

ANALYSIS OF EMPLOYEE ENGAGEMENT IN PT KARTINA TRISATRIA

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Abstract. PT. Kartina Trisatria is a nationwide company centered in Tanah Abang (the head office recently moved to Tanah Kusir, Jakarta) that has 83 direct employees and also has business partners (for production) with more than 1000 employees and also had implemented the employee engagement strategy, which is a concept that became very important human resource management strategy in companies worldwide, for their daily business activity. But even with the implementation of employee engagement, the employee turnover of PT Kartina Trisatria is still quite high averaging 11.735% in 2009-2013 (PT. Kartina Trisatria, 2014). The purpose of this research is to find out which factor that affect the employee engagement in PT Kartina Trisatria and in the end will analyze about factors that need more improvements, in order to maintain the employee engagement within employees in the company. The employee engagement model this research will use is based on the American Society for Training and Development (ASTD) because it is suitable with the internal condition of the company to identify which driver variables of employee engagement needed to be improved. This research primary data was taken from questionnaire and interview with the employees in PT Kartina Trisatria. Then the questionnaire data was analyzed using the frequency test method with SPSS software. The interview was explained using narrative in the project. The analysis of the data showed this research that the driver variable that has the lowest score was the hygiene factor, which consists of resources and job salary given by the company. These researches gave suggestions about the improvement of the compensation system and also add some variables, which is position allowance, vehicle allowance, merit pay, and family allowance.

Keywords: employee engagement, PT Kartina Trisatria, ASTD, compensation, Herzberg

Introduction

Nowadays, employee engagement is a concept that became very important human resource management strategy in companies worldwide. Employee engagement is a concept that touches almost all parts of human resource management that we knew. The term employee engagement itself refers to a property of the relationship between an organization and its employees. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going further than the employment contractual agreement. Organization with high employee engagement might therefore be expected to outperform those with low employee engagement. This showed us how important employee to the company, because the success or failure of a company is based on the employees performances.

PT. Kartina Trisatria is a nationwide company centered in Tanah Abang (the head office recently moved to Tanah Kusir, Jakarta) which works in moslem-fashion industry. This moslem-fashion and accessories company was established by Kartina Elfa since the 1990s. Now, PT Kartina Trisatria has grown bigger with in-total of 21 retail store in allover Jakarta and West Java. PT Kartina Trisatria has been known for their premium brand and products.

PT Kartina Trisatria is a company that implemented the employee engagement strategy for their daily business activity. They use the employee engagement and putting their employees more than just an expense, but also putting their employees as an asset and treat them like a family. But even with this, the employee turnover of PT Kartina Trisatria is still quite high. The employee turnover from 2009-2013 is averaging 11.735%. This research attempted to analyze the employee engagement driver in the company and which of it that needed to be fixed.

Literature Review

Employee Engagement

Employee engagement is a company approach designed to ensure that their employees are committed to their organization's goals and values, motivated to contribute to the success of the company, and are able at the same time to enhance their own sense of wellbeing. Employee engagement is considered as a new concept of human resource management. Throughout the years, there were many people formulated the definition of employee engagement. The first formal definition of the employee engagement was provided by Kahn (1990) stated as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances."

Driver of Employee Engagement

A recent study by Institute for Employment Studies (IES) Report explores the strongest driver of engagement is a sense of feeling valued and involved (Robinson; Perryman; Hayday, 2004). This makes intuitive sense given that the components of the 'feeling valued and involved' indicator relate to several aspects already identified as relevant to engagement:

- Involvement in decision making
- The extent to which employees feel able to voice their ideas, and managers listen to these views, and value employees' contribution
- The opportunities employees have to develop their jobs
- The extent to which the organization is concerned for employees' health and well-being

Recently, MSW Research and Dale Carnegie Training made a study to seek for the key drivers of employee engagement, and to confirm the key role of the relationship between the line managers with its employees. The research is nationwide, which surveyed 1,500 employees, and was released on October. The research conclusion was: "Although there are many factors that impact employee engagement, there are three key drivers (Carnegie, 2012):

- Relationship with immediate supervisor
- Belief in senior leadership
- Pride in working for the company

This really emphasize on positive managerial relationship, not only with trust and honesty, but also with practices, setting up examples for the employees in order to achieve to motivate their work force.

