



# Factors Influencing Employee Performance: Organizational Learning, Leadership Style, and Employee Engagement on Employee Performance: Literature Review

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**Abstract.** This literature review examines the influence of organizational learning, leadership style, and employee engagement on employee performance, which are critical factors in achieving organizational success. Employee performance is a multidimensional construct that reflects the outcomes of an individual's work and their contribution to organizational goals. Organizational learning fosters adaptability and innovation by equipping employees with the necessary skills and knowledge to navigate dynamic environments. Transformational leadership, which inspires and motivates employees to exceed expectations, has been shown to significantly enhance performance, particularly in innovative and dynamic settings. Transactional leadership, though effective in certain contexts, is less impactful in fostering long-term engagement and creativity. Employee engagement, defined as the emotional, cognitive, and physical involvement of employees in their roles, plays a pivotal role in driving productivity, reducing turnover, and enhancing organizational commitment. Engaged employees exhibit higher levels of innovation, efficiency, and loyalty, contributing to both individual and organizational success. The interplay between these three factors—organizational learning, leadership style, and employee engagement—creates a synergistic effect that boosts performance. This study synthesizes findings from recent research, emphasizing the importance of aligning these elements to cultivate a productive and sustainable work environment. By promoting continuous learning, adopting transformational leadership practices, and fostering employee engagement, organizations can achieve superior performance outcomes. Future research should explore additional contextual factors, such as organizational culture and external environmental influences, to provide a more comprehensive understanding of employee performance dynamics.

**Keywords:** Organizational Learning, Leadership Style, Employee Engagement, Employee Performance.

## 1 Introduction

Employee performance is a key factor that determines the success of an organization in achieving its strategic goals. Research in the fields of management and

organizational behavior has long explored various factors that influence employee performance, with increasing focus on organizational learning, leadership style, and employee engagement. These three factors have been identified as key elements that can improve organizational productivity, innovation, and efficiency [1, 2, 3].

Organizational learning has become one of the essential components in the development of modern organizations. According to [4], organizational learning is an ongoing process where organizations enhance their capabilities through knowledge absorption, distribution, and utilization. Learning within organizations not only enhances adaptability but also strengthens innovation among employees, which ultimately has a positive impact on employee performance [1]. [5] emphasizes that learning organizations consistently develop individual and team capabilities to create a desired future, making it a crucial factor in establishing a sustainable competitive advantage.

On the other hand, leadership style plays a significant role in improving employee performance. Transformational leadership, as developed by [3], refers to a leadership style that inspires, motivates, and encourages employees to exceed their expectations. Transformational leaders create an environment that supports employee growth, increases their commitment, and drives them to achieve higher performance levels [6]. Transactional leadership, which focuses more on a reward-and-punishment system, has also proven effective in certain contexts, especially in environments requiring compliance and short-term goal achievement. However, transformational leadership has been shown to be superior in fostering innovation and higher engagement in the workplace [3].

Employee engagement is another critical factor in driving employee performance. [7] defines employee engagement as the physical, cognitive, and emotional involvement of individuals in their roles at work. Employees who are fully engaged in their work tend to have higher productivity, greater creativity, and stronger commitment to the organization [2]. The [8] report asserts that emotionally engaged employees contribute to increased productivity, profitability, and customer satisfaction while reducing turnover and absenteeism.

Previous studies have shown that organizational learning, leadership style, and employee engagement play significant roles in enhancing employee performance. For instance, [9] identified that companies with strong organizational learning capabilities tend to have employees with higher levels of innovation and productivity. Similarly, research by [3] and [6] demonstrates that transformational leadership improves employee engagement and organizational performance. [2] also found that employee engagement plays a crucial role in improving individual and organizational performance.

In this context, this study aims to further explore how organizational learning, leadership style, and employee engagement collectively influence employee performance. By utilizing literature reviews from previous research, this article seeks to provide a deeper understanding of how these factors interrelate and how organizations can leverage them to achieve higher performance.

