

Employee Empowerment in the Decision-Making Process: Evidence from the Food and Beverage Industry in Indonesia

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Abstract. *A study was conducted to investigate the employee empowerment in decision-making process in food and beverage (F&B) industry in Indonesia. The rise of educated middle class population and increase of consumer trends has compelled the F&B manufactures to make new innovations. The employment situation showed that organizations have difficulty retaining talents. Employee empowerment is closely related to decision making where the superior shares authority with the employee. A conceptual model was built where the leader, employee, leader and employee relation and organizational tools profiles were measured on employees' level of involvement on types of decisions in a food and beverage factory. Nine decision making questions common in food factories were selected and validated. A quantitative survey was conducted with 203 respondents'. Using multiple regression analysis, the overall model of each leader, employee, leader and employee relation, and organizational tools proved significant and positively predicting decision making and innovation. In addition, seniority position and level also showed significance. F&B manufacturers should use employee empowerment as a key strategy to stay competitive, build an innovative culture, and retain talented employees.*

Keywords: *Employee empowerment, decision making, innovation, food industry, Indonesia*

Abstrak. *Studi dilakukan untuk meneliti pemberdayaan pegawai dalam pengambilan keputusan pada industri makanan dan minuman di Indonesia. Peningkatan populasi kelas menengah yang terdidik dan peningkatan tren konsumen telah mempercepat langkah manufaktur makanan dan minuman untuk berinovasi dalam produk baru. Situasi kekaryawanan di Indonesia menunjukkan kesulitan perusahaan dalam mempertahankan pegawai. Pemberdayaan karyawan berhubungan erat dengan pengambilan keputusan dimana pengusaha atau manajer membagi kekuasaan kepada karyawan. Model konseptual dibuat dimana profil pimpinan, profil karyawan, alat organisasi, hubungan karyawan dan pimpinan, diukur berdasarkan tingkat keterlibatan karyawan dalam pengambilan keputusan. Sembilan keputusan terkait pabrik makanan dan minuman dipilih dan divalidasi. Survey kuantitatif dilakukan secara nasional terhadap 203 responden. Dari hasil analisa multiple regression, model keseluruhan pada karyawan, pimpinan, alat organisasi, serta hubungan pimpinan dan karyawan, terbukti valid. Posisi serta level dari pimpinan perusahaan ke responden juga mempengaruhi pemberdayaan karyawan. Manufaktur makanan dan minuman direkomendasikan untuk menggunakan pemberdayaan karyawan sebagai strategi kunci untuk tetap kompetitif, membangun budaya inovasi, dan mempertahankan karyawan bertalenta.*

Kata kunci: *pemberdayaan karyawan, pengambilan keputusan, inovasi, makan dan minuman, Indonesia*

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Introduction

The Indonesia Food and Beverage (F&B) industry contributes to 18.1% to Indonesia's Growth Domestic Product (GDP) and it is the biggest contributor to manufacturing industry at 30.84% (Hidayat, 2016). There are about 6453 food factories and 422 beverage factories (Statistics Indonesia, 2015). Indonesia's Fast Moving Consumer Goods (FMCG) industry is considered to be one of the most attractive industries with over USD 10 billion in sales in line with the growth of the country's middle class. The FMCG products successfully contribute 18.5% to national GDP in 2016, and this figure is expected to rise to 30% by 2030 (HSBC, 2017). International competition in the F&B sector is increasing with globalization and quick and constant change in customer expectations.

In a country of more than 255 million people and growth of urbanized development, the Indonesia consumers will become more educated with rise of middle class and young population. This contributes to increase in spending with half of whom are in a productive age. This positive trend is expected to continue as the average growth of spending per year reached 11.8% in 2010-2015 and the average growth of modern FMCG retail industry reached 10.8% in 2015. The positive growth also expands to regions outside of Java as well as rural areas with the increasing demand for effective logistics in these areas (HSBC, 2017).

According to Ms Jenny Zegler, global food and drink analyst, Mintel, there are five food and beverage trends in 2018 (APFI, 2017: 12). The first trend is full disclosure, where consumers require complete transparency and need assurance about safety and trustworthiness of food and drink; leading to increased use of natural foods and ethical claims in product launches (APFI, 2017:12). The second trend is self-fulfilling practices; where hectic and stressful lives of consumers has led to an increase need of variety of formats, formulations and portion sizes of food and drink that can be

incorporated into consumers' health and wellness (APFI, 2017: 12). The third trend is new sensations where sound, feel and satisfaction that texture provides will become more important for consumers and F&B manufacturers, e.g. new flavors and new textures (APFI, 2017:12). The fourth trend is preferential treatment where opportunities arise for companies to tempt consumers by creating products, or suggesting combinations of goods e.g. convenience packaging that would make shopping more efficient and affordable (APFI, 2017: 12). The fifth trend is science fare where cultured and synthetic food and drink is only just emerging, however technology could be used to design food and drink that is more nutritious (APFI, 2017: 12).

In the Indonesia employment situation, the priority for companies has now shifted to employee retention to stem talent loss (Page, 2016). The top five preferred retention strategies to retain top performers are financial reward (30%), leadership / motivating manager (16%), company culture (13%) and additional career development (11%) (Page, 2015). In addition, to attract new talents, the top four preferred attractions strategies are salary increment (24%), career progression (18%), more senior role / promotion (17%) and learning and development (9%) (Page, 2015). This showed there is a constant issue faced by employers to attract and retain talents as this is important to avoid losing experience and avoid cost of replacement hiring as it is a candidate's market now (Page, 2016).

Empowerment means delegating power in the decision-making process and is considered a management method. In today's work environment, employees are needed to make decisions, take initiative, take responsibility and find solutions to problems as well as being motivated and having the best interest of the company at heart (Fadal, 2004). When empowerment is initiated by management, it captures the imagination and desires of all people in organization, enabling them to develop and utilize all their talents and abilities in achievement of organization's goal as also their own job and career.

Empowerment also means removal of restrictions to “enable people to do things that they would otherwise be unable to do” (Lakshinarasimha, 2017).

