

EFFECTS OF EMPLOYEE ENGAGEMENT TOPERFOMANCE (CASE STUDY: INSURANCE COMPANY IN INDONESIA)

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ABSTRACT

One factor that affects performance is employee engagement. Based on the data, uneven performance on each type of work and the percentage of employee attendance increased for the last three years in a row. This study aims to determine the effect of employee engagement on performance and is a descriptive and quantitative statistic with the effect of analysis using path analysis. The study was conducted using primary data based on the distribution of questionnaires consisting of 28 statements using 51 employees as a sample. The results showed that the variable on employee engagement had a significant influence on performance with the effect of vigor of -7.12%, dedication of 13.91%, absorption of 35.86 and simultaneously 42.65%.

Keywords: absorption, dedication, employe engagement, performance, vigor

1. BACKGROUND

Human resources are very important factors in an organization both large and small scale organizations. Human resources occupy strategic positions in an organization, therefore human resources must be managed effectively and efficiently, so they can have a high level of usability results (Pojo, et al., 2014). Mangkunegara (2005), performance is the result of work both in quality and quantity achieved by an employee in carrying out tasks in accordance with the responsibilities given to him. The insurance company applies an annual appraisal for all employees.

The company assesses the performance of its employee organizations based on the results of income from each type of work performed. Every year, the company's organizational performance has always increased, but the performance comparison of each type of work is still uneven. Performance Payment THT is much higher, reaching Rp 8,416.75 billion, while other types of work, such as Pension Benefit Payments of only Rp 63.16 billion, claims for Work Accident Guarantee Rp 27.73 billion and Death AssuranceRp. 890.36 billion. Data on organizational performance in companies can be seen in Table 1. Performance of Insurance Companies in 2015-2017 in Billion Rupiahs (Company Annual Report, 2017).

Table 1 : organizational performance in companies

Type of Job	2015	2016	2017
Performance Payment THT	4,282.65	7,099.67	8,416.75
Pension Benefit Payments	43.24	63.93	63.16
Work Accident Guarantee	0.54	8.12	27.73
Death Assurance	44.13	752.07	890.36

The company realizes that Human Resources (HR) are important in achieving success and success of the company. Therefore, in order to have a good relationship with HR, the organization's management uses a variety of methods that are expected to have a positive impact on employees. According to Sinambela (2016). Schiemann (2011) states that, there must be an employee engagement as one of the factors of HR to bring the company to success if it can be managed properly and consistently. Employee engagement has

become the most talked about topic in recent years regarding employee performance. According to Marciano (2010), engaged employees will commit to goals, use all abilities to complete tasks, maintain behavior while working, ensure that the task has been completed properly in accordance with the objectives and be willing to take corrective or evaluation steps if necessary. According to Mathis and John (2001), someone who is dissatisfied with his work or lacks commitment to the organization will automatically withdraw from the organization either through absence or turnover of employees (turnover). Employee engagement can reduce employee absenteeism (Akbar, 2013). The following attendance data and the percentage of employees in insurance companies for 3 periods can be seen in Table 2 Employee Absences in 2015-2017 (Company Annual Report, 2017).

Table 2 Employee Absences in 2015-2017

Year	Sum			Condition			Absences	
	Day of Working in Years (A)	Employee (B)	Be Late	Go Home Early	With-out News	Per-mit	Total (C)	Percentage (C/(AxB))
2015	243	66	506	53	22	43	624	3.9
2016	251	64	600	65	23	39	727	4.5
2017	240	51	556	58	23	32	669	5.4

Based on Table 2, it is found that the percentage of absenteeism is the total absenteeism of employees in the insurance company divided by the total workdays of employees one year multiplied by the number of employees in that one year. In 2015, the total absence of employees was 624 times or 3.9 and in 2016 and 2017 increased by 727 times or 4.5% and 669 times or 5.4%. Total absences in terms of delay, leave early, permission and without news from 2015 to 2017 at this insurance company still does not meet 100% attendance. Utama (2001) states that if the average monthly absentee level is 2-3% this shows that work discipline is still considered good, however, if 3% and above shows poor work discipline within a company. Based on employee absenteeism results, poor engagement occurs at this insurance company. Based on the results of interviews conducted with the head of the Human Resource Development (HRD) section, it was found that every employee who is late and leaves early will be fined as much as 4% of salary, the company has a low turnover rate and no employees leave the company in 2015 until 2017.

Based on the description above, employee engagement is an interesting topic to be raised in this study. Employee engagement can be a factor that determines the level of employee performance at insurance companies.