## 2 Literature Review

### 2.1 Employee Performance

Employee performance refers to the outcomes achieved by employees in carrying out the tasks assigned to them. Campbell in [10] defines employee performance as behavior or actions that are relevant to organizational goals, which can be measured and evaluated. Employee performance is a complex variable as it involves various factors such as skills, knowledge, motivation, and the work environment.

Employee performance is usually measured based on individual outcomes such as productivity, efficiency, quality of work, as well as the employee's contribution to the organization's short-term and long-term goals [11]. Factors such as organizational learning, leadership style, and employee engagement have a direct impact on employee performance. The Goal Setting Theory explains that clear, measurable, and challenging goals can enhance employee motivation and performance, as employees have a clear direction and drive to achieve the targets that have been set [12].

Companies that encourage organizational learning tend to have employees with higher performance levels, as employees are equipped with the relevant skills and knowledge to adapt to the demands of a dynamic job [1]. On the other hand, transformational leadership motivates employees to exceed performance standards because transformational leaders inspire them with a greater vision and provide the necessary support to achieve higher performance [3].

Overall, employee performance is influenced by various internal and external factors, including organizational learning, leadership style, and employee engagement. These three factors are interconnected in creating a productive, innovative work environment that supports organizational growth.

### 2.2 Organizational Learning

Organizational learning refers to a continuous process through which an organization acquires, disseminates, and uses knowledge to improve its adaptability and innovation [4]. In the book *The Fifth Discipline*, it is explained that learning organizations continuously develop the capacity to create a better future by prioritizing learning at both the individual and organizational levels [5]. Research by [9] shows that organizational learning enhances employees' adaptability and innovation, which ultimately improves employee performance across various industry sectors.

### 2.3 Leadership Style

Leadership style refers to the approach used by leaders to influence, motivate, and direct their subordinates to achieve organizational goals. [3] identifies two main types of leadership, namely transformational leadership and transactional leadership. Transformational leadership emphasizes inspiration, motivation, and employee development to exceed expectations, while transactional leadership focuses on reward-and-punishment-based relationships. [6] concludes that transformational

leadership significantly enhances employee engagement and performance, especially in dynamic environments.

## 2.4 Employee Engagement

Employee engagement is a concept that describes the emotional involvement and commitment of employees to their work. Employee engagement is defined as the extent to which employees fully involve themselves in their work roles, both physically, cognitively, and emotionally [7]. Employees who are emotionally engaged tend to be more productive, have higher retention rates, and contribute more significantly to the organization's performance [2].

## 3 Conceptual Framework and Hypothesis

### 3.1 Conceptual Framework

Based on the literature review above, a conceptual framework can be developed that illustrates the relationship between organizational learning, leadership style, employee engagement, and employee performance. Employee engagement acts as a mediator that strengthens the influence of organizational learning and leadership style on employee performance.

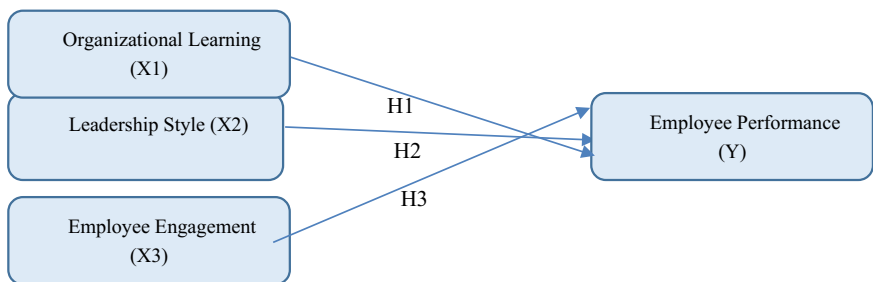


Fig. 1. Conceptual Framework

### 3.2 Hypotesis

- **H1:** Organizational learning has a positive effect on employee performance.
- **H2:** Leadership style has a positive effect on employee performance.
- **H3:** Employee engagement has a positive effect on employee performance.

