THE EFFECT OF RELATION BETWEEN DIGITAL LEADERSHIP AND LEARNING ORGANIZATION ON THE INDIVIDUAL PERFORMANCE OF SMEs

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ABSTRACT

Objective: This research aims to analyze the relationship between digital leadership variables and individual performance of SMEs, to analyze the relationship between learning organization variables and individual performance of SMEs.

Method: This research method is a quantitative survey, data analysis using partial least squares (PLS) structural equation modeling (SEM) with SmartPLS 3.0 software tools. Data was obtained by distributing online questionnaires via social media. The questionnaire was designed using statements with a Likert scale of 1 to 7. The respondents of this study were 350 SMEs owners in Indonesia who were determined through simple random sampling. The analysis stages are validity test, reliability test and significance test. The independent variables of this research are digital leadership and learning organization variables. The dependent variable is the individual performance of SMEs.

Results: The results of this research are that digital leadership has a positive and significant relationship to individual performance. Learning organizations have a positive and significant relationship to individual performance of SMEs.

Research implications: Such findings contribute to our better understanding of the relationship between digital leadership and learning organization on the individual performance of SMEs. Also, it can have implications for stakeholders in developing performance of SMEs.

Originality/value: This study addresses the gap in the body of digital leadership and learning organization on the individual performance of SMEs, creating a new correlation model of the relationship between digital leadership and learning organization on the individual performance of SMEs.

Keywords: digital leadership, learning organization, performance, SMEs.

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O EFEITO DA RELAÇÃO ENTRE LIDERANÇA DIGITAL E ORGANIZAÇÃO DE APRENDIZAGEM NO DESEMPENHO INDIVIDUAL DAS PME

RESUMO

Objetivo: Esta pesquisa tem como objetivo analisar a relação entre as variáveis da liderança digital e o desempenho individual das PME, analisar a relação entre as variáveis da organização que aprende e o desempenho individual das PME.

Método: Este método de pesquisa é um levantamento quantitativo, análise de dados usando modelagem de equações estruturais (SEM) por mínimos quadrados parciais (PLS) com ferramentas do software SmartPLS 3.0. Os dados foram obtidos através da distribuição de questionários online através das redes sociais. O questionário foi elaborado usando afirmações com uma escala Likert de 1 a 7. Os respondentes deste estudo foram 350 proprietários de PMEs na Indonésia, determinados através de amostragem aleatória simples. As etapas de análise são teste de validade, teste de confiabilidade e teste de significância. As variáveis independentes desta pesquisa são liderança digital e variáveis de organização que aprendem. A variável dependente é o desempenho individual das PME.

Resultados: Os resultados desta pesquisa são que a liderança digital tem uma relação positiva e significativa com o desempenho individual. As organizações que aprendem têm uma relação positiva e significativa com o desempenho individual das PME.

Implicações da investigação: Tais conclusões contribuem para a nossa melhor compreensão da relação entre a liderança digital e a organização que aprende no desempenho individual das PME. Além disso, pode ter implicações para as partes interessadas no desenvolvimento do desempenho das PME.

Originalidade/valor: Este estudo aborda a lacuna existente entre a liderança digital e a organização que aprende no desempenho individual das PME, criando um novo modelo de correlação da relação entre a liderança digital e a organização que aprende no desempenho individual das PME.

Palavras-chave: liderança digital, organização que aprende, desempenho, PMEs.

1 INTRODUCTION

According to Abbasi et al. (2023) industrial Revolution 4.0 (IR4.0) requires companies to increase their competitiveness, apart from products and services, but also their human resources must be competitive. Human resources are the most important part of every organization and if this part is of better quality the chances of the organization's success will increase. Apart from increasing the company's competitiveness, competitive strategies and management practices also play a role in increasing competitive advantage. One of the benefits of IR4.0 is that it is able to meet individual customer needs, engineering and business processes become dynamic and decision making becomes more optimal, giving rise to new business models and new ways to create added value. Leadership as a key mechanism for increasing company excellence. According to Benitez...
et al. (2022) the role of leaders means that organizations must win in a world that is increasingly dominated by digital technology. The high level of technological development certainly requires special abilities for leaders to master technology.