Leaders and managers that cluster decision-making and micromanage their employees may gain control, but they lose the unique values of intelligence and experience of their employees, both of which are necessary toward long-term organizational viability and success. In contrast, organizations that recognize and properly use the knowledge and skills of their employees are more likely to be more efficient and profitable than those organizations that exert high-levels of control (Fiermonte & Bruning, 2005). With the right combination of incentives and rewards, coupled with certain organizational culture can breed empowerment (Appelbaum et al, 2014). For instance, there is already an increasing educated workforce and advanced information systems to facilitate business without close supervision (Lakshinarasimha, 2017). Autonomy develop a sense of self-determination (Spreitzer, 1995).

The three variables of empowerment, training and development, participation rights and decision making are surveyed. There are 92.5% of the Fortune 500 corporations surveyed has effective training and development for their employees at various levels, 98.1 % said that participation rights and decision making directly affect productivity and 100% said decision making impacts bottom line. Some level of functional decision making authority given to their employees indicates the importance of employee empowerment as a business strategy within large corporations (Fadal, 2004).

When employee is empowered, managers take less administration and management tasks; and spend more time on important tasks e.g. strategic improvement and business planning (Saray et al, 2017). For instance, WBG Construction's president Greg Burrill asked all employees with relevant knowledge in the outcome for their thoughts.

This collaborative approach not only sold a house but inspired a floor plan that appealed to a whole new segment of buyers. EMC, a data storage giant, enabled staff to participate where to cut costs during recession. Several thousand employees participated and identified cost savings that were largely unknown to the top management before. This empowerment utilizes the day-to-day insights of lower level employees and benefits both firm and the workforce (Dess et al, 2016).

According to Hermawan, “the everyday language in private and public sector of Indonesia is pemberdayaan”. Any underperforming organization needs empowerment. It is popular but adopted without sufficient critical analysis. It is likely to be spoken than implemented as Indonesia enters its 32nd year of independence (Hermawan, 2005).

In Hermawan's study on empowerment, four cases of manufacturing plants in Indonesia were studied and one of them was a food processing company Food-Co. Hermawan stated that Indonesia at that time had pseudo-capitalism and market economy is controlled by government crowns. At the Food-Co, it was found to have 8 levels of hierarchy in the organization structure. This is quite tall due to large size of the company, however it can limit Employee Empowerment. Food-Co exerts Command & Control with Flexibility. The Flexibility was shown as Work Coordination Framework to involve employees at managerial level as it is human resource strategy. Food-Co also implemented TQM. The study concludes that the approach of empowerment is top-down. The employees' participation in Decision Making is at informative level only, not really making decisions. The employees have limited power over important decisions. However the TQM made the employees felt better to influence the processes improvements. The work environment involvement was relatively better than other industries studied. The employees perceived their involvement in many participations gave them more power.

The reward system is performance based however there are issues with fairness. The empowerment feeling is high relatively in the sense of meaningfulness. There is no significant correlation between participation and involvement with overall psychological empowerment (meaning, competence, choice, impact). The structural empowerment variables (time perspective, content, involvement) did not significantly influence the feeling of empowerment. The employees felt a high level of job satisfaction and organizational commitment. Psychological empowerment only significantly influence job satisfaction and not organizational commitment. The structural empowerment variables do not influence either job satisfaction or organizational commitment. (Hermawan, 2005: 194). In the study in Surabaya, Indonesia, benefits of employee empowerment increases job satisfaction and service behavior directly and indirectly increases service quality through job satisfaction (Widjaja et al, 2014).

Employees who are equipped with knowledge and skills can overcome fear of failure, develop risk taking and decision making skills, promote self-confidence, create motivation to preserve competence, develop positive mental attitude and have continuous improvement of actions in mind (Saray et al, 2017: 91). Empowerment yields appeal to local pride and often get frontline staff to work better with customers (Fadal, 2004). It gives employee empowerment latitude to make decisions affecting clients (Lakshinarasimha, 2017).

Decision-making is complex because of the conflicting perspective among individuals and it is an action that occurs personally, professionally, and in various subject matters; where often, the resolution is realized through negotiation tactics or through a protocol that is decided upon by the parties involved (Huff, 2013). The food manufacturing industry is not exempt from the act of decision making, especially, with the amount of regulation that revolves around this industry, e.g. quality, food safety; thus daily decision-making can be the

difference between life and death through an incident like a food recall (Deakins, 2010). Increased regulation and advanced technology has introduced several new factors to the act of decision-making, whereby it is now executed by organizational groups instead of a director (Huff, 2013).

The collegial model of decision-making consists of bringing representatives from different areas of the organization together and group discussion is stimulated by meetings, which creates a more collaborative organizational culture that encourages transfer of knowledge between individuals (Hassan et al, 2011). In contrast, the political style of decision-making is generally carried out by the leader or director with the most power within the organization decreases employee morale and has a negative impact on organizational culture because it lacks collaborative and participatory from all involved in the decisions (Hassan et al, 2011). Organizations who adopted a collaborative team decision-making had better performance and motivated culture (Hassan et al, 2011).

The quality of a decision made is measured by the goals achieved as a result of the course of action chosen (Ridwan, 2011). Collaboration culture and strong leadership will result in good decision-making (Huff, 2013).

Three factors that changed the way decision-making is utilized include communication platforms, increase in demands from the external and internal stakeholders of the organization and the increase of advanced technology (Huff, 2013). Advance communication has created an urgency in decision-making for organizations because consumer feedback is almost immediate because customers can rate and compare quality of a product to one another, all for the food manufacturers to read and review (Conitzer, 2010). This type of visible interaction with consumers put stress on food manufacturers to act quickly in their decision-making efforts to make changes to products they manufacture or to adjust the marketing method (Huff, 2013).

Pressure from stakeholders may dictate the way decisions are made and for example, employees, can drive the decision-making process in terms of needed support in carrying out production tasks (Huff, 2013). Advanced technology has increased the speed of delivering products to market so as to compete with industry competitors (Conitzer, 2010). The way in which the leaders make decisions is directly related to how employees perform within the organization that affecting employee dedication (Huff, 2013). Another important criteria for best decision-making is communication, which is a critical link between leaders and employees (Huff, 2013).

