

EMPLOYEE ENGAGEMENT AS MEDIATION OF KNOWLEDGE MANAGEMENT ON EMPLOYEE PERFORMANCE

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Abstract: *This study aims to determine the contribution of knowledge management to employee performance by considering the mediating role of employee engagement. The population of this study were 420 employees and 91 people filled out the questionnaire. Sampling using the Slovin formula and 84 respondents were obtained. Data collection using an online questionnaire. Data were analyzed with SmartPLS. The results show that knowledge management has a contribution to employee engagement and employee performance. Employee engagement is also proven to mediate the effect of knowledge management on employee performance. This study concludes that knowledge management can improve employee performance through increased employee engagement. The findings of this research are anticipated to assist firms in developing more successful knowledge governance strategies by taking into account the vital function of staff commitment.*

Keywords: Knowledge Management, Employee engagement, Employee Performance

INTRODUCTION

The human resources needed by companies in optimizing business processes and achieving company goals are human resources (employees) who are qualified and have high performance. (Masduki & Sopiyan, 2021). Employee performance refers to how well employees do their jobs. The performance produced by employees contributes to the overall success of the company. If the company has quality human resources, the performance achieved by the company will also increase. (Daulay et al., 2019). Knowledge management has become an important focus for many organizations in improving employee performance.

According to Putri Pinasti (2022) Knowledge management is a series of activities carried out by a company or organization to recognize, create, describe, and disseminate knowledge so that it can be utilized again within the company. Knowledge management refers to a set of processes that help organizations generate value from their knowledge assets. Several studies have shown that effective knowledge management can improve employee performance by facilitating knowledge sharing and collaboration among employees in research. (Adzima, 2019) and (Ferra Eka Ramadhani, Harsono, 2023)

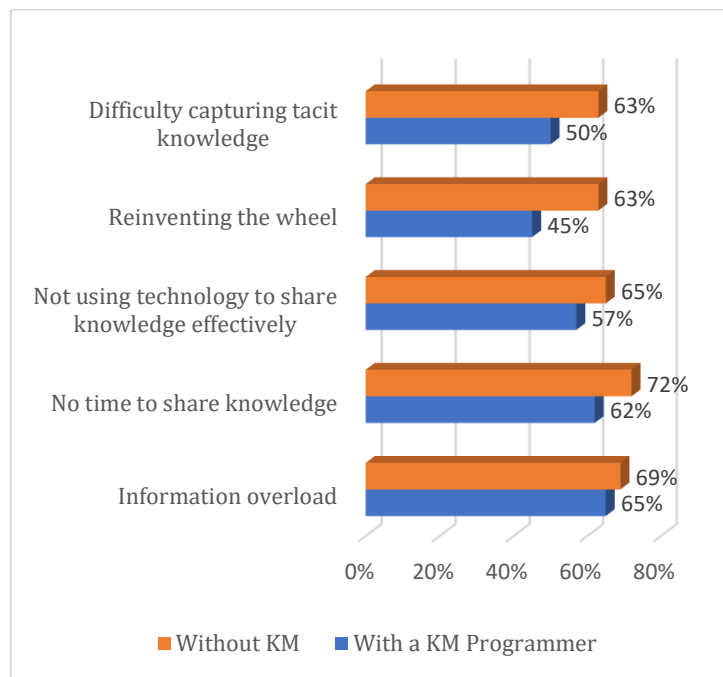


Fig.1 Current Knowledge Problems
Source: KPMG Study/Provider'Edge

The figure above shows the percentage of knowledge problems faced by various companies. The main problem is the difficulty of finding and accessing existing knowledge in the company (37%), followed by the loss of important knowledge when employees leave the company (35%), and challenges in sharing knowledge between departments and divisions (34%). This underscores the importance of effective knowledge management so that companies can utilize and share knowledge to improve performance.