According to Alerasoul et al. (2022) digitally transforming employees is an effective strategy to stay ahead. In digitally transforming employees, a leadership style is needed that is able to prepare employees for transformation or is called digital leadership. Digital leadership capabilities combine visionary leadership and transformational leadership with digital attitude capabilities. One important aspect of entrepreneurship is leadership. According to Awawdeh et al. (2022); Benitez et al. (2022) leadership in the digital era raises many issues, especially regarding the readiness of leaders and members (personnel management) to explore all possibilities in using digital technology to maximize their businesses. This readiness issue is related to the uneven transition from the analog paradigm to digitalization. This is because the distribution of information technology is still hampered by the industrial economic system which results in the accessibility of information technology depending on the purchasing power of individuals or groups.

An indication of the weakness of SMEs in increasing competitiveness is that SMEs do not do enough learning. According to Akgün et al. (2023) explained that the lack of knowledge and quality human resources is an important factor for SMEs to increase competitiveness. Explicitly, the weaknesses possessed by SMEs indicate their weaknesses in carrying out learning, especially in carrying out learning related to knowledge. In this condition, the SME learning process is an important component and a critical factor in carrying out business activities. So far, the transformation system that has occurred in organizations, including SMEs, describes a process of learning, behavior change and performance development. Every learning carried out by an individual depends on the knowledge possessed by members of an organization. According to Akgün et al. (2023) states that the social interactions that occur not only facilitate communication and coordination, but also the meaning of the learning carried out. The implications of this explanation indicate that when an organization carries out a learning process, the knowledge factor is a component that will be used to explore and exploit that learning. In organizational learning, regular learning exploration carried out by the organization facilitates the development of new products and processes. According to Awawdeh et al. (2022); Benitez et al. (2022) flexibility, research, risk taking,
experimentation and innovation are important components of knowledge. According to Abbasi et al. (2023) the exploitation of learning is carried out by organizations routinely to improve products, processes and knowledge. Strategy choice, production, efficiency, selection, implementation and execution are important components of knowledge. According to a strategic perspective, one of the critical factors that SMEs can use to achieve competitive advantage is through individuals. The knowledge possessed by individuals will encourage the emergence of experiences. The knowledge and experience possessed by individuals will ultimately become a learning process, both for individuals and SMEs.

2 LITERATURE REVIEW

2.1 DIGITAL LEADERSHIP

Digital leadership is strategic leadership that utilizes a company's digital assets to achieve organizational goals. This leadership drives transformation within the company. Digital leadership is not just introducing the use of e-mail, websites and social media as part of daily work, but what is more important is utilizing data as an important asset. According to Blaique et al. (2023) different from traditional leaders who make decisions based on subjective opinions or input from the people around them, a digital leader trusts data more as the basis for decision making. In other words, digital leadership is based on data. Leadership in the digital era is an important ability that individuals must have to create solutions to various problems in the digital era. Leadership style in the digital era not only understands the concept of leadership but must be able to master soft skills (non-technical skills) and hard skills (technical skills). According to Junaris et al. (2023) soft skills (non-technical skills) are really needed by everyone to improve performance at work, because they relate to the ability to adapt, interact and self-regulate. Leadership is described as the capacity to guide a company toward achieving its goals and building sustainable competitive advantage. According to Garza et al. (2022); Gomes et al. (2022) to maintain a sustainable competitive advantage, companies must have products and technical systems that speed up and enable production, communication and cost reduction, as well as the ability to use these products and systems optimally. Digital leadership is a combination of digital culture and digital competence. According to Sahibzada et al. (2023); Suwanto et al. (2022) Digital leadership is a leadership style that focuses on implementing digital transformation in an organization. This leadership model
allows companies and organizations to digitalize their work environment and work culture.