Types of Employees

There are three types of employees, which are engaged, not engaged and actively disengaged employees.

Table 1. Types of Employees

| The Three Types of Employees | |
|------------------------------|---|
| 1 | ENGAGED employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward |
| 2 | NOT-ENGAGED employees are essentially "checked out." They're sleepwalking through their workday, putting time –but not energy or passion- into their work |
| 3 | ACTIVELY DISENGAGED employees are not just unhappy at work; they are busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish. |

Source: Gallup, 2013

Gallup research has shown that engaged employees are more productive, profitable, safer, create stronger customer relationships, and stay longer with their company than less engaged employees. Contrast this with actively disengaged employees, who are more or less out to damage your company. These people who are unhappy and they spread unhappiness in the organization. They are the disease centers in the company and spread the negative word, provoking and convincing people to leave their jobs. Not-engaged employees are the large majority present in organizations almost 50% in number. These do what is told only and they like only one instruction at a time.

Herzberg's Two-Factor Theory

Herzberg wonders. Herzberg's hygiene factors vs. motivators theory first suggests that "the factors involved in producing job satisfaction (and motivation) are separate and distinct from the factors that lead to job dissatisfaction." Semantically, this may seem strange but as Herzberg states, these two feelings are not opposites of each other (Stello, 2011).

From that, Herzberg interpreted a theory called, Two-Factor Theory of Job Satisfaction (Herzberg et al, 1959). Factors that affect job satisfaction are divided into two categories which are:

- **Motivators** (e.g. challenging work, recognition for one's achievement, responsibility, opportunity to do something meaningful, involvement in decision making, sense of importance to an organization) that give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth, and
- **Hygiene factors** (e.g. status, job security, salary, fringe benefits, work conditions, good pay, paid insurance, vacations) that do not give positive satisfaction or lead to higher motivation, though dissatisfaction results from their absence. The term "hygiene" is used in the sense that these are maintenance factors. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices, or wages/salary. Herzberg often referred to hygiene factors as "KITA" factors, which is an acronym for "kick in the ass", the process of providing incentives or threat of punishment to make someone do something.

Conceptual Model: ASTD Employee Engagement Model

This research used the employee engagement model based on the ASTD as the basis conceptual model. ASTD engagement model consisted of eight driver variables. The first driver variable is career support, which is the activity, tools, or policy by the company that can support employees to develop and manage their careers. The second driver variable is the recognition of competence, which is the way of company to make recognition to their employees about their importance in the company and credits for all of their hard work. Next is the intra departmental relation, which is the quality of bond and leadership between coworkers in the same department. The fourth driver variable is external relations, which is the quality of bond or relation between the company's employees and people outside of the company, such as suppliers, customers, or other employees in other company. The next one is job fit, which means the fitness between the employees' capability and feeling about their job. The sixth one is role fit, meaning the identity given by the job that the employees had done. The seventh one is social support, which is the support by the employees' direct supervisor to help the

employees to do more efficient and effective work on their job. The last one is hygiene factor, which means the resources given from the company to the employees, resources either for the work they were doing and also resources for the compensation the company given to their employees.



Figure 1 – Factor Affecting Employee Engagement
Source: Arumi; Gustomo (2012)

Methodology

The methodology that had been used for this research was quantitative and qualitative method. The quantitative method that had been used for this research was primarily through questionnaire. The questionnaire was collected using census method, by giving to 100% of population inside the company. The total direct employee of PT Kartina Trisatria is 83 people, but the this research excluded 7 people as they were the owner of the company and can affected the neutrality of this research. 76 questionnaires were distributed to the employees of PT. Kartina Trisatria, and 62 were returned. The qualitative method was used primarily with interview. The interview was used to conduct deeper analysis about the situation inside the company.