The relationship between knowledge management and employee performance is not simple. Some research suggests that factors such as employee engagement may play an important mediating role in the relationship between knowledge management and employee performance. Employee engagement is a two-way relationship between employees and where both parties are aware of each other's needs and work together to fulfill these needs. (Fahma Diena Achmada et al., 2022). Workers who feel positively connected and involved with their organization tend to take a more active role in knowledge exchange and cooperative efforts facilitated through knowledge management systems and policies. Several initial investigations have shown proofs that worker engagement somewhat influences the correlation between knowledge governance and employee productivity (Junita Monica et al., 2023).. In contrast, according to research from Andreeva (2012) states that employee engagement cannot mediate between knowledge management through employee performance. Therefore, this study aims to investigate the effect of knowledge management on employee performance, by considering the mediating role of employee engagement, in the context of the company. PT OAJ is a Japanese PMA manufacturing company engaged in the corrugated carton box manufacturing industry, operating since 1992, located in MM-2100 Industrial Estate, Jl. Sulawesi II Blok F-5, West Cikarang, Bekasi, West Java. The results of this study are expected to provide better insight into the mechanism behind the relationship between knowledge management and employee performance. It will also enrich the literature, where current research is still scarce. Practically, the results of this study can help

companies to design more effective knowledge management practices by considering the important role of employee engagement.

LITERATURE REVIEW

Employee Performance

According to Sucahyowati (2020) Performance is the result or level of success of a person as a whole in a certain period of time when carrying out tasks, which are compared with various standards such as work standards, targets, or criteria that have been set or agreed upon. According to Wahyuni (2019) According to Wahyuni (2019), employee performance is the overall value expected by the company that arises from a variety of different behaviors among individual employees. Work responsibility is how each employee works according to the authority given and is asked to take responsibility for carrying out the task, based on efficient, effective and productive work performance measures to achieve optimal performance. According to Nanuru (2021) According to Nanuru (2021), the quality and ability of employees are individual factors that drive performance such as work ethic, motivation, mental attitude, physical condition, and the level of knowledge or training of employees.

Knowledge management

According to Dermawan (2022) Knowledge management is defined as any process or practice of creating, acquiring, capturing, sharing, and using knowledge to improve learning and organizational performance. According to Hariadi (2020) knowledge management is a series process for creating, communicating, and applying corporate knowledge to generate value. The individual capabilities of each employee, which include knowledge, skills in attitude and action when working, as well as the ability to solve problems, are the determining factors for a good level of work productivity. (Ferra Eka Ramadhani, Harsono, 2023). Organizations need to realize that the knowledge that exists in the company must be utilized efficiently and effectively. Therefore, the quality of employees can be determined and assessed from the knowledge they have (Sitorus et al., 2020). (Sitorus et al., 2022)..

Employee Engagement

According to Kapero (2023) revealed that employee engagement is a psychological state in which individuals have a positive relationship with their work. According to Kalista Sabbatho (2020) Employee engagement is a sense of having an energetic and effective relationship with their work activities, and they see themselves as being able to handle the demands of their job well. According to Indah (2022) employee engagement is the willingness or commitment of employees to form positive attitudes, behavior, and motivation at work to carry out their duties in achieving organizational goals.

The relationship between knowledge management and employee performance

Sitorus (2022) stated that knowledge management has a contribution to employee performance. This is in line with research from Adzima (2019) which states that knowledge management has a contribution to employee performance.

H1: Knowledge management affects employee performance.

The relationship of knowledge management to employee engagement

Juan (2018) stated that knowledge management has a contribution to employee engagement. This research is also in line with Sapriyanda's research (2023) states that knowledge management has a contribution to employee engagement.

H2: Knowledge management affects employee engagement.

The relationship between employee engagement and employee performance

Badrianto (2023) stated that employee engagement has a contribution to employee performance. This is also in line with Balalimbu's research (2023) which states that employee engagement has a contribution to employee performance.

H3: Employee engagement affects employee performance.

The relationship of knowledge management to employee performance mediated by employee engagement

Ningrum (2023) stated that employee engagement is able to mediate knowledge management on employee performance. This is also in line with Sitorus' research (2022) which also states that employee engagement is able to mediate knowledge management on employee performance.

