

**THE ASSESSMENT OF EMPLOYEE ENGAGEMENT LEVEL  
IN A NEW INSTITUTION DURING TRANSITION PERIOD  
(CASE STUDY: OTORITAS JASA KEUANGAN)**

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**Abstract-***Engagement between the company and employees must be built to create the impulse for employees to work more optimally. Employee engagement can make more profit because the employees are not only thinking of themselves, but also they are trying to improve and develop where he works. Nowadays, OJK employees are in transition period or can be called also as temporary employees. The uncertainty of the employee as a permanent employee can be something risky for OJK. Therefore, OJK should attract the temporary employees that are in the transition period be more engage to company. This study aims for measure and determine the level of employee engagement in OJK using Aon Hewitt's model. The sample used in this study is simple random sampling with the required total respondents amounted to 92 people. Distribution of the questionnaire addressed in accordance with the scope which is to the OJK employees from BI. To see the relationship of independent variables on the dependent variable, multiple linear regression method is used. The results of this research is the formed of new factor consist of six variables equal to the number of previous factors. These six factors have a very strong relationship with the level of employee engagement. Then, there is an equation result from the regression method that used.*

**Keywords:** *OJK, employee engagement, multiple linear regression, Aon Hewitt*

**Introduction**

With the establishment of Undang-Undang Nomor 21 Tahun 2011 about Otoritas Jasa Keuangan which created an independent institution, called Otoritas Jasa Keuangan (OJK) which is the result of a process of restructuring the organization of institutions that perform the functions of regulation and controlling in the financial services sector. OJK is an independent institution that carrying out its duties and powers without any intervention by other parties (Sri Rahyani, 2012). OJK is expected to support the national interests of the financial services sector, which able to improve national competitiveness.

As a new institution, OJK requires people to be able to carry out their duties. Therefore, the President of the Republic of Indonesia and the Parliament along with the selection committee are in charge of selecting officials or can be referred to the board of commissioners. After the board of commissioners being formed, OJK began to prepare the things needed include employee to fill it. According to UU, OJK is engaged in the financial sector, such as banking and capital markets. Therefore, OJK took employees from Bapepam LK to deal with capital markets and BI to deal with banking. As a result, OJK was formed from the combination of Bapepam LK and BI employees. Employees of Bapepam LK and BI are now entering a period called transition period.

Good relationship between employees and the company is very important, especially for OJK as a new institution. In the new workplace, employees expect the company to support what they are doing. On the other hand, the company also wants its employees could be in line with corporate

goals. In order to build relationships between employees and the company, then a good cooperation between them is crucial. Engagement between the company and employees must be built to create the impulse for employees to work more optimally. Employee engagement can make more profit because the employees are not only thinking of themselves, but also trying to improve and develop where they work.

Employee engagement is the level of commitment and involvement an employees toward their organization and its values. OJK requires committed employees to enable company success. The benefits of an engaged employees are reflected in performance and productivity, improved quality and customer care, enhanced the cooperation with other employee, and reduced staff turnover. Therefore, the employees that are in transition period must build strong engagement among them within the company.

Based on the explanations that have been presented in the background and problem identification, the main objectives of this research are:

- Determine the level of employee engagement in OJK which measured by using several factors.
- Provide recommendations to management where these recommendations might lead to engaged as well as the willingness to become OJK employees.

There are three types of employee in OJK currently, they were employees from Bapepam LK, employees from BI, and the last one is an employee from OJK own recruitment. Nowadays, the employees from Bapepam LK have determine their choices on the workplace, whereas the employees from BI is a temporary employee or they are still in the transition period. Thus, the scope from this research will focus on the second type of OJK employees which is employees from BI because to determining the level of employee engagement during transition period.

## **Literature Review**

Kahn (1990) stated that the definition of employee engagement is the simultaneous employment and expression of a person's preferred self in task behaviors that promote connections to work and others, personal presence (physical, cognitive, and emotional), and active full role performances. Then, Nelson and Simmons (2003) explained about the definition of employee engagement is when employees feel something positive to his job, find a job that makes themselves meaningful, consider their work- load to be manageable, and have hope about the future of their work.