Decision-making authority is an important part of empowering employees, where Guillory and Galindo (1996) stated “the determining characteristic of successful companies will be flexible decision making based upon a shared strategic vision. This meant delegating decision-making powers to middle managers and line managers, with simultaneous elimination of unnecessary management layers, which stifle self-directed operation (Fadal, 2004). The development of successful decision-making skills can occur when primary training is provided, experience is garnered and then follow-up training is provided to build upon that experience (Fiermonte & Bruning, 2005). Patterson et al (1996) have quoted “Given that opportunities now exist for choice...those affected by the decision should be involved in it” and it also important to empower employees with some decision making rights in recognition of the fact that it breeds a sense of satisfaction and dedication (Fadal, 2004).

Gordon Fuller stated that innovative products are distinguished as changes to existing products in contrast to creative products that have not been seen before and brought into existence; and added value describes the degree of innovation or change that makes a product more desirable to either customers or consumers (Fuller, 2006: 198).

Food Innovation is vital growth for producers, who are facing challenges such as healthier eating habits, more consumer awareness over food's origins, and its impact on environment. Food Safety Standards requires rethinking in the dairy industry as they grapple with tougher competition and diminishing distrust among consumers, (APFI, 2017).

There are many examples illustrating the importance of food innovation. In the Asia Pacific Food Industry (APFI) interview, Mr Ted Tan, deputy chief executive of The Standards, Productivity and Innovation Board, known as SPRING Singapore and chairman of Intellectual Property Intermediary (IPI) Singapore quoted “Technological advancements and evolving consumer preferences are re-shaping how food is produced, prepared and distributed. Innovation is key for businesses to stay productive and competitive amidst these changes” (APFI, 2017). Campbell recognized the need in strengthening its core with a focus on recipes and ingredients that are relevant to a new generation of consumers (Fair Disclosure Wire, 2009). Cargill innovates with health in mind where they began working with dairy farmers to develop new yoghurt products with a better mouthfeel and extra smooth texture. The rise of diabetes has led Cargill to introduce yoghurts with natural sweeteners aimed at elderly and middle-aged consumers who wish to reduce their sugar intake (APFI, 2017). Baby infant formula powders garner high profit margin. Families invest between nine to eleven percent of their income on their offspring, much of it on formula (APFI, 2017).

In the Food Automation and Manufacturing Conference 2017, it is reported that many speakers emphasized that human employees are always going to be a key part of operations. LiDestri's Viruso quoted “LiDestri stays competitive by using innovations to enhance its plants capabilities” and it has started a RedZone that allowed employees to chat with one another and log information for the plant; realizing despite having many technological advancements, they felt human part is key and part of it is empowerment (Lindell, 2017).

Land O'Lakes' Rankin stated that they involved the workforce in renovations and planning, which included redesigning the milk receiving bay (Lindell, 2017). Kraft's Wolf stated that he moderated a discussion with plant workers using advanced automation (Lindell, 2017). Locally, in the study of Kopi Aroma, it is recognized that human resources has to be improved for all personnel to increase skills, expertise and capabilities, in order to achieve fundamental resource strategy (Hilda, 2014).

Even though the F&B industry analysis showed high growth and market increasing demand, the F&B manufacturers are facing talent loss which relates to experience loss. They also lack career progression plans for employees and therefore they could not retain talents effectively. Should the challenges in retaining talents in employment situation remain unaddressed, this would hinder company growth and reduce competitiveness of F&B manufacturers.

Therefore, a need rises for an innovative culture as a business strategy for F&B manufacturers to stay ahead in their sectors and grow with new products and ideas. The F&B manufacturers could strongly consider giving empowerment to employees in decision making as one of the effective business strategy to retain talent. Along with empowerment, F&B manufacturers could provide career progression, leadership, learning and development and a company culture supporting employee empowerment.

The F&B manufacturers need to realize the potential contribution of an empowered employee can bring and benefits to their managers. F&B manufacturers could stay resilient, take advantage of the growing industry and able to grow faster with better quality products and better productivity with employee empowerment. A conceptual model (Figure 1) was drawn from the research of literature review, where the Independent Variable, comprised of Leader, Employee, Leader and Employee Relation and Organizational Tool; and the Dependent Variable, Decision Making and Innovation.