2. LITERATURE REVIEW

2.1 Human Resource Management

According to Mangkunegara (2011), human resource management is a plan for organizing, coordinating, implementing and supervising procurement, development, remuneration, integration, maintenance and separation of workers in order to achieve organizational goals. The goal of human resource management is to increase the productive contributions of people in the organization through a number of strategically, ethically and socially responsible ways (Sinambela, 2016).

2.2 Performance

Performance is a picture of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization that exists in the formulation of an organization's strategic planning (Fahmi, 2013). There are 4 dimensions of employee performance appraisal (Sudarmanto, 2009), there are:

1. Quality: the quality of work results based on established standards to measure the degree of conformity between the quality of the product or service produced with the needs and expectations that can be measured by indicators of the level of error, damage, accuracy and success of the work.

2. Quantity: the amount of work produced as a result of work produced in accordance with work time which includes routine output and how quickly an individual can complete his work.
3. Use of time at work: the time needed to complete an activity or the time required to produce goods and services that can be measured by indicators of the level of absence, delay, and effective working time or lost work hours.
4. Collaboration with others at work: the ability to cooperate with others in completing work tasks where individuals can be seen to decrease or increase their performance by contributing to group assignments.

2.3 Relationship between Employee Engagement and Performance

Markos and Sridevi (2010) state that employee engagement is a significant relationship that is oriented towards the results of a business. Business results are related to the performance of employees in carrying out their duties to produce the best. Conversely, if employees do not have an engagement (not engaged) these employees tend to carry out their duties by wasting time, lack of full commitment, and have many doubts in the organization or company they occupy.

2.4 Employee Engagement

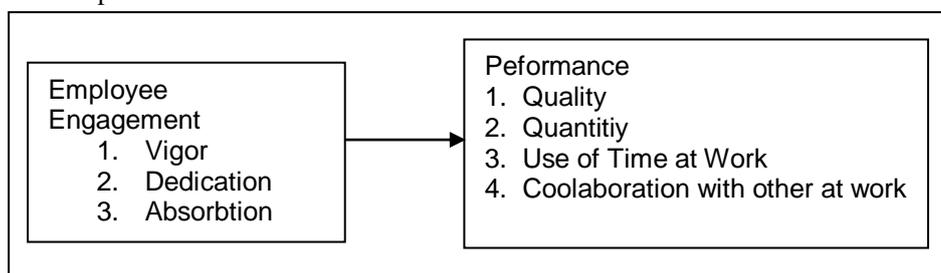
Schiemann (2011) explains that engagement is a recent evolution of research on employee satisfaction and commitment. Engagement is "the simultaneous presence of three behaviors in employees, namely, their performance in jobs, citizenship behavior and involvement" (Newman & Harrison, 2008). Employee Engagement is often cited as an important factor for the success and competitiveness of an organization (Gruman and Saks, 2011). Employee Engagement is an emotional and intellectual commitment of employees who appear voluntarily and become a driver to work optimally and provide the best for the company which will indirectly encourage employees to want to contribute to the company's environment.

Schaufeli and Bakker (2006) explain that "Work Engagement is defined as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" with 3 dimensions as characteristics of employee engagement with work used to measure Employee Engagement in insurance companies and their effects on employee performance, there are:

1. Vigor: energy level and mental endurance at work, willingness to work and perseverance in the face of adversity.
2. Dedication: emotionally at work with enthusiastic feelings, inspired by work, feeling proud and challenged with work.
3. Absorption: full attention, feeling happy when giving total attention, highly concentrated and serious and tend to spend time and find it difficult to separate.

The framework of thought in this study can be seen in Figure 1. Adoption Framework (Sudarmanto, 2009 & Schaufeli & Bakker, 2006).

Figure 1. Adoption Framework



3. RESEARCH METHOD

3.1 Research Characteristics

This study uses a quantitative research approach, which is a process of finding knowledge that uses data in the form of numbers as a tool to find what you want to know (Darmawan, 2013). The analysis used in this research is descriptive and causal analysis research methods. Descriptive analysis is performed to determine the value of either one or more independent variables without making comparisons or linking with other variables (Sugiyono, 2006). and explain the characteristics of the variables studied in a situation (Sekaran, 2006). Causal analysis is carried out to state the causal relationship, if X affects Y (Sugiyono, 2006). The level of researcher involvement is not intervening in data by not manipulating data (Indrawati 2015). The unit of analysis is carried out individually, namely employees of the insurance company. When conducting research is a cross section, i.e. data collection is done in one period then the data is processed, analyzed and then drawn conclusions (Indrawati 2015).