Robinson, Ferryman and Hayday (2004) define engagement as a positive attitude that owned by the employee for the organization and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance for the benefit of the organization. The organization must develop and maintain an engagement, which is a two-way relationship between employer and employee. They said that engagement have a relation with commitment and organizational citizenship behavior, but it is two-way relationship. They said engagement is one step ahead from commitment.

## **Categories of Employee Engagement**

Not all employees in the organization utilizing their full potential for work. There may be many reasons responsible for the same. They may not associate with the goal of the company, they may have problem with their team, the boss or the subordinate or it may be a general problem of attitude. This fact requires the classification of the employee into three categories:

1. Engaged- They want to know the hope of their expectations for their role so they can meet and exceed them. They want to know about their company and their place in it. They work at consistently high levels. They used their skills and strengths at work every day. They work with passion and innovation to make their organization forward.

2. Not Engaged- They are more concentrated on tasks rather than the goals. They want to be informed about what they should do and then say that it is finished. They focused on accomplishing tasks rather than achieving an outcome. They often feel like that because they don't have productive relationships with their managers or with their colleagues.
3. Actively Disengaged- They are not just unhappy at work, but also busy acting out their unhappiness. They do a negative think at every opportunity. Every day, actively disengaged workers undermine what their engaged coworkers accomplish. The problems and tensions that are fostered by actively disengaged workers can cause great damage to an organization's functioning.

Engaged employee consistently demonstrates three general behaviours which improve organizational performance:

- \* Say - the employee advocates for the organization to co-workers, and refers potential employees and customers,
- \* Stay - the employee has an intense desire to be a member of the organization despite opportunities to work elsewhere,
- \* Strive - the employee exerts extra time, effort and initiative to contribute to the success of the business.

### **Conceptual Framework**

The best HR strategies are focused on getting the best performance from employees, it means getting employees to:

- Have something (skills, competencies, abilities).
- Feel something (commitment, engagement, motivation).
- Do something (come to work, be productive, serve customers, stay with the organization).

If HR practices are correctly designed and put in the right place, it will get the best employee performance which means get the best overall company performance as well.

The initial impact of HR practices is on what employees have and feel. Recruitment, selection, training and development are all aimed at bringing in or building certain skills such an employee able to effectively perform their jobs. In addition, their experience with these practices, along with rewards, performance management and communication are shaping perceptions of workers about fairness and desirability in the company. Then, those perceptions was influence their commitment, motivation and engagement.

HR strategies have a positive effect on how employees feel and increase their satisfaction. This is what is often called employee engagement. Employees that engaged in their work and committed to their organizations can give crucial competitive advantages including higher productivity and lower employee turnover.

### **Aon Hewitt's Model**

The model that will be used as a basis for survey in this research is from Aon Hewitt's model of employee engagement. There are six variables with 19 drivers that become independent variable and three components of an engagement as dependent variable. Further, this model will used for questions of the survey.

### **Methodology**

#### **Sampling Method**

Sampling that used to determining the spreading of questionnaires in this research is simple random sampling. The sampling size is determined by using the following Slovin's (1960) formula:

$$n = N / (1 + N e^2)$$

Where;

n: number of sample  
 N: number of population  
 e: level of sampling error, this set to 10%

Know;

$$N = 1,122$$

$$n = 1,122 / (1 + 1,122 \times [0,1]^2) = 91.81$$

$$n \approx 92$$

Therefore, based on the calculation above, the sampling size that will be used in this research is 92 peoples.

### Questionnaire Design

Questionnaire consists of several questions, which represent the method for collecting the data for this research. The questionnaire use Likert Scale in order to determine the point of each question. The scale that will be used is from 1 to 4, which indicated:

1. Strongly disagree (STS)
2. Disagree (TS)
3. Agree (S)
4. Strongly agree (SS)

The reason for using a scale from 1 to 4 is to eliminate neutral or ambiguous answer from the respondents so that obtain more clear results.

### Data Analysis

#### Validity and Reability

Validity test is used to determine the extent of the accuracy and precision of a measurement instrument to perform the function of measurement that the obtained data can be relevant or appropriate to the purpose of the measurement. Reliability test is used to look at the consistency of a question. The data can be said reliable when the data give the same results when tested in the same group at different time or opportunity.

