

The Influence of Transformational Leadership and Knowledge Management on Organizational Performance at Coffee Shop in Bekasi City

Miskia Musa'ad¹, Muhammad Richo Rianto², Eri Bukhari³
Universitas Bhayangkara Jakarta Raya

Corresponding Author: Miskia Musa'ad miskia16miskia@gmail.com

ABSTRACT

Keywords: Transformational Leadership, Knowledge Management and Organizational Performance

*Received : 02, Sept
Revised : 08, Sept
Accepted: 21, Sept*

©2023The Author(s): This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



Transformational leadership and knowledge management on organizational performance in coffee shops. This study aims to determine how the influence of transformational leadership and knowledge management on organizational performance at coffee shops in North Bekasi. In this study, researchers used a quantitative approach with the Smart PLS method which is useful for analyzing the influence of transformational leadership and knowledge management on organizational performance at coffee shops in North Bekasi city using 46 respondents who were randomly distributed through questionnaires to the owner of each coffee shop.

INTRODUCTION

The current era of globalization is marked by the rise of innovation with the rapid development of science and technology. Realizing that competition is getting tougher, a paradigm shift from resource-based to knowledge-based is needed which is based on analysis of certain fields of knowledge accompanied by an increase in human resource capabilities so that the implementation of knowledge management becomes a significant source of sustainable innovation (Afqarina, 2018).

Some empirical study results show that the competitiveness of small and medium industries in developing countries is much lower when compared to developed countries. The low competitiveness of small and medium industries in developing countries is caused by a number of factors which are grouped as internet and external factors. Internet factors include low levels of education or work skills and entrepreneurs, low levels of entrepreneurship, lack of capital, low access to marketing, low quality of management, lack of technological mastery, aspects of site maintenance, and others. While external factors are government policies that do not support the economic structure of the banking bureaucratic system and so on (Lailla & Mardi, 2022).

Life with an abundance of information and entertainment means that everyone is more selective and has a good filter in accepting everything that comes from outside. one of the needs in the demands of life style is self-socialization in association. So it is not uncommon for hangout places to be places

to go to fulfill this need. Along with the growth in the number of people, the growth in the needs of life also increased

This phenomenon has been used as part of the necessities of life. This raises opportunities by making business people look at this idea, currently companies are required to transform their business in a targeted manner according to existing developments. Where coffee shops can make current trends unified and appropriate in meeting needs and desires. Likewise, with the rise of business people in the beverage and food sector which is marked by the emergence of the coffee shop business that is spreading, this development is inseparable from the changing behavior of society as a new lifestyle for the people of Indonesia (Remiasa & Sugiharto, 2020).

The world's first coffee shop or coffee shop was recorded in 1475, this coffee shop was named Kiva Han in the Turkish city of Constantinople. This coffee shop is considered to be the first coffee shop to serve its customers with Turkish coffee. whereas in Indonesia since ancient times it has also become a tradition for its people. This is because Indonesia is the producer of the best coffee beans in the world, such as Flores, Lampung, Sulawesi, Aceh, Medan and Ternate. In Indonesia, the age of coffee connoisseurs has reached all groups, both young people, teenagers and adults, and it has even become a daily necessity. The growth of coffee shops is very fast, coffee shops are starting to spread in Indonesia and there are more and more coffee lovers (Ramon, 2021)

Today's very tight coffee business competition involves companies engaged in the coffee sector which have a competitive advantage among other companies by managing tangible and intangible assets. Companies have to adapt to very fast changes caused by globalization. Companies that are slow to adapt can be sure to be left behind and solved in competition. This matter

This indicates that competition is getting tighter in the business world. Therefore, companies must be able to compete with other companies in order to continue to exist in the business world. To be able to compete, readiness is needed in all areas of the company, both in the areas of marketing management, human resources, finance and operations. In addition to managing tangible assets, companies also need to manage intangible assets, for example the knowledge possessed by all employees in the company as capital for updating (Ode *et al.*, 2017).

The business sector industry in the city of North Bekasi is currently the center of attention where it is one of the metropolitan cities in West Java province with a fairly large population. The recent development of the city of Bekasi, especially North Bekasi, is increasing rapidly and expanding not only in parts of the metropolitan city but also as a city of trade, industry, business and culture, one of which is the coffee shop business trade. The city of Bekasi at this time has up to 1,300 coffee shops. Even though they don't produce coffee, they are able to innovate to mix coffee from various regions into interesting coffee dishes. Erik Bagus Saputra, Coffee Shop Owner mentioned since 2018

THEORETICAL REVIEW

Organization Performance (Kinerja Organisasi)

Performance is the process and work of individuals and organizational groups over a certain period of time. Basically employee performance becomes an individual thing because each employee has different work results according to his abilities and talents. The success of an organization depends heavily on the performance employees. Organizations need high performing, high performing employees. At the same time employees also need feedback about their performance as a guide for their actions. Employee performance (work performance) is the actual performance of employees compared to the expected performance of company employees. The expected work performance is a performance standard that is compiled as a reference so that employees can see the performance according to their position compared to the standards made (Wahyuni *et al.*, 2017).

