, LO7,

KK1, KK2, KK3, KK4, KK5, KK6, KK7, KK8, KK9, KP1, KP5, KP6, KP7, KP8, and KP9 demonstrate non-normality as their P-Values are less than 0.005 for both skewness and kurtosis. To address this non-normality issue, the researcher utilized the normal scores feature in the LISREL program to transform the data into a normal distribution.

Estimation Model Test

The research model, having successfully passed the specification and model identification stage, is now ready for model estimation. However, it's noted that the data doesn't adhere to a multivariate normal distribution. Consequently, considering the assumption of data non-normality, the model is estimated using the Maximum Likelihood (ML) method. Nevertheless, adjustments are made to standard errors and certain goodness of fit indices to accommodate the non-normal distribution of the data.

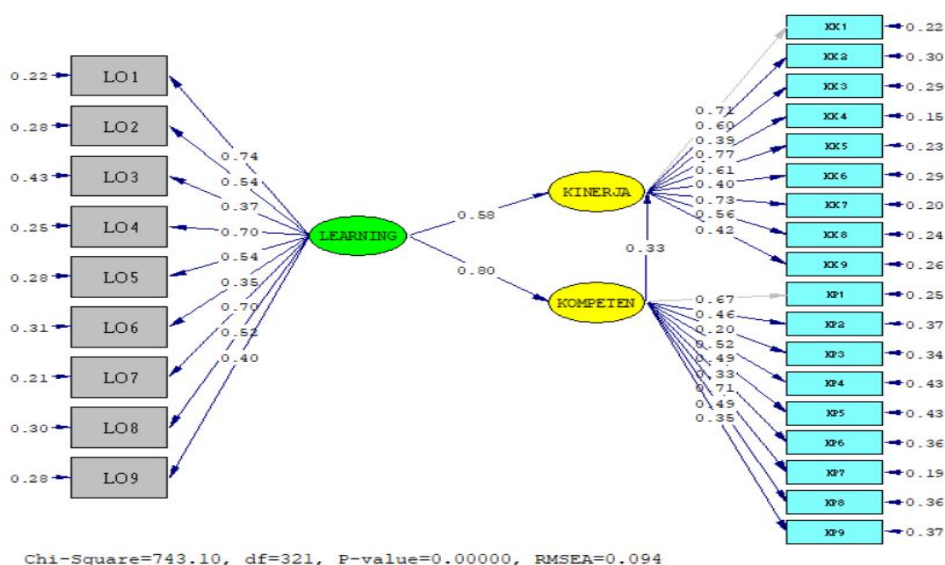


Figure 1. Diagram of Estimation Model Results

Fit Test and Model Respecification

During the estimation phase, a solution is generated containing the ultimate estimates of the model parameters. This phase involves evaluating the alignment between the data and the model, and adjustments, known as model respecification, may be undertaken. This process unfolds through iterative testing and refinement. Initially, the focus is on evaluating the measurement model until a satisfactory model fit is attained. Subsequently, upon achieving a robust measurement model, the next step involves linking each variable for structural testing.

Overall Model Fit Test

The outcomes of the comprehensive model fit assessment are displayed in Table 4.4. The overall model fit test in this investigation yielded a chi-square p-value of 0. The Chi-Square statistic corresponds to a significance test, where a lower chi-square value suggests a better fit of the model to the data, with a p-value exceeding 0.05.

According to Hooper et al. (2008), evaluating model fit entails scrutinizing the values of the chi-square test, RMSEA, CFI, and RMSR. Hence, the fit evaluation signifies a model fit, thereby indicating that the model utilized in this study can serve as the foundation for analyzing the research problem.

Table 2. Overall Model Fit Test

Goodness of Fit	Standard	Value	Description
Chi Square	2.952,4	0	fit
RMSEA	779.3024	0.073	Fit
GFI	43.4713	0.80	Tidak Fit
NFI		0.95	Fit

Source: Goodness Of Fit Standard Limit Values

Measurement Model Fit Assessment

Once the general agreement between the model and data is established as satisfactory, the subsequent stage involves assessing the adequacy of the measurement model. This assessment entails examining the compatibility between a latent variable and various indicators. Figure 2 illustrates the schematic representation of the standardized solution, while Figure 3 depicts the schematic representation of t-values.

