

THE EFFORTS TO IMPROVE EMPLOYEE PERFORMANCE THROUGH EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL COMMITMENT OF CV. NIPSON PAINT SURABAYA PRODUCTION DEPARTMENT

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Abstract

This study aims to examine the effect of employee engagement and organizational commitment to improving employee performance. The statistical analysis used in this study was SEM (Structural Equation Modeling) by collecting data through questionnaires to 167 CV. Nipson Paint production department employees as respondents. The results of the analysis proved that employee engagement had a significant positive effect on organizational commitment and employee performance, besides that there was a significant positive effect between employee engagement and organizational commitment.

Keywords: *employee engagement, organizational commitment, employee performance.*

Abstrak

Penelitian ini bertujuan untuk menguji pengaruh keterlibatan karyawan dan komitmen organisasi untuk meningkatkan kinerja karyawan. Analisis statistik yang digunakan dalam penelitian ini adalah SEM (Structural Equation Modeling) dengan mengumpulkan data melalui kuesioner ke 167 CV. Nipson Paint karyawan departemen produksi sebagai responden. Hasil analisis membuktikan bahwa keterlibatan karyawan memiliki pengaruh positif signifikan terhadap komitmen organisasi dan kinerja karyawan, selain itu ada pengaruh positif yang signifikan antara keterlibatan karyawan dan komitmen organisasi.

Kata Kunci: *keterlibatan karyawan, komitmen organisasi, kinerja karyawan.*

JEL:J0

1. Research Background

Globalization that began at the beginning of the 21st century has caused many social changes in the business world. These social changes include changes in various sectors. In general, these social changes have brought significant changes to many other fields, such as economic, technological, and business. Changes in the economic field are very large due to the influence of globalization (Prakoso 2013). Specifically, in the industrial environment, social changes have a further impact on market competition becoming more competitive. The conditions that occur in the increasingly competitive trade in goods and services urge companies to react well so that their competitive advantage is more prominent. Therefore, management of organizational resources must be carried out effectively and efficiently.

One of the company's resources that must be managed properly is human resources (Susilo 2014). The success of good and progressive human resource management can be a good

start for the smooth implementation of the company's work program and the achievement of organizational goals. Human resources are increasingly considered to play an important role in achieving company goals, because the key to success in winning business in order to be able to survive and grow is in human resources as business people (Handoko 2001). In short, it can be said that the success of a company cannot be separated from the success of managing human resources in the company. Therefore, management needs to increase company performance by improving the performance of its employees.

Employees are the biggest asset in any organization / company. The performance of the company is very dependent on how the performance of its employees, good employee performance will certainly have a positive impact on company performance and vice versa. (Meyer & Allen 1991)

CV. Nipson Paint is a company engaged in making and marketing paint products with the brand of Nipson Paint. According to the results of interviews with management, information was obtained that the management of the company hoped to improve employee performance.

The results of the interviews also showed that the methods used by the company management have been directed to improve employee engagement and commitment to the organization. This has been done by the management of the company through training programs and empowerment of human resources who have the characteristics to form their attachments and commitment to the company.

This research was based on research conducted by Khan et al (2010) that examined the impact of organizational commitment on employee performance and research conducted by Rashid (2011), which studied employee engagement in relation to personal performance.

Based on the results of interviews with CV. Nipson Paint leaders and the research results of the two studies, this study involved three main variables in the research model, namely employee engagement, organizational commitment, and employee performance. Furthermore, several authors have presented some important aspects of the engagement variable.

For example, according to Schaufelli and Bakker (2003), it basically can be explained by 2 models, namely JD-R and Psychological models. The JD-R model covers several aspects such as the physical, social and organizational environment, salary, opportunities for a career, supervisor and coworker support, and performance feedback. According to Robbins and Judge (2008), organizational commitment is a situation where an employee is committed to the goals of the organization and has the desire to be part of the organization.