The data that had been collected will be analyzed. The data will be analyzed with validity, reliability, and the frequency test. The validity of the data refers to the extent to which a measurement does what it supposed to do. The data validity measured the accuracy of the questions to measure the data needed to be tested for the research. Questionnaire could be considering valid, if the question are able to reflect the characteristic of its measurement (Sarwono, 2012). The reliability of the data is referring to the consistency, stability and the dependability of the data that being tested (Cooper; Donald & Schindler; Pamela, 2011). The reliability test is needed for the research to make sure that the measurement provided a dependable and consistent result. A reliable measurement would give the same results each time it was tested for researches. Frequency test will be used to answer the research question and objective. Frequency analysis is a descriptive statistical method that shows the number of occurrences of each response chosen by the respondents and will show the trends of how the respondents felt about the question being asked. The tools to conduct the validity, reliability and frequency test this research will be used is SPSS software. The analysis of the data will be used to conduct the conclusion and recommendation for the problem inside the company.

Data and Analysis

Respondents Basic Data

The questionnaire respondents were 100% of the company employees. In order to simplify the organization chart, some divisions had been merge for this research because of the number of respondents are too few, which can reveal the identity of the respondents.

Table 2. Data Collection Results

| DIVISION | Population | Sample Received |
|------------------------|------------|-----------------|
| Sales & Promotion | 23 | 20 |
| Production & Inventory | 41 | 37 |
| Finance | 3 | 2 |
| IT & HRD | 5 | 1 |
| General Affair | 4 | 2 |
| Total | 76 | 62 |

Validation and Reliability Results

The Validity of the data needs to be tested to determine its legitimacy to the extent to which a measurement in this case the statement or question reflects the intended parameters or variables. This test will determined whether the questions were truly measured the idea of the research itself. If the validity coefficient of the question is more than 0.2108 then it can be said that the question is valid. From the test, all of the questions in the questionnaire are more than the validity critical point which is 0.2108, so it is concluded that the data is valid.

The Reliability of the questionnaires has been checked to ensure that the items of the respondents understand the questionnaires are consistent and that respondents understand the questionnaires well. The test consists of 62 data in total. This research used SPSS to perform the reliability check for each variable. Cronbach’s Alpha is used as a method to test the reliability of the questionnaires. Empirically, if the coefficient of reliability is equal or more than 0.6 ($\alpha \geq 0.6$), the data is considered as reliable (Malhotra; Birks, 2007). After the test had been conducted, the results shown that all of the variables’ cronbach’s alpha score more than 0.6, so it is considered as reliable

Frequency Test Results and Analysis

After the validation and reliability test of the data, this research count the mean of the data to make interpretation of the driver variable that needed to be improved.