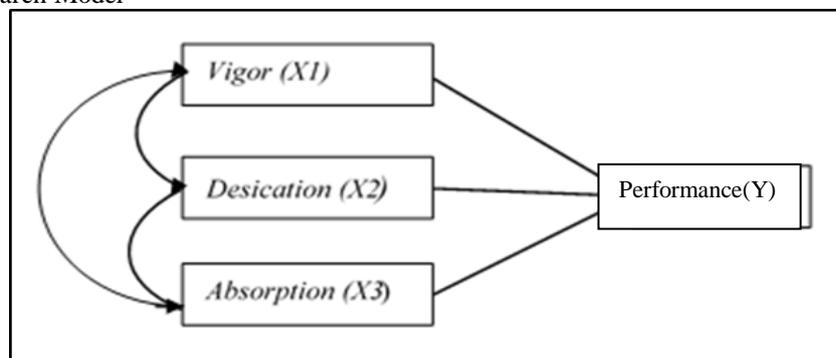
3.2 Population and Sampel

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then drawn conclusions (Sugiyono, 2006). The population in this study were all permanent employees of insurance companies with a total of 51 people. Sample is a data collection procedure where only a portion of the population is taken and used to determine the nature and characteristics of a population (Siregar, 2013). The sample uses a nonprobability sample which is often referred to as a census in which all members of the population are sampled because the population is considered relatively small (Sugiyono, 2011).

3.3 Hypothesis

Darmawan (2013) states that "Hypothesis is a temporary answer to the research problem formulation". This research model is based on a framework that has been described previously to formulate a research hypothesis. The research model can be seen in Figure 2 Research Model.

Figure 2 Research Model



In the figure, it can be seen that the relationship between the Vigor, Dedication, and Absorption Independent variables in which the three variables affect the Performance Dependent variable. Based on the research model, the research hypothesis can be formulated as follows:

1. Hypothesis 1: Vigor, Dedication, and Absorption simultaneously have a significant effect on employee performance in insurance companies.
2. Hypothesis 2: Vigor (X1) has a significant effect on employee performance in insurance companies.
3. Hypothesis 3: Dedication (X2) has a significant effect on employee performance in insurance companies.
4. Hypothesis 4: Absorption (X3) has a significant effect on employee performance in insurance companies.

RESULT

4.1 Correlation Test

Correlation test is done by calculating the correlation between variables using the Pearson Product Moment correlation test. Correlation test results are then interpreted in terms of their relationship with the reference as shown in Table 3. Correlation Test Relationship Reference (Riduwan&Kuncoro, 2008).

Table 3. Correlation Test Relationship Reference

Coefficient Interval	Relationship Level
0.8-1.000	Very High
0.6-0.799	High
0.4-0.599	Quite High
0.20-0.399	Low
0.00-0.199	Very Low

According to Arikunto (2006), the value or correlation index can know 4 things, namely the direction of the correlation, the presence or absence of correlation, interpretation of the high and low correlation and the significance of the correlation value. The direction of the correlation, expressed in the + (plus) sign that indicates a parallel correlation, so that the higher the value of X, the higher the value of Y and - (minus) which shows the correlation in the opposite direction. The results of existing correlation test calculations are converted into intervals using MSI and SPSS Version 24 for Windows can be seen in Table 4. Correlation Test Results.

Table 4. Correlation Test Results

		Correlations ** significant at the 0.01 level (2-tailed).			
		Vigor	Dedication	Absorption	Performance
Vigor	Pearson Correlation	1	.467**	.639**	.229
	Sig. (2-tailed)		.001	.000	.106
	N	51	51	51	51
Dedication	Pearson Correlation	.467**	1	.490**	.462**
	Sig. (2-tailed)	.001		.000	.001
	N	51	51	51	51
Absorption	Pearson Correlation	.639**	.490**	1	.573**
	Sig. (2-tailed)	.000	.000		.000
	N	51	51	51	51
Performance	Pearson Correlation	.229	.462**	.573**	1
	Sig. (2-tailed)	.106	.001	.000	
	N	51	51	51	51

Based on Table 4, it is found that the Employee Engagement variable consisting of vigor (X1), dedication (X2) and absorption (X3) has a correlation with the performance variable (Y). The vigor variable (X1) has a low response to the performance variable (Y) based on the Pearson correlation value of 0.229. Dedication variable (X2) has a high enough relationship to the performance variable (Y) based on the Pearson correlation value of 0.462. Dedication variable (X3) has a high enough relationship to the performance variable (Y) based on the Pearson correlation value of 0.573. Based on these correlation numbers, it can be concluded that the variables X1, X2 and X3 in this study have a significant relationship or correlation to the Y variable.