Transformational leadership

Leadership is an aspirational force, a creative moral force, which is able to influence members to change attitudes, so that they conform to the wishes of the leader. According to Robbins (2003: 163), leadership is the ability to influence a group towards achieving goals. Leadership is a process that influences in determining the organization, motivating the behavior of followers to achieve goals, influencing to improve the group and its culture.

Transformational leadership relationship with coffee shop performance

Leadership style with employee performance is very closely related. Because high performance means that each employee provides all the knowledge, skills, abilities, attitudes and behavior possessed by each employee and the awareness that the company's progress will be quickly achieved. It's actually a role leaders to be able to influence so that employee performance is maintained. As a leader, from time to time his role is to guide and supervise the implementation of the tasks assigned to employees.

Knowledge management

Knowledge management is an organizational activity in managing knowledge as an asset, where in various strategies there is the distribution of the right knowledge to the right people and in a short time, so that they can interact with each other, share knowledge and apply it in their daily work to improve organizational performance (Sabita *et al.*, 2016).

Effect of Knowledge Management on performance

(Cantner *et al.*, 2011) discussed the relationship between Knowledge Management and performance, where in this study it was proven that knowledge management significantly increases success with product innovation and new things on the market. This means that companies implementing KM have a higher average success with performance and much higher success with new developments in the market compared to non-KM companies. Then the

results obtained from research by (Masa'deh *et al.*, 2015) are that the Knowledge Management process has a significant positive impact on performance.

HYPOTHESIS

The influence of transformational leadership on the organizational performance of coffee shops

Leadership is an aspirational force, a creative moral force, which is able to influence members to change attitudes, so that they conform to the wishes of the leader. According to Robbins (2003: 163), leadership is the ability to influence a group towards achieving goals. Leadership is a process that influences determining the organization, motivating the behavior of followers to achieve goals, influencing to improve the group and its culture (Afqarina, 2018).

H1 = transformational leadership influences the organizational performance of the coffee shop

The influence of knowledge management on the organizational performance of Coffee Shops

Knowledge management is an organizational activity in managing knowledge as an asset, where in various strategies there is the distribution of the right knowledge to the right people and in a short time, so that they can interact with each other, share knowledge and apply it in their daily work to improve organizational performance. (Sabita *et al.*, 2016)

H2 = knowledge management affects the organizational performance of the coffee shop

METHODOLOGY

Research design

In this study, researchers used a quantitative research design. Research design is a description of a set of processes regarding research activities to be carried out. From Nasir in the journal (Rakhmat & Saraswati, 2013), he said that research design is a process needed by researchers in planning and implementing a research conducted. Population and Sample

According to (Nurahman, 2021), population is the whole of the people or objects that are the focus of research and are a source of data information in research. According to (Nurahman, 2021), the sample is part of the number and characteristics possessed by the research population. In sampling, must obtain a sample whose number reflects the nature of the population.

RESULTS

The following are the results of the outer model test, inner model test, and hypothesis test.

OuterModel

Outer Model or Outer Measurements is also referred to as a measurement model. The outer model test aims to specify the relationship between latent

variables and their indicators. This outer model test uses the help of the PLS Algorithm procedure.

1. Convergent Validity

The data above shows all variable indicators whose outer loading values are above 0.5 so that all indicators are declared feasible or valid for research use.