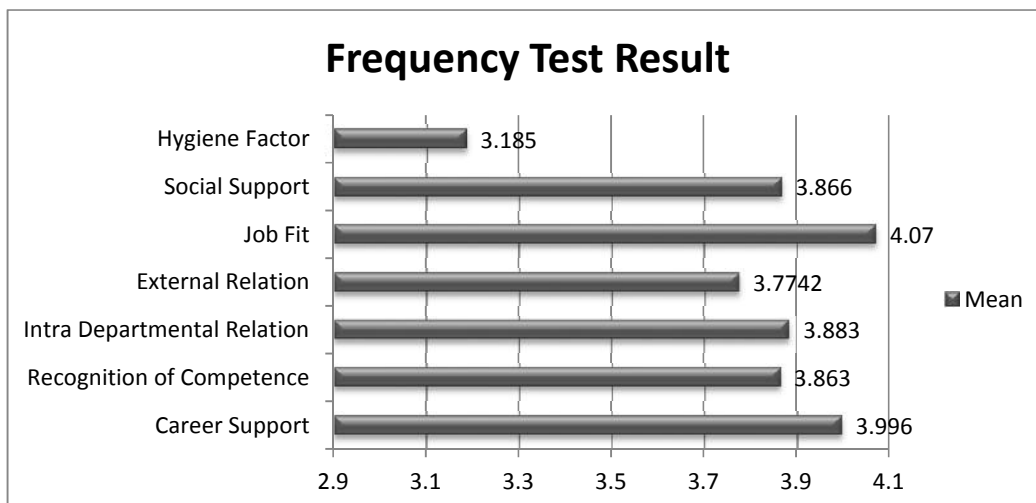


Figure 2 - Frequency Test Graph

From the figure 2 above, the data determined the bottom three driver variables and had to be improved in the company. The driver variable with the lowest score was hygiene factors, which contain resources and job salary operational variables. The second lowest was the external relation driver variable, which contains out-of-company relation operational variables. The third lowest was recognition of competence driver variable, which contain recognition and job authority operational variables. This research will analyze the lowest driver variable more thoroughly and make recommendation for improvement of employee engagement in PT Kartina Trisatria.

From the figure above, this research will be focusing on the hygiene factor driver variables of employee engagement that needed to be improved in PT Kartina Trisatria. This was determined from the lowest score from the frequency test result.

Hygiene factor consist of two operational variables: resources and job salary. In terms of resources, averaging 3.629 showed that the resources given by the company were sufficient to assure that the divisions/teams in the company can do their work optimally.

In terms of job salary or compensation, this research determined that the compensation given by the company is not sufficient or proportional to the work they did in the company. Job salary got the lowest score from the others, and the only operational variable that got the average of 2, for exact it was 2.693. From this, researcher decided that this research will be focusing on getting more information of the compensation system in PT Kartina Trisatria, and determining what were the problems and presenting solutions for the problem existed. This research will gather information through interview with the owner and ten samples from employees of PT Kartina Trisatria.

Current Compensation System

PT Kartina Trisatria’s compensation system consisting of two main variables, the first is basic salary, and the second is benefits.

Table 3 . PT Kartina Trisatria Current Compensation System

| Compensation | Job Level | | Total (Rupiahs) |
|---------------------------|-------------------|------------------|--|
| Daily Allowance | Staff, Supervisor | | 40.000, and 55.000 (Monday & Thursday for the Sales & Promotion Division) |
| | Manager | | 75.000 |
| | General Manager | | 100.000 |
| Monthly Salary | All | | 450.000 to 5.000.000 |
| Benefits | Division | Job Level | Yes or No |
| Incentives | Sales & Promotion | All | Yes |
| Overtime | All | All | Yes |
| Yearly Bonus (THR) | All | All | Yes |
| Health Insurance | All | All | Yes (After 3 months of working) |
| BPJS | All | General Manager | Yes |
| | | Manager | Yes |
| | | Supervisors | Yes |
| | | Staffs | Yes (Only for 4 highest working performance staffs) |

The owner of PT Kartina Trisatria, Mr. Syafrizal, shared some information about some problems that occurred in the company that related to its compensation system. The problem was the management stops paying incentives and overtime money since five months ago because of reduce of sales drastically this year. While the revenue reduced, the operational cost stayed in high level, this is the reason why management had to cut back on operational cost.

Researcher had done interviews with ten random employees from all divisions and job levels in PT Kartina Trisatria. The main problem in all level is the low pay grade in the company. For the daily allowance of the employees is the lowest in its market. The employees said that it was not a fair amount of money comparing to the workload that they had done for their work. The employees also said that the pay raise in this company is not consistent; they could go a whole or two or even more years without a raise. This was also a big problem, considering the inflation every year in the country, especially in recent years, and their needs were also increasing; so they were unable to save their money. They were also said that the overtime and the incentives had not been paid since 4 to 5 months ago. The supervisors said that these really affected the working spirit of the employees which made them more laid back about their work. That was also why the performance of the employees had been down for couple of months.