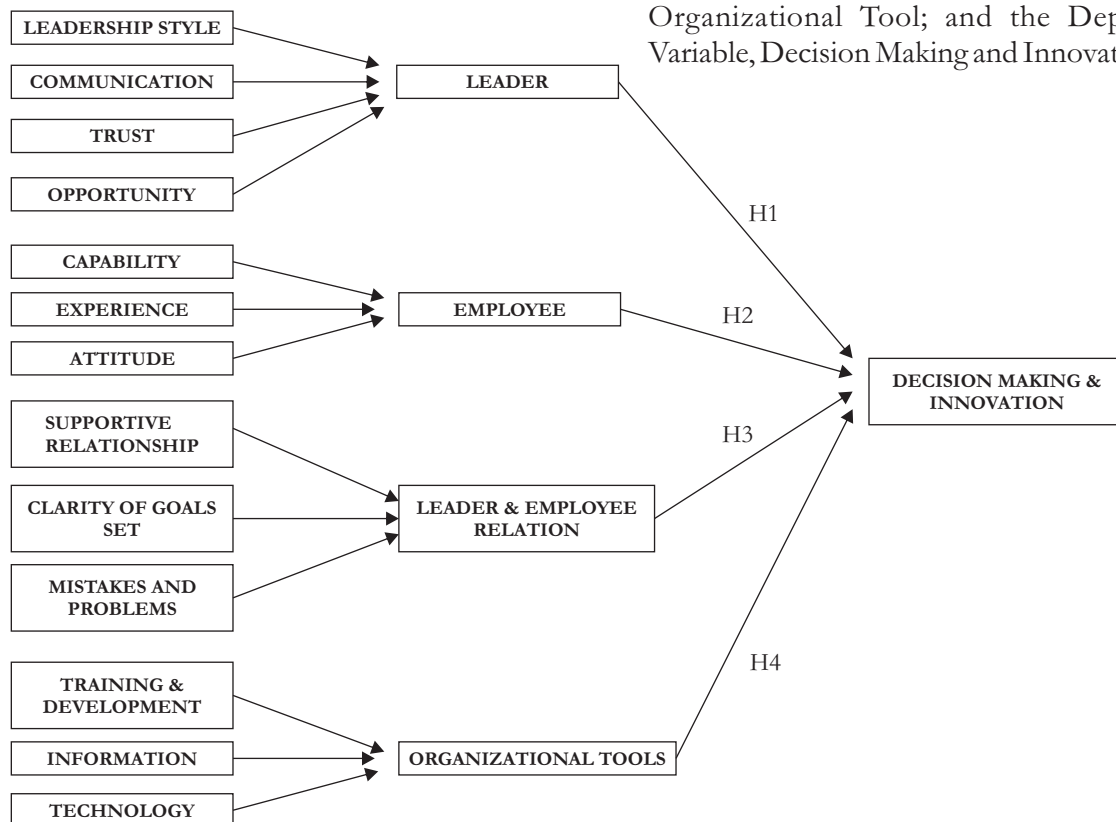


Figure 2.
Conceptual Model Decision Making in Food and Beverage Factories

The power of managers in decision making is area of their staff well-being, distribute organizational resources, and design and implement rules and policies (Ivancevich et al, 2014: 24).

External collaboration helped food companies to gain more knowledge resources between sellers and buyers. These are collaborations with customers, consultants, suppliers, universities and the government (Utami et al, 2017). New capabilities bring changes and lead to innovation. For a product launch into market, Gordon Fuller stated there are goals, cost implications, considerations, advantages and disadvantages, and cautions to be considered (Fuller, 2006). These include extra cost to monitor the outsourced activity, loss of feel for the project, product and ingredient experience, and loss of technical expertise (Fuller, 2006). Developing and maintaining a fair, equitable and effective HRM practices can motivate employees and increase their level of job satisfaction and efficiency which can result in improve service quality (Maimako & Bambale, 2016). One of the top 3 areas that employees in Indonesia agree about their jobs is proud of their organization where their employers create a great place to work in (PR Newswire Asia, 2017).

Employee empowerment has a positive effect on implementation of Total Quality Management (TQM) (Psomas & Fotopoulos, 2000) TQM helps companies reduce product defects and employees take ownership of the processes (Report on Business Magazine, 1992). There is a possibility that empowered individuals can contribute to implementation of Standard Operating Procedure (SOP) especially in a food factory, one of the SOP is to ensure an effective food-safety program (Schafer, 2014). Investment and factory expansion are inevitable when it comes to commercialization and success of new product launchers, and empowered employees could contribute in some ideas in such major decisions. These decisions become the dependent variable in this study.

For example, PT Nippon Indosari Corpindo Tbk mission is to produce higher quality products and they have decided to utilize advanced baking techniques acquired through the support of its major shareholder Pasco Shikishima Corporation, Japan's second largest bread company. (Forbes Custom, 2017).

For a product launch into market, Gordon Fuller stated there are goals, cost implications, considerations, advantages and disadvantages, and cautions to be considered and he discussed when, where, and how to introduce the product into the marketplace. These include extra cost to monitor the outsourced activity, exposure to sensitive business plans, loss of feel for the project, product and ingredient experience, and loss of technical expertise. (Fuller, 2006: 198).

Consequently, developing and maintaining a fair, equitable and effective HRM practices can motivate employees and increase their level of job satisfaction and efficiency which can result in improve service quality (Maimako and Bambale, 2016: 3). Conversely, employees resign when they face non-fulfilment of needs and aspirations and when they face personal and job issues (Arora, 2016: 34).

One of the top 3 areas that employees in Indonesia agree about their jobs is proud to work in the organization (PR Newswire Asia, 2017, 1). Some of the winners for the HR Asia Best Companies to Work for in Asia Award offered their opinions what the award meant for them. "Conducive working environment and passionate people are keys to ensure that we are able to foster and empower society in building and serving the nation," says Harry Surya Adam, human capital director of Bina Nusantara. "Everybody puts forth great effort in making it a wonderful place to work," says Felix Abednego, HR director of Mundipharma Indonesia (PR Newswire Asia, 2017, 2). "People come first and creating a great place to work for our people is our top priority" (PR Newswire Asia, 2017: 3)

Employee empowerment has a positive effect on implementation of Total Quality Management (TQM) (Psomas and Fotopoulos, 2009: 673). TQM is defined as “a process-oriented system based on the belief that quality is conformance to the requirements of the end-user of the product or service. It is believed that these requirements can be isolated and measured. Deviations can be assigned a dollar value, and, more importantly, prevented through process improvement or redesign” (Report on Business Magazine, 1992: 1). Employee is one of the factor to be dealt with when analyzing the TQM practices implemented in food companies (Psomas and Fotopoulos, 2009: 682).

TQM helps companies reduce product defects, reduce overtime costs, and employees take ownership of the processes and happy they could go home on time (Report on Business Magazine, 1992: 2). “Cadet's prices are now 5% lower than in 1985 and its wages exceed industry averages by 20% or more. Yet it offers an unconditional service guarantee. It can afford this guarantee because its 255 employees don't make very many mistakes” (Report on Business Magazine, 1992: 3). TQM is featured as a participative management, in which workers were divided into teams according to function (Report on Business Magazine, 1992: 4).

There is a possibility that empowered individuals can contribute to implementation of Standard Operating Procedure (SOP). It is to carry out the operations correctly and always in the same manner (FAO, 1998). In a food factory, one of the SOP is to ensure an effective food-safety program (Schafer, 2014: 54). For example, SOP on sanitation where cleaning procedures are in place for various pieces of equipment that come in contact with or are in the food processing and packaging environment. “One of the benefits that come from utilizing proper sanitation procedures is an increase in sustainability” (Schafer, 2014: 56).

Investment and factory expansion are inevitable when it comes to commercialization and success of new product launchers, which are major decisions that food manufacturing owners have to make and empowered employees could contribute in some ways. Campbell was quoted to be funding a number of new product launches and investing (Fair Disclosure Wire, 2017: 9). Other new product investments include the launch of Prego Farmers Market, a clean label pasta sauce and Plum Organics baby formula, (Fair Disclosure Wire, 2017: 10).