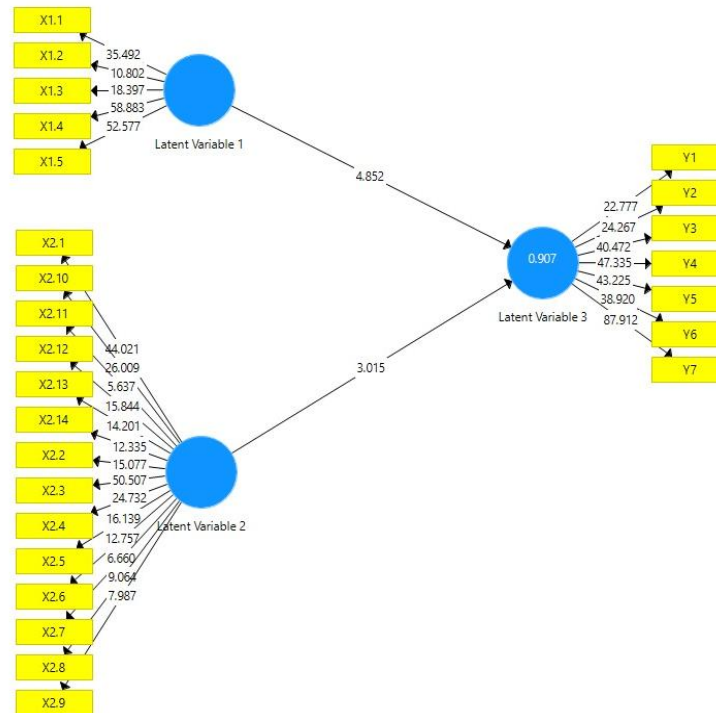


Figure 2. Outer Loading Value

1. Discriminant Validity

Table 4.5 shows that all AVE values of knowledge management variables (X2) and organizational performance (Y) > 0.5 transformational leadership (X1) < 0.5. Thus the four latent variables or constructs in the study fulfill the convergent variable requirements.)

Latent Variable	AVE	Information
<i>Transformational leadership (X1)</i>	0,817	Valid
<i>Knowledge management (X2)</i>	0,667	Valid
<i>Organizational Performance (Y)</i>	0,837	Valid

2. Composite Reliability

Because it meets the requirements for composite reliability, if the value is above > 0.7 (Ghozali & Kamri, 2017), this is the result of the Composite Reliability value for each variable used in this study. Table 3. Composite

Reliability Results

Variable	Composite Reliability
<i>Transformational leadership X1</i>	0,957
<i>Knowledge Management (X2)</i>	0,965
<i>Organizational Performance (Y)</i>	0,973

3. Cronbach's Alpha

Cronbach alpha is used to strengthen the results of the composite reliability of a variable, where Cronbach alpha has a requirement to be declared reliable if it has a value > 0.7 . The following is the Cronbach alpha value of each variable: Table 4.

Cronbach's Alpha Results

Variable	Cronbach Alpha
<i>Transformational leadership X1</i>	0,944
<i>Knowledge Management (X2)</i>	0,961
<i>Organizational Performance (Y)</i>	0,967

Inner Model

Inner model testing can be done in the following ways:

1. R-Square

It can be seen that the R-Square value for the Organizational Performance variable is 0.90. The acquisition of this value explains that the percentage of buying interest can be explained by the variables in this study of 90%. While the remaining 10% influenced by other variables that are outside the sample of this study.

Table 5. R-Square

	Adjusted R Square	Information
Organizational Performance	0,907	Moderate

2. R-square

R-square for endogenous latent constructs, the original condition for R-square is that this research is 0.907 then it can be concluded that each variable as for the inner test can carry out a test by looking at the Q square value, namely by:

$$Q^2 = 1 - (1 - R^2)$$

$$Q^2 = 1 - (1 - 0,907)$$

$$Q^2 = 1 - 0,907$$

$$Q^2 = 0,907$$

3. Significance of Path Coefficient

It can be seen that Transformational Leadership on Organizational Performance produces a p-Value of 0.000, this value fulfills the requirements of $0.05 < p\text{-Value}$. meaning, Transformational Leadership has a significant effect on Organizational Performance.

Knowledge Management on Organizational Performance produces a p-Value of 0.002, this value fulfills the requirements of $0.05 < p\text{-Value}$. That is, Knowledge Management has a significant effect on Organizational Performance.

Table 6. Path Coefficient

Path Mode	Original Sample (O)	P Value	Information
<i>Transformational leadership -> Organizational Performance</i>	0.595	0.000	Significant
<i>Knowledge Management -> Organizational Performance</i>	0.376	0.002	Significant

DISCUSSION

Hypothesis Test Results

Based on the results of table 4.9 H1, H2 it is known that the independent variables have a significant influence on the dependent variable, p-values have values <0.05 , so H1 and H2 are accepted.

The effect of transformational leadership on organizational performance based on the results of the research above shows that transformational leadership has a significant value of 0.000. Because the significant value is <0.05 ($0.000 < 0.05$) it can be concluded that H_0 is rejected, H_a is accepted. after that, based on the t-count value of 4.948 and the t-table value of 1.96, the t-count value is $4.948 > t\text{-table}$ 1.96 means that H_0 is rejected and H_a is accepted. From these conclusions partially, transformational leadership has an influence on organizational performance.