Leadership is the ability or readiness possessed by a person to influence, encourage, invite, guide, mobilize, direct and force other people or groups to accept this influence and then do something that can help achieve certain goals that have been set. According to Jardak et al. (2022); Junaris et al. (2023) stated that a leader is someone who enthusiastically has the ability to influence other people to achieve organizational goals. It is very possible for the organization to achieve its targets if managers are able to carry out their functions well. Therefore, an effective leader, who has the ability to influence the behavior of his members, is the leader needed by the organization. Many definitions of leadership reflect the assumption that leadership is related to how to influence other people, both individuals and society. In an act of behavior in the organization. According to Garza et al. (2022) the essence of leadership is influencing or gaining followers. A leader is someone who can understand each role of his subordinates and is able to influence the opinions of other people without having to ask first. So it can be concluded that a leader is someone who mobilizes thinking power and actively carries out planning, coordinating, carrying out experiments and leading work to achieve common goals. Meanwhile, a leader's behavior in managing an organization or what is called leadership style is a behavioral norm used by someone when trying to influence the behavior of other people as they see it. According to Blaique et al. (2023); Junaris et al. (2023) the digital leadership style using a situational approach is; (1) Measuring the level of readiness by providing general and basic tasks that the leader wants to achieve; (2) Applying a leadership style that is task or relationship oriented with followers according to their level of readiness; and (3) Delegating followers with a high level of readiness to help supervise followers with low readiness if the work group grows large.

2.2 LEARNING ORGANIZATION

According to Sahibzada et al. (2023); Suwanto et al. (2022) Organizational learning is a process of organizational behavior patterns that aims to survive, grow continuously at will, and change the ability of an organization to achieve its goals. Learning organization. According to Junaris et al. (2023) forming, achieving, interpreting, interpreting and conveying existing knowledge to individuals and organizations with the aim of modifying actors to create new knowledge and explain
knowledge that has never existed before. The ability and expertise of the organization to do so. Then it includes encouragement to understand skills, learn and help, encouragement to learn from the company, fair and open feedback, and cross-functional discussions. According to Blaique et al. (2023); Junaris et al. (2023) personal innovation as the ability to create new things that did not exist before by applying better technological processes for the development of new things so that competitors do not. Meanwhile, According to Jardak et al. (2022) individual's ability to innovate is a pattern of personality traits that measures an individual's willingness to change, followed by a behavioral perspective pattern that focuses on developing rare ideas that are realized through behavior. interpreted as output. This representative perspective pattern creates something new based on the individual's final outcome. From this, we conclude that personal innovation is the process of discovering new things through personality patterns, behavior, and end results that did not exist before, to develop something that competitors cannot achieve. According to Garza et al. (2022); Gomes et al. (2022); Jardak et al. (2022); Junaris et al. (2023) individual indicators of innovative ability are changing individual motivation, the ability to try new things, and the ability to create new processes. According to Gomes et al. (2022); Jardak et al. (2022) successful learning organization has the following characteristics: 1) The individual learning process goes well, 2) The knowledge sharing process goes well, 3) The organizational culture supports the learning process and activities, 4) Employees are fully motivated and supported to be able to think, critical and brave enough to take risks regarding the innovations and ideas being implemented, and 5) The organization believes that employees have an important contribution to the progress of the organization. Meanwhile, the benefits of a learning organization for an organization are a) being a dynamic and proactive environment, b) having quality employees, c) increasing employee commitment and integrity, d) easily synergizing, e) improving employee performance, and f) being ready to develop. Meanwhile, for employees, these are a) a pleasant work environment, b) a long-term learning process, c) greater participation, d) equality in obtaining opportunities, e) self-esteem, and f) organizational renewal and competitive readiness. What about knowledge management? In some literature, knowledge management is a set of activities that organizations use to identify, create, explain and distribute (knowledge transfer) knowledge that is reused, recognized and investigated within the organization.I conclude. Knowledge management is not about managing and organizing books and magazines,
looking for clients on the Internet, or editing materials for distribution. In addition, knowledge management is part of our commitment to building innovation that makes us more competitive.

2.3 EMPLOYEE PERFORMANCE

According to Junaris et al. (2023) Employee performance is the result of real work and shows the quality and quantity that employees have achieved in fulfilling the duties and responsibilities given to employees. Another understanding is that employee performance is the result of a cumulative increase in an individual's workforce over a certain period of time in fulfilling their obligations and responsibilities to achieve generally agreed work goals, namely . According to Blaique et al. (2023); Borah et al. (2022) Second, employee performance can also be interpreted as the final result that can be achieved by individuals or groups and organizations quantitatively and qualitatively in accordance with their respective portions and duties, as well as being halal and not violating the goals of the organization. Indicators that can be used to measure employee performance include work quality, work quantity, and employee adaptability and flexibility.