H4: Employee engagement mediates knowledge management on employee performance.

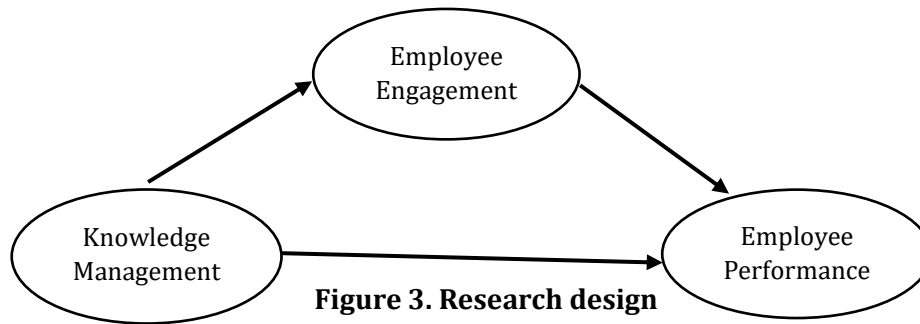


Figure 3. Research design

METHODS

This study utilizes a quantitative methodology with the goal of analyzing the impact of the independent variables X and Z on the dependent variable Y. The population that was the focus of this research consisted of all employees working at PT. OAJ who filled out a questionnaire totaling 91 people. In deciding the sample size, this study applied the Slovin formula and obtained a sample of 84 respondents. Data collection was carried out using an online survey method where the questionnaire was distributed via WhatsApp Group to respondents. The questionnaire is structured using a Likert measurement scale. After the data is collected, the survey data is analyzed using SmartPLS 3 software to test the significance of the influence of variables X and Z on variable Y. The use of quantitative methods with hypothesis testing is carried out in order to determine the extent of the influence of each variable on other variables with certainty.

FINDING AND DISCUSSIONS

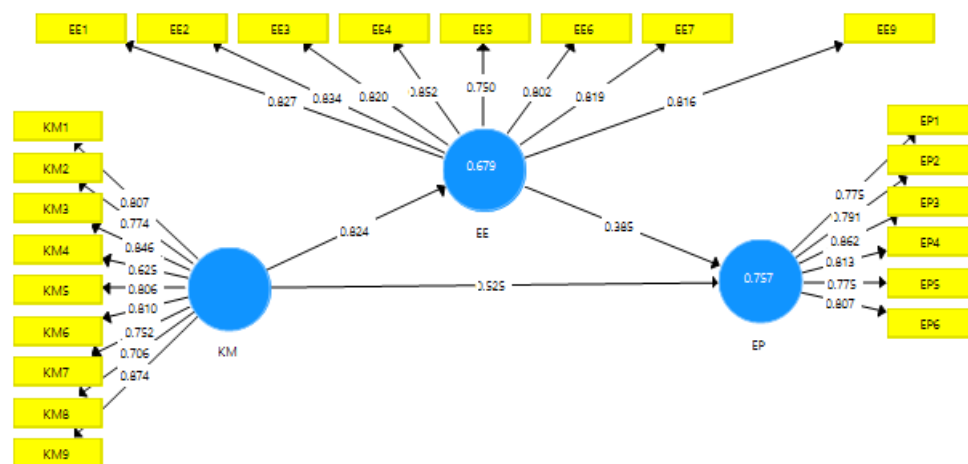


Figure 4. Bootstrapping Output

Source: research data (2024)

The bootstrapping output shows the results of testing the significance of the path coefficient between the independent variable knowledge management on the dependent variable this is employee engagement and employee performance. The t-statistic value greater than 1.96 in all relationships indicates the contribution of each variable.

Table. 1 R Square

	R Square	Adjusted R Square
EE	0,679	0,675
EP	0,757	0,751

Source: research data (2024)

Table R square shows the percentage of knowledge management and employee engagement variables to the variation of employee engagement by 67.9% and employee performance by 75.7%. This figure is quite high, which means that the model is strong enough to explain the dependent variable.