The influence of knowledge management on organizational performance based on the results of the research above which shows that knowledge management has a significant value of 0.002. Because the significant value is <0.05 ($0.002 < 0.05$) it is concluded that H_0 is rejected, H_a is accepted. after that, based on the t-count value, 3.087 and the t-table value of 1.96, the t-count value is $3.087 > t\text{-table}$ 1.96 means that H_0 is rejected and H_a is accepted. From these conclusions partially between knowledge management has an influence on organizational performance

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the results of research on transformational leadership and management on organizational performance, the following conclusions can be drawn:

1. Based on the results of the research conducted, transformational leadership has a positive influence on the performance of the coffee shop organization in North Bekasi city. This means that the higher the transformational leadership that is implemented in the coffee shop will improve performance, this is in line with practice in the field, the owner leader provides motivation, becomes a role model, has a vision and mission to improve the performance of the coffee shop.
2. Based on the results of the research conducted, knowledge management has a positive influence on the organizational performance of coffee shops in the city of North Bekasi. This means that the higher the management of knowledge, the higher the tavern performance. This fact is in accordance with the practice in the field of entrepreneurs implementing the system knowledge management to make it easier for employees to receive information more easily so as to improve business performance.

Recommendations

Transformational leadership has a positive influence on the performance of the coffee shop organization. Leaders must inspire subordinates and set aside personal matters for the good of an organization at the coffee shop. Knowledge management has a positive influence on the organizational performance of coffee shops. In leading an organization, it is necessary to have what is called basic knowledge so that employees can make a contribution or be loyal to the coffee shop.

REFERENCES

- Afqarina, R. (2018). Pengaruh Knowledge Management dan Organizational Learning Terhadap Kinerja Organisasi Melalui Inovasi sebagai Variabel Intervening. *Transcommunication*, 53(1), 1–8.
- Cantner, U., Joel, K., & Schmidt, T. (2011). The effects of knowledge management on innovative success - An empirical analysis of German firms. *Research Policy*, 40(10), 1453–1462. <https://doi.org/10.1016/j.respol.2011.06.007>
- Ghozali, M., & Kamri, N. 'Azzah. (2017). Keperibadian Islam Dan Profesionalisme Dalam Pekerjaan: Satu Analisis Teoritis. *Jurnal Syariah*, 23(2), 255–286. <https://doi.org/10.22452/js.vol23no2.4>
- Lailla, N., & Mardi. (2022). Organizational Change On Employee Performance. *Procedia of Social Sciences and Humanities*, 3(c), 404–410. <https://doi.org/10.21070/pssh.v3i.145>
- Masa'deh, R., Obeidat, B. Y., Al-Dmour, R. H., & Tarhini, A. (2015). Knowledge Management Strategies as Intermediary Variables between IT-Business Strategic Alignment and Firm Performance. *European Scientific Journal*, 11(7), 344–368. <http://www.eujournal.org/index.php/esj/article/view/5326>
- Nurahman, I. (2021). Pengaruh Nilai Pelanggan dan Pengalaman Pelanggan terhadap Keputusan Pembelian Ulang melalui Kepuasan Pelanggan pada Transportasi Online Grab (Survei pada Pelanggan Grab di Kabupaten Sleman). *JMBI UNSRAT (Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi)*, 8(2), 404–426. <https://doi.org/10.35794/jmbi.v8i2.35039>
- Ode, W., Muizu, Z., Sule, E. T., & Deitas, M. A. (2017). Pengaruh Kepemimpinan Terhadap Knowledge Management Di Pt. Pelindo Iii (Persero). *Jurnal Sains Manajemen Dan Kewirausahaan (JSMK)*, 1(1), 9–16. <http://ppjp.unlam.ac.id/journal/index.php/jsmk>
- Rakhmat, A., & Saraswati, E. (2013). Good Corporate Governance (GCG) Sebagai Prinsip Implementasi Corporate Social Responsibility (CSR). *Feb Ub*, 1–13.
- Ramon, M. (2021). Super-Recognizers – a novel diagnostic framework, 70 cases, and guidelines for future work. *Neuropsychologia*, 158, 107809. <https://doi.org/10.1016/j.neuropsychologia.2021.107809>
- Remiasa, M., & Sugiharto, T. (2020). Pemilihan Strategi Bisnis Pembenihan Udang Vaname Dengan Metode Internal-External Matrix. *Jurnal Manajemen Perhotelan*, 6(2), 62–71. <https://doi.org/10.9744/jmp.6.2.62-71>
- Sabita, D., Djunggu, N. H., & Budiman, R. (2016). Strategi Pengembangan Bisnis pada Usaha Coffee Shop dengan Metode QSPM (Studi Kasus: Coffe Shop 'Rasio

- Coffee'*). 3(1), 10–27. <https://medium.com/@arifwicaksanaa/pengertian-use-case-a7e576e1b6bf>
- Wahyuni, L., Fahada, R., & Atmaja, B. (2017). IMAR Indonesian Management and Accounting Research The Effect of Business Strategy, Leverage, Profitability and Sales Growth on Tax Avoidance Billy Atmaja. *Indonesian Management and Accounting Research*, 16(02), 67–80. <http://www.trijurnal.lemlit.trisakti.ac.id/index.php/imar>