From the interview with PT Kartina Trisatria's employees, it made a conclusion about the problems. As just like the two-factor theory (Herzberg et al 1959) job satisfaction was divided into two factors, which were the fulfillment of hygiene factor and motivators. Compensation is considered as the hygiene factor in the employee engagement driver. As the interview with the employees were conducted, it found out that the employees in PT Kartina Trisatria had high motivations, but lacked the push they needed for them to do their job or as in the two-factor theory stated as the KITA. The theory also stated that the factors causing satisfaction and dissatisfaction acts independently of each other. From the questionnaire data, we can see that the majority of the employees are very satisfied with their job, as the other driver variables except hygiene factors were factors that can cause job satisfaction got high score. The data also stated the lowest score was the hygiene factor, which means the workers were dissatisfied with their job. This dissatisfaction causing the employees to have a lot of complains about their job as they did not have the kick they needed to do them. This made the performance of the employees go down. They had more laid back attitude in their work. This dissatisfaction could be removed with the improvement of the hygiene factor in the company, which in this case was the compensation system.

Analysis of Compensation System Proposal

From the questionnaire and interview, researche concluded that the compensation system of PT Kartina Trisatria is really needed to be improved. The improvement of the compensation system would fix the problem of employee engagement, and also the performance of the employee itself. This research made proposals of the compensation system based on the interview that had been conducted in order to improve and fix the problem existed within the company. Researcher made proposals of compensation system for all of the job level existed within the company in order to fix the problem occurred. The proposals also included more variables such as position allowance, vehicle allowance, merit pay (yearly raise), and family allowance.

Table 4. Staff Compensation System Proposals

| | Sales & Promotion | Production & Inventory | Finance | IT & HRD | General Affair |
|-----------------|------------------------------|-----------------------------------|----------------|---------------------|-----------------------|
| Daily Allowance | Rp. 70.000 | Rp. 60.000 | Rp. 65.000 | Rp. 65.000 | Rp. 60.000 |
| Monthly Salary | Rp. 900.000 | Rp. 1.150.000 | Rp. 1.050.000 | Rp. 1.050.000 | Rp. 1.150.000 |
| Incentives | Performance Based | | | | |
| Overtime | Yes | | | | |

| | |
|---------------------------|---------------------------------|
| Yearly Bonus | 1× Monthly Salary |
| Internal Health Insurance | Yes (After 3 months of working) |
| BPJS | Yes (After 1 year of working) |

Table 5. Supervisor Compensation System Proposals

| | Sales & Promotion | Production & Inventory | Finance | IT & HRD | General Affair |
|---------------------------|--------------------------------------|------------------------|---------------|---------------|----------------|
| Daily Allowance | Rp. 70.000 | Rp. 60.000 | Rp. 65.000 | Rp. 65.000 | Rp. 60.000 |
| Monthly Salary | Rp. 1.400.000 | Rp. 1.650.000 | Rp. 1.550.000 | Rp. 1.550.000 | Rp. 1.650.000 |
| Position Allowance | Rp. 500.000 | | | | |
| Vehicle Allowance | Rp. 500.000 (Max Rp. 5.000.000/year) | | | | |
| Merit Pay (Yearly Raise) | The amount is performance based | | | | |
| Incentives | Performance Based | | | | |
| Overtime | Yes | | | | |
| Yearly Bonus | 2× Monthly Salary | | | | |
| Internal Health Insurance | Yes | | | | |
| BPJS | Yes | | | | |