2.4 HYPOTHESIS DEVELOPMENT

2.4.1 The Relationship Between Digital Leadership and Individual Performance

According to Junaris et al. (2023) that digital leadership has a beneficial and significant influence on competitive advantage. If the company's digital leadership runs well, the company's competitiveness will increase. If viewed from the outer loading value, the creative indicator in the digital leadership variable has a dominant value. This means that leaders who have a creative mindset are able to change employee work patterns towards digitalization. According to Blaique et al. (2023); Junaris et al. (2023) The transformation of employee work patterns towards digitalization has become a competitive advantage for a company in a dynamic era. This supports the concept put forward by that one competitive advantage can be obtained from the superior expertise of existing human resources. According to Blaique Garza et al.(2022); Jardak et al. (2022); Junaris et al. (2023) digital leadership is an important mechanism for increasing competitive advantage. This indicates that digital leadership has a positive and significant impact on quality management. In applying quality management, creative human
resources are needed. One of the factors that makes a business sustainable is strengthening its creative human resources and quality management system. In this way, digital leadership contributes to building the quality management of a company.

*Hypothesis 1: Digital leadership has a positive and significant relationship with individual performance*

### 2.4.2 The Relationship Between Learning Organization and Individual Performance

Previous research Some definitions of learning organization are: 1) According to Jardak et al. (2022);Junaris et al. (2023) that learning organization is an organization that has the capacity to be able to create its own future, 2) According to Blaique et al. (2023);Borah et al. (2022);Erhan et al. (2022) Learning organization is a group of individuals in an organization who continuously improve their own competence to create all the innovations they are able to create, and 3) According to Jardak et al. (2022);Junaris et al. (2023) states that organizational learning is a process that supports organizations to be able to adapt to change, and be able to grow in a better direction through the creation and application of new things such as knowledge, abilities and competencies as well as being able to transform it to other colleagues.

*Hypothesis 2: Learning organization has a positive and significant relationship with individual performance*

### 3 METHOD

This research method is a quantitative survey, data analysis using structural equation modeling (SEM) partial least squares (PLS) with SmartPLS 3.0 software tools. Data was obtained by distributing online questionnaires via social media. The questionnaire was designed using statements with a Likert scale of 1 to 7. The respondents of this study were 350 SMEs owners in Indonesia who were determined through simple random sampling. The analysis stages are validity test, reliability test and significance test. The independent variables of this research are digital leadership and learning organization variables. The dependent variable is the individual performance of SMEs.

The hypothesis in this research is:

Hypothesis 1: Digital leadership has a positive and significant relationship on individual performance
Hypothesis 2: Learning organization has a positive and significant relationship on individual performance

Figure 1. Research Framework

Source: Data analysis by the author

4 RESULTS AND DISCUSSION

The tests carried out in the analysis of variance based SEM have two stages, namely the outer model and the inner model test. The explanation of the test is as follows:

4.1 TEST OUTER MODEL

The convergent validity test on the outer model aims to determine whether the indicators with latent variables are valid, with a validity value above 0.70 (Purwanto et al., 2021)

Figure 2. Validity Testing

Source: Data analysis by the author
Figure 2. shows that the validity value of each indicator is above 0.7, so all research indicators are declared valid. In the outer model test in addition to convergent validity, there is also a validity reliability testing.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Leadership</td>
<td>0.743</td>
<td>0.831</td>
<td>0.678</td>
</tr>
<tr>
<td>Learning Organization</td>
<td>0.741</td>
<td>0.824</td>
<td>0.698</td>
</tr>
<tr>
<td>Performance</td>
<td>0.718</td>
<td>0.865</td>
<td>0.645</td>
</tr>
</tbody>
</table>

Table 1 shows that all Cronbach alpha and average variance extracted values exceed the minimum limit so that all variables are declared valid.

In addition to reliability in the inner model test there is also a hypothesis test, while the hypothesis test in this study is as follows:

<table>
<thead>
<tr>
<th>Hypothesis Testing</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Leadership</td>
<td>5.431</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Learning Organization</td>
<td>5.424</td>
<td>0.001</td>
<td>Supported</td>
</tr>
</tbody>
</table>

From the value of the hypothesis testing table, it is known that all hypotheses in the study are accepted because they have a p-value below 0.05.
4.1.1 The Relationship Between Digital Leadership and Individual Performance