Consumer preference and buying needs continue to change. To compete and thrive in this new environment, we need to evolve our supply chain (Fair Disclosure Wire, 2017: 10).

The ability to break even faster on new product projects is becoming increasingly critical for firms in fast-moving industries where continually reinvesting in research and development efforts. Results demonstrate that speed to market and product quality shorten breakeven time when factories break even on their profit and loss account (Calantone et al, 2014: 94).

In meeting needs of producing new products, evolving supply chain and speed to market, some factory renovation or expansion is required (Fair Disclosure Wire, 2017:10).

Leader Profile

The central key to empowerment is effective leadership style. Leading edge organizations recognized the need for trust, cultural control and expertise at all levels instead of extensive and cumbersome rules and regulations inherent in hierarchical control (Dess et al, 2016). To increase a leader's effectiveness in empowering others, a leader should delegate authority along with task and be a partner (Ivancevich et al, 2014). On the contrast, if the management style is authoritarianism, and this leads to poor empowerment (Ivancevich et al, 2014).

The leader should be able to trust workers and believe that in their competency to make the right decisions and knowing that micromanagement is not necessary (Lakshinarasimha, 2017). Trust and open communication are key factors affecting successful implementation of empowerment (Appelbaum et al, 2014). Instead of viewing themselves as resource controllers and power brokers, leaders must envision themselves as flexible resources willing to assume various roles as coaches, information providers, teachers, facilitators, or supporters depending on the needs of their employees (Dess et al, 2016).

A leader's practice that shows empowerment is fostering opportunities for employees to participate in decision making (Conger & Kanungo, 1988). The criteria for measuring empowerment in leader, perceived by employees, would be leadership style, communication, trust and opportunity profile of a leader.

H1: The leader's leadership style, communication, trust and opportunity is significantly and positively related to predict employee's decision making and innovation.

Employee Profile

The employee measurement for empowerment would be capability, years of experience and attitude. The employee's capabilities and self-efficacy that entails high confidence and self-assurance will likely to succeed (Ivancevich et al, 2014). Employee intellectual potential should be noticed and used (Cierniak-Emerych and Piwowski-Sulej, 2017). Employees who have worked a long time has more stable relationship and in measuring years of service, it is predicted that long serving employee will have higher feelings of empowerment and will contribute highly to company (Saray et al, 2017). Seasoned staff showed higher level of empowerment than beginning staff (Corey, 2008). Responsibility and accountability comes with delegation of power and authority which breeds empowerment (Johennesse and Chou, 2017).

Reinforced individuals are responsible to work on their own, take initiatives and make decisions to solve problems, improve service and performance (Lakshinarasimha, 2017).

H2: The employee's capability, experience and attitude is significantly and positively related to predict employee's decision making and innovation.

Leader and Employee Relation

In measuring leader and employee relation, the three aspects to look at are supportive relationship, clarity of goals set and mistakes and problems handling as we are judged by how we handle each other, not by how smart we are (Fadal, 2004). To increase a leader's effectiveness in empowering others, a leader should be supportive because positive and supportive relationship provide self-assurance to the employee to do their jobs (Ivancevich et al, 2014).

The team leader according to the Bateman (1990), should be supportive (Fadal, 2004). Clear and well established goal setting programs is required in the stage two of implementing empowerment strategies and techniques (Ivancevich et al, 2014: 343). Goals are openly designated and not unknown while problems and mistakes are discussed openly and not denied (Saray et al, 2017). In addition, the employees should know about the goals of the business and how key value-creating activities in the organization are related (Dess et al, 2016).

An empowered organization permits mid-level management to resolve problems and to use proactive judgement (Lakshinarasimha, 2017). It is acceptable to leaders who practices empowerment that staff could make mistakes (Ivancevich et al, 2014). When empowerment is in place, staff is empowered to fix mistakes without supervision from leader (Widjaja et al, 2014).

H3: The leader and employee relation of supportive relationship, clarity of goals set and mistakes and problems handling is significantly and positively related to predict employee's decision making and innovation.

Organizational Tools

Empowerment also takes place when employees can access to information, support and resources (Saray et al, 2017). Empowerment will fail when fail to implement support programs (Fadal, 2004). For effective empowerment, training must be provided to employee (Ivancevich et al, 2014). Learning of skills, knowledge and task related experience is a prerequisite of growth and important to adapt quickly to external changes (Fadal, 2004). For a leader to effectively empower staff, one has to share information so that staff can see the big picture, and provide constructive performance feedback (Ivancevich et al, 2014).

Employers need to disseminate information by sharing customer expectation and feedback as well as financial information so that employees can do the necessary as “customer advocates” (Dess et al, 2016). Advanced information systems make it easier to control and coordinate business activities and data-based decision making helps solve problem and improve processes (Lakshinarasimha, 2017). Employees need access to modern technologies needed to work productively and efficiently (Morgan, 2015).

H4: The availability of organizational tools of training and development, information and technology is significantly and positively related to predict employee's decision making and innovation.

Research Methodology

A quantitative survey was conducted using combination of convenience and snowball sampling method. The target population was employees working in food and beverage factories from Java, Sumatera and Sulawesi. Questions constructed were based on leader's profile, employee's profile, leader and employee relation and organizational tools, in English and Bahasa Indonesia. Questions constructed were based on leader's profile on style, communication, trust and opportunity for innovation, employee's profile on capability, experience and attitude, leader and

employee relation on supportive, clarity and mistakes handling, and resources on training and development, information access and technology access. Each of these are independent variables and will contribute to two questions reflecting these factors, based on the literature review done on employee empowerment. For example, for Leader profile and the factor is Style, two questions constructed are “My Superior control every decision”, which is translated into Bahasa Indonesia as “Atasan saya mengendalikan setiap keputusan yang saya buat” and “I make My Superior leaves me to work the details to execute decisions in my department/unit”, which is translated to “Atasan saya mengizinkan saya mengerjakan rincian detail cara melaksanakan eksekusi keputusan dalam departmen saya”. The same was made for other profiles and factors in attached questionnaire.