Table 2. F Square Results

	EE	EP	KM
EE		0,196	
EP			
KM	2,115	0,365	

Source: research data (2024)

Based on the table of f square test results, the f square value of the knowledge management (KM) variable on employee engagement (EE) of 2.115 shows a large influence. While the f square value of KM on employee performance (EP) of 0.365 shows a weak influence. The f square value of the EE variable on EP of 0.196 also shows the weak influence of the regression model built.

Table 3. Path Coefficient test results

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values
EE -> EP	0,385	0,383	0,098	3,915	0,000
KM -> EE	0,824	0,816	0,053	15,682	0,000
KM -> EP	0,525	0,528	0,094	5,599	0,000

Source: research data (2024)

The results of the Path Coefficient test show that there is a contribution between knowledge management to employee engagement obtained at 0.824 and likewise with knowledge management affecting employee performance obtained at 0.525. In addition, employee engagement can also mediate knowledge management on employee performance and is obtained at 0.385. Knowledge management has the greatest influence on employee engagement, then on employee performance. Meanwhile, employee engagement also contributes significantly to improving employee performance.

Table 4. Specific Indirect Effects

	Specific Indirect Effects
KM -> EE -> EP	0,317

Source: research data (2024)

The Specific Indirect Effects table shows the magnitude of the indirect effect of knowledge management on employee performance through the mediating role of employee engagement, which is 0.317. This figure is quite large, which means that the mediating role of employee engagement is very important in these variables.

Table 5. Discriminant Validity

	EE	EP	KM
EE	0,815		
EP	0,818	0,804	
KM	0,824	0,842	0,781

Source: research data (2024)

Discriminant validity is used to ensure that each construct is different from one another. Judging from the discriminant validity table, the Root AVE (Average Variance Extracted) value of

the knowledge management (KM) variable of 0.781 is higher than its correlation with the employee engagement (EE) and employee performance (EP) variables, which are 0.824 and 0.842. Likewise, the AVE Root value of the EE and EP variables is also higher than its correlation with other variables. This shows that each construct has sufficient discriminant validity so that it can be said to be different from one another. The estimated model is acceptable because each construct is able to distinguish itself from other constructs.

Knowledge management has a contribution to employee performance. Ary Ferdian (2020) said every time there is an increase in knowledge management, employee performance will also increase. The same thing was stated in Angelica's research (2022) that knowledge management has a contribution to employee performance. In the research of Meita Pragiwani & Mohammad Benny Alexandri (2018) stated that knowledge management has no contribution to employee performance. This means that this research is not in line.

Knowledge management has a contribution to employee engagement. This research is in line with research from (Onyango et al., 2022). Likewise with Juan's research (2018) which states the contribution of knowledge management to employee engagement. However, according to Chike Aghadiuno's research (2017) knowledge management has no contribution to employee engagement.

Employee engagement is known to have a contribution to employee performance. This research is in line with research from (Nanuru et al., 2021). Likewise with research from Suchayowati (2020) which states that employee engagement contributes to employee performance. Not the same as research from Kapero (2023) which states that employee engagement has no contribution to employee performance.

Employee engagement can mediate knowledge management through employee performance. This research is in line with research (Junita Monica et al., 2023). According to Harahap's research (2018) also states the same thing that employee engagement mediates knowledge management through employee performance. However, in Andreeva's research (2012) states that employee engagement cannot mediate the relationship between knowledge management through employee performance.

CONCLUSION

Knowledge management has a contribution to employee performance on employees. The better the application of knowledge management, the more employee performance will increase. Knowledge management contributes to employee engagement in employees. The better the application of knowledge management, the more employee engagement will increase. Employee engagement has a contribution to employee performance in employees. The higher the employee engagement, the more employee performance will increase. Employee engagement is proven to mediate knowledge management on employee performance in employees. Knowledge management practices will more effectively improve employee performance if accompanied by increased employee engagement. The results of this study are expected to provide implications for companies to pay more attention to the implementation of effective knowledge management while still considering the importance of increasing employee engagement to improve overall employee performance.

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