4.2 Simultaneous Test (F)

Simultaneous test or F test is performed to test the significance of the influence of variables vigor, dedication and absorption simultaneously on performance variables. The error rate used is 0.05 or 5% and the hypothesis testing criteria simultaneously (F test) are as follows:

\leq , accepted, and $>$, rejected, accepted.

The results of simultaneous test calculations (F) for the effect of Employee Engagement consisting of variables vigor (X1), dedication (X2) and absorption (X3) on performance (Y) using SPSS Version 24 for Windows can be seen in table 5.

Table 5. Simultaneous Test Results (F)

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.797	3	1.266	11.627	.000 ^b
	Residual	5.116	47	.109		
	Total	8.913	50			

a. Dependent Variable: Performance
b. Predictors: (Constant), Absorption, Dedication, Vigor

Based on Table 5, it was found that the value of was 11.627. values can be seen in the distribution table F with $\alpha = 0.05$ or 5% with the following conditions:

$V1 = k = \text{sum of variable} = 3$, $V2 = n - k - 1$, $n = \text{sum of sample}$, $V2 = 51 - 3 - 1 = 47$

From the results of the distribution table F obtained values is 2.80, so $(11.627) > (2.80)$, then is rejected and is accepted, meaning that the hypothesis "Employee Engagement simultaneously has a significant effect on performance" is accepted. This is also evidenced by the significant research value of 0,000. Smaller than 0.05, then is rejected and is accepted.

4.3 Determinant Coefficient Test (R Square)

The determinant coefficient test or R Square is done to find out how much influence the Employee Engagement variable has on Performance. The results of the calculation of the determinant coefficient test (R Square) using SPSS Version 24 for Windows can be seen in Table 6. Determinant Coefficient Test Results (R Square)

Table 6. Determinant Coefficient Test Results (R Square)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653a	.426	.389	.32993

a. Predictors: (Constant), Absorption, Dedication, Vigor

Based on Table 6, it was found that the determinant coefficient was 0.426 or 42.6%. That is, the value of the influence of vigor, dedication and absorption simultaneously affect the performance is 42.6%, while the remaining 57.4% is influenced by other factors not discussed in this study.

4.3 Parsial Test (t)

Partial test (t) was conducted to find out the partial significance of each independent variable, namely vigor, dedication, and absorption of performance dependent variables and partial hypothesis testing criteria (t test) are as follows:

\leq , accepted, $>$, rejected and accepted

Significant $> 0,05$; accepted,

Significant $\leq 0,05$; rejected and accepted.

The results of partial test calculations (t test) for the influence of vigor variables (X1), dedication (X2) and absorption (X3) on performance variables (Y) using SPSS Version 24 for Windows can be seen in Table 7. Partial Test Results (t).

Table 7. Partial Test Results (t)

		Coefficients ^a					
Model		Unstandardized		Standardized	T	Sig.	
		B	Std. Error	Beta			
1	(Constant)	.659	.294		2.245	.030	
	Vogor	-.244	.116	-.311	-2.106	.041	
	Dedication	.230	.099	.301	2.309	.025	
	Absorption	.496	.119	.625	4.173	.000	

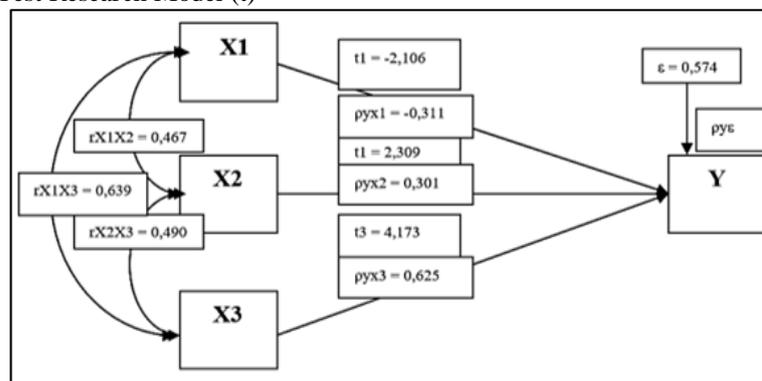
a. Dependent Variable: Performance

The error rate (α) is 5% or 0.05 and $dk = n - k = 51 - 4 = 47$, from Table t we get the value of $t_{\text{table}} = 2.01$. Based on Table 7, it is found that the interpretation of the above table is as follows:

1. T test of the effect of vigor variable (X1) on employee performance variables (Y). It is known that $X1 = -2,106$, so is greater than and the significance value of variable X1 is 0.041 or 4.1% smaller than α , which is 0.05. This means that is rejected and is accepted. This shows that vigor has a significant effect on performance. In the Standardized Coefficients column a negative value of -0.311 is obtained, meaning that the vigor variable is not in line with the performance variable.
2. T test of the influence of the variable dedication (X2) on employee performance variables (Y). It is known that $X2 = 2.309$, so is greater than and the significance value of variable X2 is 0.025 or 2.5% smaller than α , which is 0.05. This means that is rejected and is accepted. This shows that dedication has a significant effect on performance. In the Standardized Coefficients column a value of 0.301 is obtained which means that the dedication variable is in line with the performance variable.
3. T test of the effect of variable absorption (X3) on employee performance variables (Y). It is known that $X3 = 4.173$, so is greater than and the significance value of the variable X3 of 0,000 or 0% y is smaller than α , which is 0.05. This means that is rejected and is accepted. This shows that absorption has a significant effect on performance. In the Standardized Coefficients column a value of 0.625 is positive, meaning that the absorption variable is in line with the performance variable.

Based on the description above for a partial test, then this research model can be like Figure 3. Partial Test Research Model (t).

Figure 3. Partial Test Research Model (t)



Based on the results of previous calculations, the following values are obtained:

1. Standardized Coefficient which is the value of the influence on Performance from vigor variable -0.311, dedication 0.301 and absorption 0.625.
2. The residual variable value for the error factor ($py\epsilon$) can be obtained by equation $py\epsilon = 0,574$ that is $py\epsilon = 0,574$

Based on Figure 3, the structural equation analysis of the new path obtained in this study, namely:

$$Y = X1 + X2 + X3 + py\epsilon$$

$$Y = -0.311X1 + 0.301X2 + 0.625X3 + 0.574.$$

Direct and indirect effects can be seen in Table 8:

Table 8 : Direct and indirect effects

Variable	Direct To Y	In Direct (Pass)			Total Effect
		X1	X2	X3	
Vigor (X1)	9.67%	-	- 4.37%	- 12.42%	-7.12%
Dedication (X2)	9.06%	-4.37%	-	9.22%	13.91%
Absorption (X3)	39.06%	-12.42%	9.22%	-	35.86%
		Total			42.65%
		Effect Other Variables To Y			57.35%

DISCUSSION AND CONCLUSION

Based on the results of descriptive data processing, respondents' responses regarding Employee Engagement consisting of vigor, dedication and absorption as a whole are in the very high category with a vigor percentage of 87.99%, dedication of 84.90% and absorption of 83.57%. This means that overall employees have mental endurance and high energy at work, employees feel enthusiastic at work, and give full attention to their work. In other words, the employees feel motivated to do positive things and feel a close attachment to their work. Schiemann (2011:215) explain that if we find employees at a high level in all dimensions of employee engagement, we believe that we come to achieving motivational energy where the strength will be triggered for more effective work behaviour. This is in accordance with the conditions in the insurance company which proved to be low turnover even in the last 3 years there where no employees have turnover, high employee engagement was also seen from the employees who willing to work more than the time set by the company to achieve the goals and targets of the company.

Based on the results of descriptive data processing, respondents' responses to Performance are in high category with a percentage of 74,94%. That is, employees have quality and can achieve excellent quantity of work, use good time at work and can work well together. The condition of the company where employees work in accordance with applicable operational standards in the company.

Based on the results of simultaneous testing, it can be concluded that there is a significant influence between Employee Engagement consisting of vigor, dedication and absorption on Performance, where the calculated F value of 11.662 > F table of 2.80. That is, overall vigor, dedication and absorption have a significant effect on performance. Based on the influence of Employee Engagement consisting of vigor, dedication and absorption on performance is 42, 65%. While the remaining 57.35% is influenced by other factors not included in this study. This is in line with research Anitha J (2013: 316) which states that employee engagement has a significant influence on performance by 59.7%. besides this research is also in line with research Ismail and Iqbal (2018) that employee engagement has a significant effect on performance but the effect value is low at 27.1%.

Based on the partial test results, it can be concluded that there is a significant influence between Employee Engagement consisting of vigor, dedication and absorption on Performance. Performance is affected by vigor of -7.12%, dedication of 13.91% and absorption of 35.86%. That is, vigor has a significant effect, but it is not in line with performance, while dedication and absorption have an influence and are in line with performance. This is not in line with research by Ishmael and Iqbal (2018) where employee engagement has a significant positive effect on performance. Employees at insurance companies are still relatively young, so the energy level of employees is still strong. However, the ability of employees to channel their enthusiasm is still minimal due to lack of experience, so they only think about how they can do a lot of work and can be done just like that without slowly understanding the tasks that have been given.

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