Each of these are independent variables. The respondents will answer according to Likert scale of 1 – 5 of strongly agree, agree, neutral, disagree and strongly disagree.

The next set of questions are the level of involvement of the respondents in nine selected decisions. These nine selected questions are chosen and constructed based on literature review done on the types of decisions faced in a food and beverage factory. There are four levels of involvement asked which range from the lowest empowerment to the highest empowerment i.e. “I am not involved”, “I only give opinion and recommendation”, “I decide with my superior”, “I decide by myself”. The nine decisions are reflecting finances, process and product innovation, work conditions, implementation of TQM and Standard Operating Procedures (SOP) and overall factory plans respectively, as below:-

- 1) Purchase of a major equipment for my department
- 2) Department budget and how to spend
- 3) Use of new technology or new processes for my department
- 4) How complaints and conflicts are handled among staff

- 5) Work conditions in my department
- 6) Implementation of TQM/ISO9001/ISO14001 or similar quality system
- 7) Rules and SOP implementation
- 8) Expansion or downsizing plans of factory
- 9) Company is looking for new ideas and new products

Questionnaire construction and data collection was done using SurveyMonkey®. The statistical analysis was done using IBM SPSS Analysis. Prior to running analysis, the questions were analyzed and the Cronbach Alpha Coefficient result was 0.89 indicating that the questionnaire was valid and reliable.

Independent variables (IV) using factor analysis (and principal component analysis) where it is a technique to understand the structure of a set of variables and for identifying groups or common themes or clusters of variables were used (Field, 2009: 628). Factors (not to be confused with independent variables in factorial ANOVA) are statistical entities that can be visualized as classification axes along which measurement variables can be plotted (Field, 2009: 630).

The proportion of common variance present in a variable is known as the communality. Factor analysis can estimate the underlying factors and it relies on various assumptions for these estimates to be accurate. Principal component analysis is concerned only with establishing which linear components exist within the data and how a particular variable might contribute to that component. The results of running factor analysis were Kaiser-Meyer-Olkin test was .90, $p < .001$ which is “great” according to Field (2009: 659). The scree plot showed point of inflection where two components were retained while other components tailed off. Component one accounted for 39.03% variance after rotation, where initial eigenvalues was 48.92% variance. Component two accounted for 22.63% variance after rotation, where initial eigenvalues was 12.74% variance.

Rotated Component Matrix^a

	Component	
	1	2
TotalSupp	.830	
TotalCom	.815	
TotalMistakes	.795	
TotalTrust	.794	
TotalOppor	.776	
TotalInfo	.635	
TotalClarity	.625	.499
TotalTech	.584	
TotalTnD	.578	
ReversedTotalStyle	.524	
TotalCap		.893
TotalExp		.874
TotalAtt		.807

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

From the rotated table matrix, the variables was listed according to order of size of their factor loadings. Variances showed the highest loadings on most important factor i.e. component one while lower loadings on component two. The highest variance was supportive relationship, followed by communication, handling of mistakes and problems, trust, opportunity, information, clarity of goals set, technology, training and development and leadership style. In component two, the variances were capabilities, experience and attitude. These findings showed the cluster of variables in component 1 were leader, leader and employee relation and resources, while the cluster of variables in component 2 was employee. The employee variables were independent of all the other variables in component 1. Component 1 are explained as organizational provision to employee, which were, leaders, leaders' relation which represent the management and resources provided by organization, while Component 2 are explained as employee profile.

Results and Discussion

A multiple linear regression analysis was conducted to examine Hypotheses 1 (H1) (see Table 1). Using enter method, a significant model emerged, $R = .33$, $r^2 = .11$, $F(3,199) = 6.22$, $p < .001$.

This confirmed H1 where the leader's leadership style, communication, trust and opportunity was significantly and positively related to predict employee's decision making and innovation.

Table 1.
Summary of Regression Analysis for Leader Variables Predicting Decision Making and Innovation ($n = 203$)

Variable	Leadership Style		Communication		Trust		Opportunity	
	Standardize d Beta	t	Standardize d Beta	t	Standardize d Beta	t	Standardize d Beta	t
Decision Making & Innovation	.25**	3.59	.03	.29	.10	1.03	.11	1.21
R				.39				
R ²				.15				
F				8.94**				

Note: $df_{\text{regression}} = 3$, $df_{\text{residual}} = 199$
* $p < .05$, ** $p < .001$

A multiple linear regression analysis was conducted to examine Hypotheses 2 (H2) (see Table 2). Using enter method, a significant model emerged, $R = .35$, $r^2 = .12$, $F(3,199) = 9.14$, $p < .001$.

This confirmed H2 where the employee's capability, experience and attitude was significantly and positively related to predict employee's decision making and innovation.

Table 2.
Summary of Regression Analysis for Employee Variables Predicting Decision Making and Innovation ($n = 203$)

Variable	Capability		Experience		Attitude	
	Standardiz ed Beta	t	Standardize d Beta	t	Standardize d Beta	t
Decision Making & Innovation	-.25*	-2.38	.24*	2.27	.31*	3.22
R				.35		
R ²				.12		
F				9.14**		

Note: $df_{\text{regression}} = 3$, $df_{\text{residual}} = 199$
* $p < .05$, ** $p < .001$

Using enter method to examine Hypotheses 3 (H3), a significant model emerged, $R = .35, r^2 = .13, F(3,199) = 9.49, p < .001$ (see Table 3).

This confirmed H3 where the leader and employee relation of supportive relationship, clarity of goals set and mistakes and problems handling was significantly and positively related to predict employee's decision making and innovation.

Table 3.
Summary of Regression Analysis for Leader and Employee Relation Variables Predicting Decision Making and Innovation (n = 203)

Variable	Supportive		Clarity		Mistakes & Problems	
	Standardized Beta	t	Standardized Beta	t	Standardized Beta	t
Decision Making & Innovation	-.01	-.08	.16	1.70	.24*	2.24
R			.35			
R ²			.13			
F			9.49**			

Note: df regression = 3, df residual = 199
*p < .05, **p < .001

For Hypotheses 4 (H4), a significant model emerged, $R = .43, r^2 = .18, F(3,199) = 14.99, p < .001$ (see Table 4).