It can be said valid if validity coefficient > 0.3. Then, it can be said to be reliable if the value of the reliability coefficient > 0.6. The results of validity test and reability tes can be seen from the table below.

Table 4.1 Validity and Reliability Test

Variable	Item	Validity Coefficient	Critical Point	Validity	Reliability Coefficient	Critical Point	Reliability
Work (X1)	q1	0.619852	0.3	valid	0.819	0.6	reliable
	q2	0.82361	0.3	valid			
	q3	0.662492	0.3	valid			
	q4	0.849397	0.3	valid			
	q5	0.803903	0.3	valid			
	q6	0.544535	0.3	valid			
Opportunities (X2)	q7	0.697256	0.3	valid	0.796	0.6	reliable
	q8	0.837389	0.3	valid			
	q9	0.763312	0.3	valid			
	q10	0.871118	0.3	valid			
Quality of Life (X3)	q11	0.82549	0.3	valid	0.779	0.6	reliable
	q12	0.881801	0.3	valid			

	q13	0.79991	0.3	valid			
Policies and Practices (X <sub>4</sub> )	q14	0.755881	0.3	valid	0.828	0.6	reliable
	q15	0.750737	0.3	valid			
	q16	0.804705	0.3	valid			
	q17	0.808581	0.3	valid			
	q18	0.764403	0.3	valid			
Reward (X <sub>5</sub> )	q19	0.709099	0.3	valid	0.691	0.6	reliable
	q20	0.822965	0.3	valid			
	q21	0.810633	0.3	valid			
	q22	0.49637	0.3	valid			
People (X <sub>6</sub> )	q23	0.573724	0.3	valid	0.77	0.6	reliable
	q24	0.650727	0.3	valid			
	q25	0.780518	0.3	valid			
	q26	0.555048	0.3	valid			
	q27	0.699559	0.3	valid			
	q28	0.728977	0.3	valid			
	q29	0.597014	0.3	valid			
Engagement (Y)	q30	0.866507	0.3	valid	0.81	0.6	reliable
	q31	0.924109	0.3	valid			
	q32	0.7753	0.3	valid			

### Normality

Normality test is used to determine that the data taken from the population is distributed normally. Good regression model is normal or nearly normal distribution. If the data does not follow a normal distribution pattern of distribution, it will obtain the estimates are biased. Analysis of normality by the Kolmogorov-Smirnov method requires the normal curve when the value Asymp. Sig. is above the maximum limit of error 0.05. From the table below it can be seen Asymp. Sig. is 0.999, it means the data below can be used because has normal distribution.

**Table 4.2 Normality Test**

#### One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		92
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	1,24549247
Most Extreme Differences	Absolute	,039
	Positive	,034
	Negative	-,039
Kolmogorov-Smirnov Z		,372
Asymp. Sig. (2-tailed)		,999

### Multicollinearity

Multicollinearity when there is a relationship or a

a. Test distribution is Normal.

b. Calculated from data.

is a condition linear high

correlation between each independent variable in the regression model. Good regression model does not have correlation among its independent variables.

**Table 4.3 Multicollinearity Test**  
**Coefficients<sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
1 WORK (X1)	0,454	2,201
OPPORTUNITIES (X2)	0,316	3,164
QUALITY OF LIFE (X3)	0,368	2,715
POLICIES AND PRACTICES (X4)	0,364	2,745
REWARD (X5)	0,431	2,321
PEOPLE (X6)	0,698	1,433

a. Dependent Variable: Engagement

The value of VIF must less than 10 to said that there is no multicollinearity. From the output above, it can be seen that the VIF score is less than 10, so it can be concluded that there is no multicollinearity in the data.

### Heteroscedasticity

In statistics, a collection of random variables is heteroscedastic if there are sub-populations that have different variabilities from others. Here "variability" could be quantified by the variance or any other measure of statistical dispersion. Thus heteroscedasticity is the absence of homoscedasticity. The good regression model is homoscedasticity, or in the other word, the heteroscedasticity does not exist.