2. Research Method

The type of research used was causal research. The type of data used in this study was primary data, which is data obtained from respondents through questionnaires. The variables examined in this study include employee engagement, organizational commitment, and employee performance. The level and scale of the measurements used in this study was the interval level. The approach of this study was quantitative because it is incorporated into numerical measurements and uses the SEM analysis approach. This study requires a large number of respondents (Zikmund 2009: 134-135). Respondents of this study were employees of CV. Nipson Paint who work in the production department. Characteristics of respondents in this study were current permanent employees of CV. Nipson Paint, production department. The data processing method used in this study was Structural Equation Modeling (SEM) with Amos software. The hypotheses to be tested in this study were as follows:

H1: Employee engagement has a positive effect on organizational commitment of CV. Nipson paint production department

H2: Employee engagement has a positive effect on employee performance of CV. Nipson paint production department

H3: Organizational commitment has a positive effect on employee performance of CV. Nipson paint production department.

3. Result and Discussion

Validity testing, each indicator is declared valid because the results of the Pearson correlation between each indicator with a total score produce a significant value < 0.05 ($\alpha = 5\%$). Reliability testing for each indicator is reliable because it has Cronbach's $\alpha \geq 0.60$.

In SEM, a measurement model and a structural model were carried out. The measurement model ensures that the measurement instrument used is correct with the data that has been collected. Through the measurement model, it can be seen that each indicator of the variable under study has a standard loading > 0.5 . This means that all indicators of the variables used in the study have met a good validity test. Significance is seen from the size of the critical ratio of the estimate value, if the critical value ratio is > 1.96 then the relationship is statistically significant. As shown in the following table:

Table 1. Estimate and significance value of the indicator and construct on measurement model relationship

Research construct	Indicator	std loading (λ) value	Critical ratio
Employee engagement	EE1	0.452	4.110
	EE2	0.491	4.411
	EE3	0.575	4.887
	EE4	0.634	5.102
	EE5	0.518	
Organizational commitment	OC1	0.625	4.117
	OC2	0.553	4.115
	OC3	0.622	4.252
	OC4	0.457	
Employee performance	EP1	0.570	5.359
	EP2	0.480	4.889
	EP3	0.646	

Source: results of data processing

Besides using standardized loading values, validity can also be shown by calculating AVE. Calculation of AVE is as follows:

Table 2. Average variance extracted

Variable	$\Sigma(\text{std.loading})^2$	$\Sigma \text{ error}$	Average variance extracted
Employee engagement	1.44629	3.55371	0.534
Organizational commitment	1.292167	2.707833	0.56425
Employee performance	0.972616	2.027384	0.56533333

Source: results of data processing

Validity testing requires that the minimal Average variance extracted (AVE) value of 0.5. Table 2 shows that all constructs have met validity well. Referring to Verhoff et al (2002), the value of AVE 0.4 or close is sufficient to show good construct convergent validity.

Afterwards, reliability testing was carried out for all data in the measurement model using the calculation of construct reliability.

Table 3. Construct reliability

Variable	Σ std.loading	$\Sigma(\text{std.loading})^2$	Σ error	Construct reliability
Employee engagement	2.67	1.44629	3.55371	0.667336915
Organizational commitment	2.257	1.292167	2.707833	0.6529257
Employee performance	1.696	0.972616	2.027384	0.59656878

Source: results of data processing

According to Hair et al (2010: 710), the value of acceptable construct reliability is ≥ 0.70 . From table 4.11, it can be seen that employee engagement variable has the value of construct reliability ≥ 0.70 . But the variable has the value of construct reliability ≤ 0.70 . According to Hair et al (2010: 710), the value of reliability constructs between 0.60 - 0.70 is still acceptable. Thereby, it can be said that all the constructs of the research used are reliable.