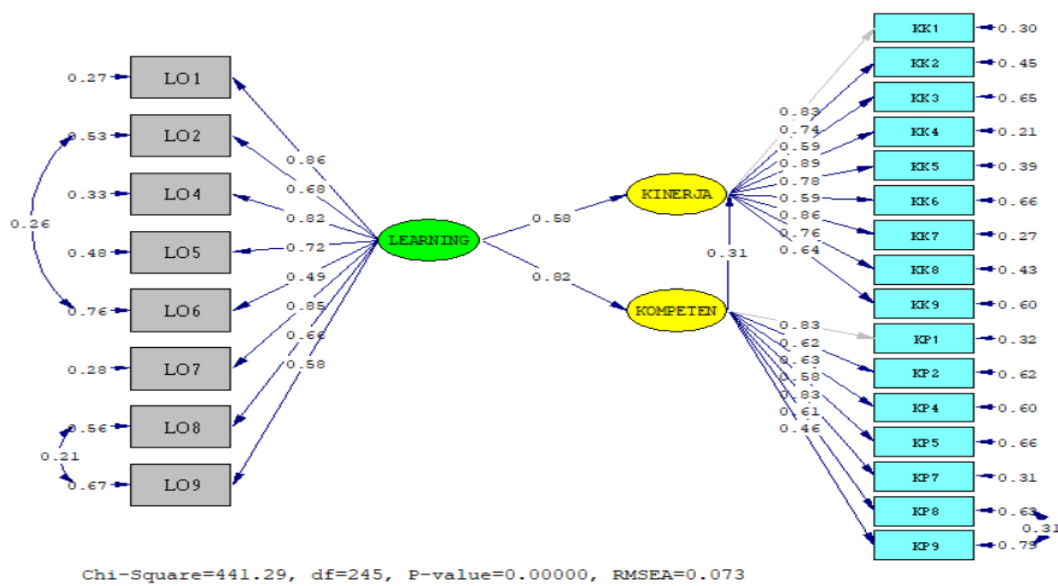


Figure 2. Path Diagram Standardized Solution

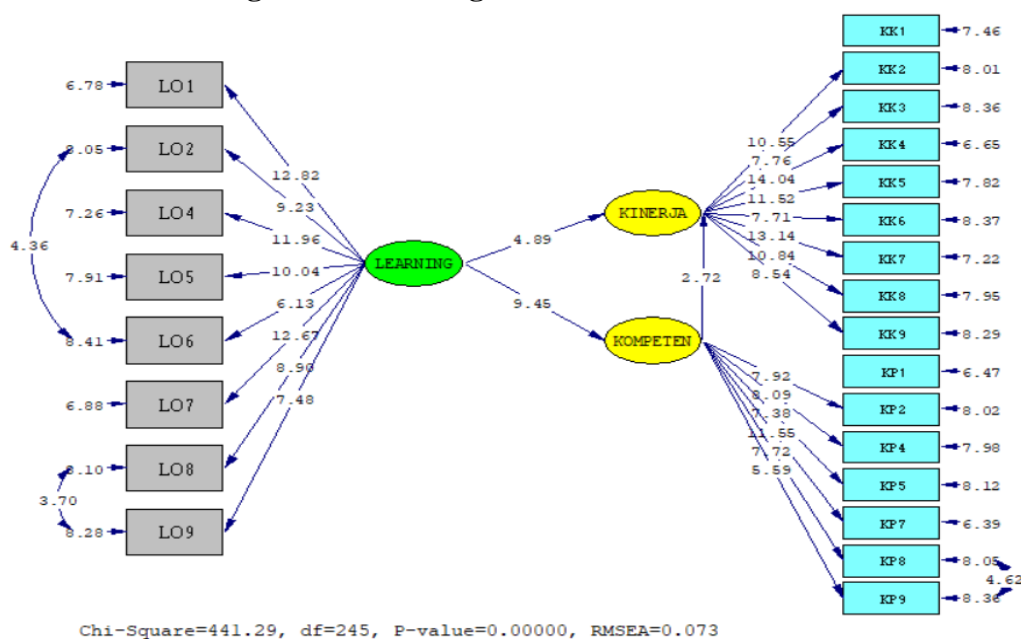


Figure 3. Path Diagram t-Value

The assessment of the measurement model fit, as illustrated in Figures 2 and 3, involves evaluating both validity and reliability. The findings of this evaluation are elaborated upon below. A variable demonstrates strong validity towards its respective construct or latent variable if the loading factors' t-values surpass the critical value (≥ 1.96 or ideally ≥ 2) and if the standardized loading factor is ≥ 0.50 . Furthermore, a variable is considered reliable if its Composite Reliability (CR) is ≥ 0.70 and its Variance Extracted (VE) is ≥ 0.50 . The table presented below depicts the outcomes of the validity and reliability evaluation for each latent variable or indicator.