This confirmed H4 where the availability of organizational tools of training and development, information and technology was significantly and positively related to predict employee's decision making and innovation

Table 4.
Summary of Regression Analysis for Organizational Tools Variables Predicting Decision Making and Innovation (n = 203)

Variable	Training and Development		Information		Technology	
	Standardized Beta	t	Standardized Beta	t	Standardized Beta	t
Decision Making & Innovation	.04	.52	.27*	3.32	.18*	2.15
R			.43			
R ²			.18			
F			14.99**			

Note: df regression = 3, df residual = 199
*p < .05, **p < .001

The position of the respondents was divided into two groups, where Senior Managers and Managers are grouped as “Managers” and Supervisor and Staff are grouped as “Staff” (Table 5).

An independent samples t-test was conducted to compare the decision making and innovation for Managers and Staff. There was significant difference in decision making and innovation for Managers ($M = 24.60$, $SD = 3.85$) and Staff ($M = 19.64$, $SD = 4.57$, $t(201) = 7.94$, $p < .001$, two-tailed).

Table 5.

Results of T-test and Descriptive Statistics for Decision Making and Innovation by Position

Variable	Position						95% CI for Mean Difference	t	df
	Manager			Staff					
	M	SD	n	M	SD	n			
Decision Making & Innovation	24.60	3.85	77	19.64	4.57	126	3.72, 6.18	7.94**	201

** $p < .001$

As the above is significant in results, an independent samples t-test was conducted to compare the leader's style, communication, trust and opportunity for Managers and Staff (Table 6).

There was a significant difference in leader's style and giving opportunity for Managers and Staff. There was no significant difference in leader's communication and trust for Managers.

Table 6

Results of T-test and Descriptive Statistics for Leader's Profile by Position

Variable	Position						95% CI for Mean Difference	T	df
	Manager			Staff					
	M	SD	n	M	SD	n			
Style	7.26	1.23	77	6.60	1.06	126	.34, .99	4.08**	201
Communication	8.60	1.44	77	8.30	1.39	126	-.12, .69	1.41	201
Trust	8.30	1.21	77	8.07	1.16	126	-.11, .56	1.33	201
Opportunity	8.68	1.25	77	8.11	1.21	126	.21, .91	3.19*	201

* $p < .05$, ** $p < .001$

An independent samples t-test was conducted to compare the employee's capability, experience and attitude for Managers and Staff (Table 7).

There was significant difference in employee's capability, experience and attitude for Managers and Staff.

Table 7.

Results of T-test and Descriptive Statistics for Employee's Profile by Position

Variable	Position						95% CI for Mean Difference	t	df
	Manager			Staff					
	M	SD	n	M	SD	n			
Capability	8.84	1.06	77	8.49	.99	126	.06, .64	2.38*	201
Experience	8.66	1.15	77	8.02	1.13	126	.32, .97	3.92**	201
Attitude	9.01	.97	77	8.55	1.07	126	.17, .76	3.11*	201

* $p < .05$, ** $p < .001$

For leader and employee relation of supportive relationship, clarity of goals set and mistakes and problems handling for Managers and Staff (Table 8),

there was not significant difference in supportive relationship for Managers and Staff. There was significant difference in clarity of goals set and mistakes and problems handling for Managers and Staff.

Table 8.
Results of T-test and Descriptive Statistics for Leader and Employee Relation by Position

Variable	Position						95% CI for Mean Difference	T	df
	Manager			Staff					
	M	SD	n	M	SD	n			
Supportive	8.43	1.34	77	8.26	1.31	126	-.21, .54	.87	201
Clarity	8.67	1.03	77	8.20	1.28	126	.13, .81	2.72*	201
Mistakes & Problems	8.51	1.21	77	8.02	1.26	126	.14, .85	2.76*	201

*p < .05

An independent samples t-test was conducted to compare the organizational tools of training and development, information and technology for Managers and Staff (Table 9).

There was not significant difference in training and development for Managers and Staff. There was significant difference in information and technology for Managers and Staff.

Table 9.
Results of T-test and Descriptive Statistics for Organizational Tools by Position

Variable	Position						95% CI for Mean Difference	t	df
	Manager			Staff					
	M	SD	n	M	SD	n			
Training and Development	7.58	1.49	77	7.42	1.30	126	-.22, .56	.82	201
Information Technology	8.22	1.18	77	7.58	1.32	126	.28, 1.00	3.50*	201
	7.99	1.59	77	7.57	1.30	126	.01, .82	2.02*	201

*p < .05

A one-way between-groups analysis of variance was conducted to explore the relationship between level of respondents from the head of company (x) and decision making and innovation (y) (Table 10). The levels were categorized into 1 to 3 level, 4 to 6 level and 7 and above level.

The results between these levels and decision making and innovation was significant. Post-hoc comparison using Tukey HSD test indicated that the mean score for Group 1 (M = 22.93, SD = 4.85) was significantly different from Group 2 (M = 20.74, SD = 4.85) with p < .05.

Table 10.
One-way Analysis of Variance of Decision Making and Innovation (between groups) by Levels

Variable	Levels			
	df	SS	MS	F
Decision Making & Innovation	2	216.59	108.29	4.62*

*p < 0.05

On the findings of Hypotheses 1 on leader's profile, the overall model is significant showing that the leader's profile of leadership style, communication, trust and opportunity contribute and affects employee empowerment in decision making and innovation. Looking at individual variable, the leadership style is significant to affect employee decision making and innovation. However, individual variable of communication, trust and opportunity are not significant. The F-test of overall significance assessed all of the coefficients jointly whereas the t-test for each coefficient examines them individually (Frost, 2017). It could be possible that each variable was not predictive enough on its own to be statistically significant (Frost, 2017).

This showed that trust or communication or opportunity only is not sufficient by itself. These variables must come with leadership style and combined with one another to predict decision making and innovation. Hofstede's comment on Indonesia culture is that communication is indirect between superior and employee (Hofstede Insights, 2018) which could explain why communication was not significant by itself in decision making and innovation. For communication to be effective, the leader's style and/or trust and opportunity must come together. The variable trust was not significant on its own to contribute to decision making and innovation and could be insignificant without the combination of leadership style, communication and opportunity. Hermawan studies showed that some managers felt that it was too much freedom in decision making participation (2005). Not all managers favored the initiatives and was perceived as a burden (2005: 220). This could be why opportunity given by leader/superior was not significant by itself in decision making and innovation.