Furthermore, hypothesis testing was done using a structural model. Hypothesis testing was done by looking at the value of the critical ratio, said to be significant if the value of $CR > 1.96$

Table 4. Summary of hypothesis testing results

Hypothesis	Relationship between constructs	Estimate value	Critical ratio	P-value	Description
H1	EE→OC	0.568	3.305	***	Supported
H2	EE→EP	0.667	2.730	0.006	Supported
H3	OC→EP	0.600	2.523	0.012	Supported

Note: ***: significant with p-value < 0.001 or 0.1%

Source: results of data processing

Through the hypothesis testing in table 4, it is known that all research hypotheses have a critical ratio with a value of > 1.96 , so that the hypothesis can be said to be significant.

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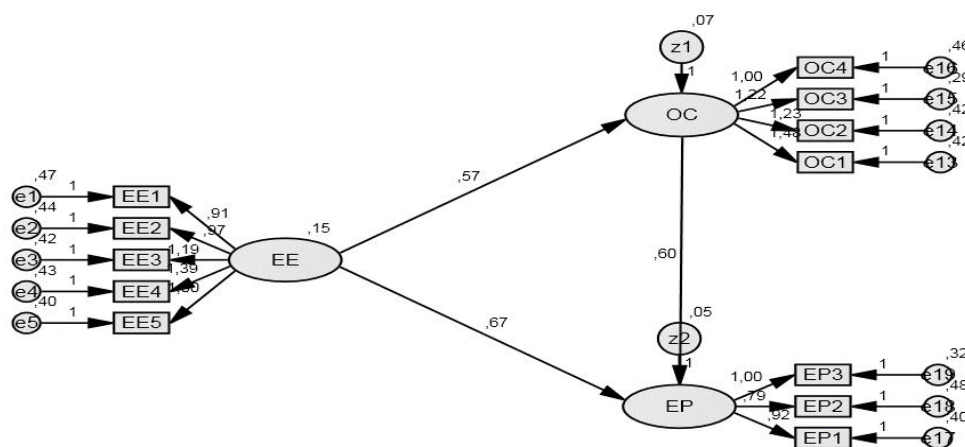


Figure 1. Structural Model

Source: results of data processing

In Figure 1 above, it can be seen that the relationship between employee engagement and organizational commitment is in hypothesis 1. Hypothesis 2 is the relationship between employee engagement and employee performance. Finally, hypothesis 3 is the relationship between organizational commitment and employee performance.

4. Conclusion

Based on the results of the tests that have been done, it can be concluded that the hypotheses that have been tested using the SEM method and AMOS 20 program are supported as follows: first, employee engagement had a positive effect on organizational commitment on the CV. Nipson Paint production department. This shows that higher employee engagement will increase organizational commitment. Second, employee engagement had a positive effect on employee performance on the CV. Nipson Paint production department. This signifies that higher employee engagement will increase employee performance. Third, organizational commitment had a positive effect on employee performance on the CV. Nipson Paint production department. This means that higher organizational commitment will increase employee performance.

This study has several limitations or weaknesses as follows: this study used cross-sectional data, causing weaknesses in the causality relationship of each variable; performance measurement that used self-assessment, which causes the common method bias.

Recommendations for CV. Nipson paint are as follows: first, based on the results of the study, it was found that employee engagement had a significant effect on organizational commitment. Therefore, in order to improve the organizational commitment of the production department employees, the management needs to prioritize some efforts to maintain a conducive work environment in the form of fostering coworker relations; provide learning opportunities; recognize work contributions; design for work to be attractive to employees; and nurture collegiality with superiors. Second, organizational commitment had a significant effect on employee performance, the management needs to improve the performance of employees of the production section by maintaining and improving the quality of the products produced; providing useful social expectations for employees; providing jobs that are able to provide a good future; and providing a good place to work.

Recommendations for further research are using larger respondents and overcoming problems that occur in this research; this study used a non-probability sampling method, for further research it is expected to use probability sampling methods to select units of research samples; adding other variables that affect employee performance outside of employee engagement and organizational commitment variables, such as work environment and motivation, so that researchers can find out factors that influence overall employee performance.

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