**Table 4.4 Heteroscedasticity Test**  
**Correlations**

			Unstandardized Residual
Spearman's rho	WORK (X1)	Correlation Coefficient	0,01
		Sig. (2-tailed)	0,925
		N	92
	OPPORTUNITIES (X2)	Correlation Coefficient	-0,021
		Sig. (2-tailed)	0,842
		N	92
	QUALITY OF LIFE (X3)	Correlation Coefficient	0,022
		Sig. (2-tailed)	0,837
		N	92
	POLICIES AND PRACTICES (X4)	Correlation Coefficient	-0,012
		Sig. (2-tailed)	0,908
		N	92
	REWARD (X5)	Correlation Coefficient	0,041
		Sig. (2-tailed)	0,7
		N	92
	PEOPLE (X6)	Correlation Coefficient	-0,012
		Sig. (2-tailed)	0,91
		N	92

From the table above it can be seen that the Sig. > 0.05 for each factor, so it can be concluded there is no heteroscedasticity in regression models.

### Multiple Linear Regression

Multiple linear regression (R) used to determine the relationship between the six factors and Engagement (Y).

**Table 4.14 Determination Coefficient**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 <sup>a</sup>	.705	.685	1,28870

a. Predictors: (Constant), PEOPLE (X6), WORK (X1), POLICIES AND PRACTICES (X4), REWARD (X5), QUALITY OF LIFE (X3), OPPORTUNITIES (X2)

b. Dependent Variable: Engagement

Based on the results above, the value of the correlation coefficient (R) is 0.840. This indicates that there is a very strong relationship between 6 factors and Engagement.

The influence of six factors formed to Engagement variables can be shown by the coefficient of determination with the following formula:

$$\begin{aligned}
 CD &= R^2 \times 100\% \\
 &= (0.840)^2 \times 100\% \\
 &= 70.5\%
 \end{aligned}$$

The calculation shows that six factors give the influence to Engagement in amount of 70.5%, while the remaining 29.5% is contributed by other variables.

### Result

To see the effect of each factor on the engagement is using multiple linear regression analysis with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6$$

where:

Y = Engagement

X<sub>1</sub> = Factor 1

X<sub>2</sub> = Factor 2

X<sub>3</sub> = Factor 3

X<sub>4</sub> = Factor 4

X<sub>5</sub> = Factor 5

X<sub>6</sub> = Factor 6

a = Constant

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, b<sub>4</sub>, b<sub>5</sub>, b<sub>6</sub> = Regression Coefficient

**Table 4.15 Multiple Linear Regression**

Variable	Regression Coefficient	Std. Error	t	Sig.
(Constant)	-2.749	0.936	-2.938	0.004
X1	0.057	0.055	1.032	0.305

X2	0.268	0.088	3.058	0.003
X3	0.180	0.101	1.793	0.077
X4	0.180	0.066	2.710	0.008
X5	-0.028	0.082	-0.343	0.732
X6	0.119	0.040	2.980	0.004

Based on calculations in the table above, the multiple linear regression equation is obtained as follows:

$$Y = -2.749 + 0.057X_1 + 0.268X_2 + 0.180X_3 + 0.180X_4 - 0.028X_5 + 0.119X_6$$

with :

Y = Engagement Level  
X<sub>1</sub> = Work  
X<sub>2</sub> = Opportunities  
X<sub>3</sub> = Quality of Life  
X<sub>4</sub> = Policies and Practices  
X<sub>5</sub> = Reward  
X<sub>6</sub> = People

a = -2.749  
b<sub>1</sub> = 0.057  
b<sub>2</sub> = 0.268  
b<sub>3</sub> = 0.180  
b<sub>4</sub> = 0.180  
b<sub>5</sub> = -0.028  
b<sub>6</sub> = 0.119

From the equation of multiple linear regression, the factors that the most affected the engagement level to the least are: Opportunities, People, Policies and Practices, Quality of Life, Work.