Table 6. Manager Compensation System Proposals

| | Sales & Promotion | Production & Inventory | Finance | IT & HRD | General Affair |
|--|--|------------------------|---------|----------|----------------|
| Base Salary | Rp. 5.000.000 – Rp. 6.500.000 (Based on performance) | | | | |
| Position Allowance | Rp. 1.000.000 | | | | |
| Vehicle Allowance | Rp. 1.500.000 (Max Rp. 15.000.000/year) | | | | |
| Family Allowance | Rp. 1.000.000/children (Max Rp. 3.000.000/month) | | | | |
| Merit Pay (Yearly Raise) | The amount is performance based | | | | |
| Incentives | Performance Based | | | | |
| Yearly Bonus | 4× Monthly Salary | | | | |
| Health Insurance (Ex: Prudential, etc) | Yes | | | | |
| Internal Health Insurance | Yes | | | | |
| BPJS | Yes | | | | |

Table 7. General Manager Compensation System Proposals

| | Sales & Promotion | Production & Inventory | Finance | IT & HRD | General Affair |
|--|--|------------------------|---------|----------|----------------|
| Base Salary | Rp. 6.000.000 – Rp. 8.500.000 (Based on performance) | | | | |
| Position Allowance | Rp. 2.000.000 | | | | |
| Vehicle Allowance | Rp. 2.500.000 (Max Rp. 25.000.000/year) | | | | |
| Family Allowance | Rp. 2.000.000/children (Max Rp. 6.000.000/month) | | | | |
| Merit Pay (Yearly Raise) | The amount is performance based | | | | |
| Incentives | Performance Based | | | | |
| Yearly Bonus | 6× Monthly Salary | | | | |
| Health Insurance (Ex: Prudential, etc) | Yes | | | | |
| Internal Health Insurance | Yes | | | | |
| BPJS | Yes | | | | |

These proposals are believed to be able to solve the compensation system problem that occurred in the company. As the compensation system problem is fixed, the employee engagement will surely be improved. This improvement of the employee engagement in the company is the main objective of this research.

Conclusion

After all of the data necessary for the research had been collected and analyzed, this research made some conclusions below.

1. This research used the employee engagement model based on ASTD to determine the suitable 7 employee engagement driver variables, which are: career support, recognition of competence, intra departmental relation, external relation, job fit, social support, and hygiene factor.
2. The frequency test result showed this research that there is one factor from the ASTD driver variable that got the lowest score in PT Kartina Trisatria's employee engagement, which is the Hygiene Factor. The other six variables got similar score in the test results which determined that it didn't have any problem toward the employee engagement in the company. The difference between Hygiene Factor and the second lowest variable (External Relation) is more than 0.5, and 0.885 with the highest scored variable (Job Fit).
3. Hygiene Factor consists of two operational variables which are: resources, and job salary. After analyzing these two operational variables, this research determined that there is no problem in terms of resources given by the company as the employees seen them as adequate. Out of all operational variables, the test result shown that Job Salary got the lowest score, which were 2.693. This should be the main concern for PT Kartina Trisatria, and really needed to be improved. From the interview, it determined that there were some problems with the compensation system in the company.

Recommendations

To improve the employee engagement in PT Kartina Trisatria, there are some things needed to be improved in order to fix the problem that happened in the company, which are:

1. They have to improve the compensation system for their employees. PT Kartina Trisatria should improve their compensation system, as the existing still made a lot of complaints from the employees.
2. The improvement of the compensation system will decrease the job dissatisfaction level of the employee. In order to improve the compensation system, the most important thing is to upgrade the pay level inside the company, as they have the lowest pay grade in their market. The hygiene factor is needed in order to make the employees to do their work, or known as the KITA (kick in the ass) factor (Herzberg et al, 1959) and to keep the dissatisfaction level low.
3. The proposed compensation system is believed to be able to solve the compensation system problem occurred.
4. As the hygiene factor improved, the job dissatisfaction inside the company will be down, and when that happened, the company will have a satisfied and not-dissatisfied employee. If this happened, the performance of the employee will be at the optimum level. This is the purpose of employee engagement, to have a highly committed and highly performed employee.

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