Hypothesis Testing

Below are the outcomes of the structural equation analysis:

$$\begin{array}{l}
 \text{KINERJA} = 0.31 \cdot \text{KOMPETEN} + 0.58 \cdot \text{LEARNING}, \text{ Errorvar.} = 0.27, R^2 = 0.73 \\
 \begin{array}{ccc}
 (0.12) & (0.12) & (0.052) \\
 2.72 & 4.89 & 5.18
 \end{array} \\
 \\
 \text{KOMPETEN} = 0.82 \cdot \text{LEARNING}, \text{ Errorvar.} = 0.33, R^2 = 0.67 \\
 \begin{array}{ccc}
 (0.087) & (0.072) & \\
 9.45 & 4.58 &
 \end{array}
 \end{array}$$

Figure 4. Diagram of Structural Equation Analysis

The table below illustrates the results of examining the relationships between latent variables:

Table 3. Hypothesis Testing Results

Hypothesis	Relationship	Estimation	S.E	t-Value	Decision	R ²
H1	LO ← KP	0,82	0,087	9,45	Supported	0,67
H2	KK ← KP	0,31	0,12	2,72	Supported	0,73
H3	LO ← KK	0,58	0,12	4,89	Supported	

Source: Hypothesis Testing Process

Based on the table, each hypothesis can be explained as follows:

- a. Hypothesis 1:
 The influence of a learning organization on employee competence is positively established. As per the table, the correlation between learning organization and competence stands at 0.82, with a t-value of 9.45 > 1.96, signifying a significant relationship. Therefore, Hypothesis 1 is corroborated and accepted.
- b. Hypothesis 2:
 Employee competence is positively and significantly impacted by performance. This suggests that organizations that encourage continuous learning and employee development tend to have employees with higher levels of competence. The computed results reveal a positive correlation between employee performance and competence, amounting to 0.31, with a corresponding t-value of 2.72 (exceeding 1.96). Hence, the relationship between employee performance and competence is positive and significant. This means that hypothesis 2 can be accepted.
- c. Hypothesis 3:
 Learning organization the analysis indicates a positive influence on employee performance, registering at 0.58 with a t-value of 4.89, surpassing the threshold of 1.96. Thus, confirming a positive and significant relationship between innovation and sustainable competitive advantage. Therefore, hypothesis 3 can be accepted.

Table 4. Displaying the Direct and Indirect Effects of Variable Relationships

No	Relationship	Direct Effect	Indirect Effect Through INOV	Total Effect
1	LO → KK	4,89	-	4,89
2	KK → KP	2,72	-	2,72
3	KP → LO	9,45	13,30	22,75

Source: Hypothesis Testing Process

d. Hypothesis 4:

Competence serves as a mediator in the relationship between learning organization and employee performance. As depicted in the table, the direct effect of competence on learning organization is 9.45. Meanwhile, the indirect effect of learning organization on performance mediated by competence equals 4.89 multiplied by 2.72, resulting in 13.30. The cumulative effect derived from competence on learning organization amounts to 9.45 added to 13.30, totaling 22.75. This indicates that the indirect effect surpasses the direct effect. Consequently, it can be inferred that the competence variable partially mediates the association between learning organization and employee performance. Therefore, hypothesis 4 is affirmed.

Hypothesis Testing of the Influence of Learning Organization on Competence

The findings from the initial hypothesis testing are consistent with the study conducted by Nurcahyo & Wikaningrum (2020), indicating that a learning organization indeed has a positive impact on employee competence. This implies that organizations fostering a culture of continuous learning and innovation tend to have employees who exhibit higher performance levels. Elevated competence equips employees with the ability to effectively apply the knowledge and skills they acquire through organizational initiatives learning in their daily work.

Hypothesis Testing of the Influence of Learning Organization on Performance

The findings of Hypothesis 2 demonstrate that there exists a positive and significant correlation between employee performance and competence. This aligns with the conclusions drawn from a study conducted by Pardamean (2022), which asserts that competence positively impacts employee performance.

Hypothesis Testing of the Influence of Competence on Performance

The findings from Hypothesis 3 reveal that a learning organization exerts a positive influence on employee performance. This outcome resonates with the research conducted by Anggara et al. (2019). Likewise, the study by Safitri et al. (2018) also corroborates that a learning organization has a positive and significant impact on performance.

Hypothesis Testing of the Influence of Learning Organization on Employee Performance Mediated by Competence

The findings of Hypothesis 4 suggest that competence acts as a mediator in the association between learning organization and employee performance. This assertion is further backed by the research conducted by Imran Shahzad (2017), which highlights the positive and significant impact of a learning organization on employee performance. Furthermore, it is observed that competence serves as a mediator in the relationship between learning organization and employee performance. This indicates that a learning organization has the potential to enhance employee performance by fostering competence development.

E. CONCLUSION

The Learning organization variable exerts a statistically significant and positive influence on competence. This suggests that increased levels of organizational learning are associated with enhanced employee competency. The Learning organization variable significantly and positively impacts Employee Performance. This implies that as the level of learning within the organization increases, employee performance improves correspondingly. Similarly, Competence has a significant and positive effect on Employee Performance. This implies that the greater the level of competence exhibited by employees, the higher the quality of their subsequent performance. The Learning organization variable significantly and positively affects Employee Performance, with employee competence serving as an intervening factor. This suggests that as the level of learning within a company increases, employees' competence also rises, ultimately resulting in enhanced employee performance.

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