### Summary of Analysis

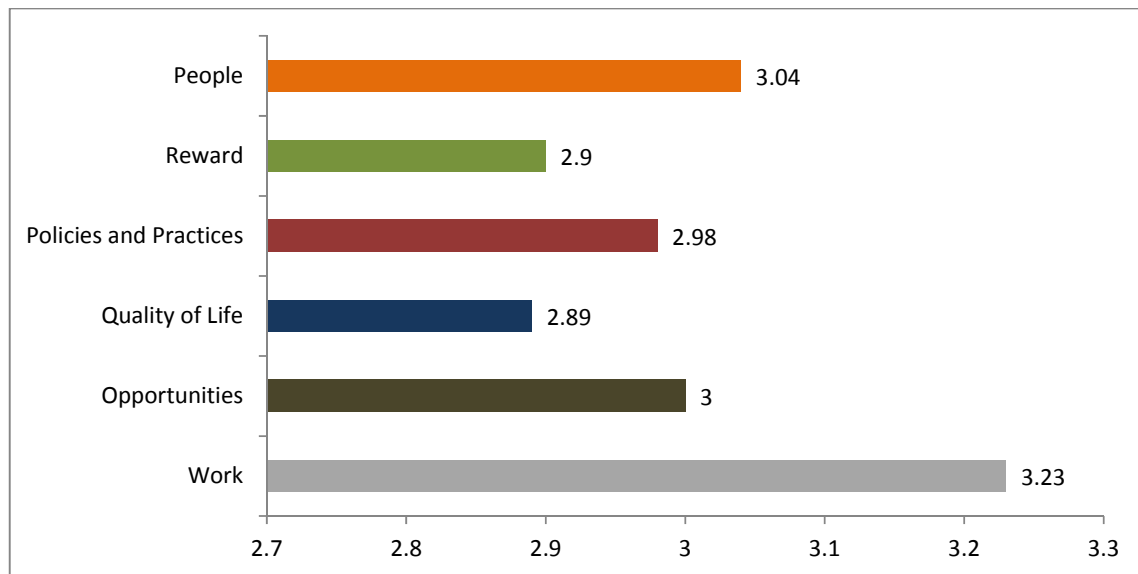


Figure 4.1 Actual Performance

Table above is result from the response of respondents, it can be concluded the highest score to lowest score are: Work with **3.23**, People with **3.04**, Opportunities with **3**, Policies and Practices with **2.98**, Reward with **2.9**, Quality of Life with **2.89**. Then, further analysis will be explained in variables analysis. In each variable will discuss the sub-variables that have a score below 3 with priority the lowest score. Analysis of sub-variables that have the lowest score will be the basis of recommendation.



## Conclusion

1. The regression equation resulted in this result as follow:  
$$\text{Engagement Level} = - 2.749 + 0.057 \text{ Work} + 0.268 \text{ Opportunities} + 0.180 \text{ Quality of Life} + 0.180 \text{ Policies and Practices} - 0.028 \text{ Reward} + 0.119 \text{ People}$$
2. The most affected factor to employee engagement level from the most to the least are: Opportunities, People, Policies and Practices, Quality of Life, Work.

## Recommendation

- 1) It is necessary a job evaluation routinely and monitoring from superiors to convince the employees that they have good job prospects in the company. Moreover, the superiors should support the self-development of their employee.
- 2) A good superiors is the superiors that provide opportunities and give support to employees on their self-development. Thus, the superiors should give a support to their employees about self-development.
- 3) Job evaluation is important in the work. So, it should be there a job evaluation that held routinely for example at least there is a job evaluation that held four times a year.
- 4) The company must held another socialization to explain the existing work culture or the directorate of change management that created the work culture should consider to change or make a new work culture. Then, the directorate should be communicate clearly the new work culture to all employees.
- 5) The company should facilitate its employees in terms of collecting information for the completion of their task. Thus, company needs to held a discussion about policies or restrictions on the collection of information in the company.
- 6) The company need to identify clearly what significant accomplishments need to be achieved by employees in order to receive a reward. Special acknowledgment or recognition can be meaningful to employees.
- 7) Recommendation for future research, researcher recommends the scope of the research could be changed for OJK employees overall. In addition, it is also necessary to increase the number of respondents in order to more detailed results that obtained.

## Implementing Time

The researcher suggest all of recommendation for the company can be implemented as soon as possible. At least, it could be implemented within a period of six months after the completion of this thesis and given to OJK. The reason of six months because OJK is a new institution, still need organize the employees to fix and makes an exact organizational structure. The problem solving of all issue are part of the company in order to make employees feel comfortable, motivated and engaged in the company as a form of maintain the employees.

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