According to Karakose et al. (2022); Kurniasih et al. (2022) digital leadership committed leadership is the lever or driving force that will turn technology into a transformation for the organization. Executives at all levels need to develop themselves to achieve digital masters. These master digital executives will drive the transformation through strong top-down leadership. This top-down approach is carried out, for example, by determining the direction to be achieved, creating momentum, and ensuring the organization is disciplined in following it. This top-down leadership model does not mean that the organization's plans are made by yourself down to the details and also not only limited to providing motivation. However, top-down leadership is responsible for formulating a big and clear vision for the future, doing the main things, and encouraging all employees to build the vision continuously. According to Malodia et al. (2023); Purwanto et al. (2022) The leader is fully involved in the entire digital transformation process, ensuring the change moves forward, as well as overcoming emerging problems that hinder the digital transformation vision that has been decided needs to be a concern for owners or managers of organizations. According to Suwanto et al. (2022) Digital leadership has different characteristics or requirements from leadership in general. Therefore, digital leadership is also called unnatural leadership, to show the uniqueness of the challenges faced and the abilities required. According to Malodia et al. (2023); Purwanto et al. (2022) Digital leadership must be able to synergize technical and strategic capabilities. Digital leaders must also be able to formulate an organization's digital vision, mobilize all members of the organization to transform their work culture, adjust organizational or business processes, manage them neatly, and provide supporting technological tools.

4.1.2 The Relationship Between Learning Organization and Individual Performance

According to Lee et al. (2022); Ilter et al. (2023); Malodia et al. (2023) In efforts to increase resources based on knowledge, companies must always promote organizational learning. Knowledge will be able to create efficiency in the organization and create competence. Knowledge will prevent the organization from being imitated by competitors so that each has different uniqueness to create a competitive advantage. Meanwhile, competency will enable the organization to build and integrate internal and external capabilities in facing rapid environmental changes. According to Malodia et al.
Purwanto et al. (2022) explains that the competencies possessed by organizations emerge as a learning process. Organizational learning can be carried out by carrying out training and other development programs. This program aims to increase the knowledge capital of the organization. Some organizations consider that they have human resources with the best knowledge and competence and can be used as a differentiating factor from other organizations. Definitely, several authors provide different articulations regarding training and development. According to Purwanto et al. (2023) Training is intended to improve mastery of various skills and techniques for carrying out specific, detailed and routine work. Development is intended to improve and enhance knowledge, abilities, attitudes and personality. The success of orientation or other types of training can be seen from the amount of learning processes that emerge and are transferred to work. If organizations often carry out training that is unplanned, uncoordinated, and not serious, it will reduce the learning process significantly. Training and learning processes will occur, namely through informal work groups, whether the organization has a coordinated effort or not, because employees learn from each other. However, without well-designed training and a systematic approach, what is learned may not be what is best for the organization. Organizational learning is a form of organizational development that is based on knowledge. According to Malodia et al. (2023); Purwanto et al. (2022) stated that organizations can learn. This is because in an organization there is a group of individuals so that organizational learning is directed at the knowledge possessed by individuals.

5 CONCLUSION

There are various concepts and terminology that describe statements from this theme theory. The desire for a desired and uniform theory accepted by academia can be achieved by research, combining theoretical deductions from the research conducted. Although much remains to be done, the impact of organizational learning on organizational design provides several important characteristics. First, organizational design for organizational learning in SMEs should follow an organic design approach. Second, the integration and combination of knowledge is a good way to design organizations in SME learning organizations. Third, organizational capabilities emerge over time through the SME's organizational learning process. Fourth, social rewards and normative systems of SMEs are a good way to design
organizations for organizational learning. Fifth, a dynamic approach to social change is a good way to design SME organizations for organizational learning, allowing for new development and diversification. Sixth, recognizing that individuals are capable of learning from past experiences and that they are not completely rational in their decision-making processes is a good way to design organizations for SME organizational learning. Seventh, considering the social dimensions of learning is a good way to design organizations for organizational learning, rather than considering that learning is only individual and not influenced by social elements. This leadership directs, facilitates and coordinates digital work and knowledge processes in the organization. Digital leadership requires not only an appreciation of the potential of information and communications technologies to assist business leadership, but also recognition of the limitations of these technologies and how they can be used. Used to project leadership across all organizations. Digital leadership is a disposition for leaders and prospective leaders to be able to direct the organization they lead digitally.
REFERENCES