## 4 Research Methodology

This research uses a literature review method by examining the results of previous studies published in reputable international journals. The sources of literature are

taken from journals indexed in Scopus, Web of Science, and Google Scholar, published within the last 10 years. This study identifies articles that discuss the influence of organizational learning, leadership style, and employee engagement on employee performance in various industrial and sectoral contexts.

## 5 **Results and Discussions**

### 5.1 **Result**

The literature review shows that the three main variables, namely organizational learning, leadership style, and employee engagement, have a significant impact on employee performance. The results of previous studies reinforce that each of these variables, both individually and collectively, plays an important role in improving employee performance.

#### **The Influence of Organizational Learning on Employee Performance.**

Several studies state that organizational learning facilitates the improvement of employee adaptability and innovation. Research by [9] found that organizations that implement continuous learning tend to have employees who are more competent, creative, and able to quickly adapt to changes. This has implications for improving employee performance as they are equipped with the skills and knowledge needed to perform their tasks more effectively. Furthermore, research by [11, 12, 15, 16] found that organizational learning has a positive and significant impact on employee performance.

#### **The Influence of Leadership Style on Employee Performance**

Leadership style, particularly transformational leadership, has consistently been found to have a positive impact on employee performance. Research by [3] shows that transformational leaders are able to motivate employees to exceed expectations by providing an inspiring vision and adequate support. [6] also found that this leadership style can enhance employee engagement and, in turn, improve their performance. Similarly, the findings of [13, 14, 13,17, 20] indicate that leadership style has a positive and significant effect on employee performance.

#### **The Influence of Employee Engagement on Employee Performance.**

Employee engagement plays a key role in driving better performance. Findings from [2] indicate that employees who are more engaged in their work are more likely to exhibit superior performance. [8] reports that employees with high levels of engagement tend to be more productive, innovative, and have longer tenure within the organization. Research by [17, 18, 20, 24] found that employee engagement has a direct and significant impact on employee performance.

## 5.2 Discussion

Based on the reviewed research, it can be concluded that the three identified variables – organizational learning, leadership style, and employee engagement – each play a crucial role in enhancing employee performance. However, there are some more interesting findings when examining the influence of each variable in greater depth.

### **Organizational Learning.**

Organizations that promote a learning culture make a significant contribution to improving employee performance. Organizational learning not only enables employees to develop new skills but also enhances flexibility and innovation. According to [9] organizational learning strengthens the competencies that support employees in facing job challenges, which directly impacts individual performance improvement.

### **Leadership Style.**

Transformational leadership is considered the most influential leadership style in enhancing employee performance. Transformational leaders create a supportive environment where employees feel motivated to achieve higher targets. Research by [3] and [6] shows that this leadership style increases employee engagement and motivation, which in turn leads to better performance. This leadership style is effective in providing strong inspiration and vision to employees, which not only motivates them but also enhances job satisfaction.

### **Employee Engagement.**

Employee engagement has a significant direct impact on employee performance. Employees who are emotionally and psychologically involved in their work demonstrate higher levels of productivity and work quality. Findings from [2] identify that employees with high engagement are more proactive in fulfilling their responsibilities and more willing to innovate in their jobs. High engagement fosters employee commitment and loyalty, which are crucial in creating a productive and sustainable work environment.

Overall, this literature review shows that the three variables operate independently to enhance employee performance, but they can also work synergistically. Organizations that promote continuous learning, implement the right leadership style, and ensure strong employee engagement tend to have higher levels of employee performance.

## 6 Conclusions

This research concludes that organizational learning, leadership style, and employee engagement have a significant impact on employee performance. Continuous organizational learning and transformational leadership are key factors in creating a work environment that supports high performance. Employee engagement has been

shown to act as a mediator that connects organizational learning and leadership style with employee performance.

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