On the findings of Hypotheses 2 on employee profile, the F-test of overall significance is the hypothesis test for this relationship and the correlation between the model and dependent variable is statistically significant.

All the independent variables of capability, experience and attitude showed significance in predicting employee decision making and innovation. Therefore, the findings confirmed that capable employees who have high confidence and self-assurance will likely to succeed and have empowerment (Ivancevich et al, 2014), seasoned staff and staff with longer years of service showed higher level of empowerment than beginning staff (Corey, 2008), employees who are responsible to work on their own and take initiatives and enjoy their jobs (Saray et al, 2017) and empowered employees take initiative and make decisions to solve problems, improve service and performance (Lakshinarasimha, 2017)

On the findings of Hypotheses 3 on leader and employee relation, the overall model is significant to predict employee decision making and innovation, however, the only significant independent variable is mistakes and problems handling. The independent variables of supportive relationship and clarity of goals set were not significant. This meant that supportive relationship and clarity of goals set are not statistically significant on its own and must be joined together and combined with mistakes and problems handling in order to significantly and positively decision making and innovation.

According to Hofstede, Indonesia scores high on power distance (score of 78) which means that the Indonesian superiors could be not easily accessible, thus support from superiors are not easily obtainable, compared to Western countries (Hofstede Insights, 2018). This confirmed the additional analysis on decision making and innovation by levels. The significant difference between employees who are at level 1 to 3, and level 4 to 6 from the head of company, showed power distance reduces empowerment. The more the levels, the lesser the empowerment (Hermawan, 2005). This is also proven where flatter management has proven better because delegating decision-making powers to middle managers eliminates unnecessary management layers (Fadal, 2004).

According to Hofstede, Indonesia has a low score of (14) in individualism, making it a collectivist society. This means there is a high preference for a strongly defined social framework in which individuals are expected to conform to the ideals in-groups to which they belong (Hofstede Insights, 2018). This may make clarity of goals set not clear for individual key performance index (KPI) and thus to achieve KPI, it remains unclear. Goals setting remained somewhat insufficient for respondents because goal setting is important part of empowerment processes (Ivancevich et al, 2014). However, it is interesting to note that independent variable of mistakes and problems handling significant on its own, predicting decision making and innovation. This is in contrast with Hofstede input where negative feedbacks are hidden because negative feedbacks are sign of problems and mistakes made (Hofstede Insights, 2018). This finding agrees with Ivancevich's that leaders who practices empowerment could accept mistakes from staff (Ivancevich et al, 2014). The overall model of leader and employee relation model is still significant. When support and clarity of goals set are combined and joined with mistakes and problems handling, empowerment is impacted as the leader and employee relation predict decision making and innovation.

On the findings of Hypotheses 4 on organizational tools, the overall model is significant to predict employee decision making and innovation, with information and technology as significant independent variables. However, the independent variable of training and development was not significant. This is in contrast with literature review presented earlier. This could be because training and development was not sufficiently provided or the quality of training was low. Another reason could be even though employee has been given training and development, however with no access to information and technology to make decisions and to be innovative, there is lacking of empowerment for decision making and innovation. Findings on information and technology conform to literature review presented.

In the analysis by position, it is found that managers are more empowered than executives when compared with the independent variables as well as dependent variables. These findings are significant especially the numbers of managers are 77, and number of staff is 126. This finding is similar to the concept of empowerment, where power and control over others by the virtue of the managers' positions in the formal hierarchy, and managers control performance and their co-workers respects their capabilities and expertise (Ivancevich et al, 2014).

Further analysis was conducted on position to predict leader, employee, leader and employee relation and organizational tools. The results are significant, and gave almost similar findings as hypotheses given. This showed that managers played an important role in empowerment of employees for decision making and innovation. In fact, there are additional two variables that become significant which is opportunity and clarity of goals set. This could be because opportunity given are by higher level superior or the owners themselves. The managers have powers in decision making in the area of their staff well-being, distribute organizational resources, and design and implement rules and policies (Ivancevich et al, 2014). This could be the reason why managers are not collective in their job tasks and KPI but more individuals, compared with Hofstede comment on Indonesia culture (Hofstede Insights, 2018). As the saying goes, it is lonely at the top, manager's position is more isolated, thus more individual and less collective (Chhabra & Raina, 2008). Therefore managers have more clarity in goals set than staff.

The additional analysis on years of service did not show significance to affect decision making and innovation. This is in contrast with literature review presented earlier. However when asked if respondents have worked long enough to gain enough experience to contribute, majority 55.2% answered "agree" and 24.63% answered "strongly agree" which is the employee variable.

The contrast with this study could be because the variable of leader, employee, leader and employee relation and organizational tools, and position are more important than years of service.

On measuring respondents' membership in TQM, it was not significant in affecting decision making and innovation. This is probably because level of involvement impacts empowerment rather than membership. However, when the respondents were asked about level of involvement in the implementation of TQM or equivalent, a majority (79.3%) has some form of involvement. This data was embedded into the hypotheses as dependent variable of this study and the results gave significant difference.

Additional analysis by years of service, department, education, age and gender were not significant nor at least meaningful in findings, and therefore does not impact employee empowerment in decision making and innovation.

Conclusion

Therefore the leader profile, employee profile, leader and employee relation, and organizational tools, along with position, level of respondent to the head of company are factors that impact employee empowerment.

This study showed that F&B employers should empower their managers; providing as much avenues for exposure, opportunities, collaborations and growth. F&B manufacturers need to re-evaluate if their organization levels are too high and should keep their organization as flat as possible. As training and development could be insufficient, F&B manufacturers should mandate and budget for initial and follow-up training, to train empowered individual in skills expected to use in decision making (Fiermonte & Bruning, 2005). F&B manufacturers should continue information sharing with employees and provide technology access to employees

and continue using TQM as a way to increase employee empowerment (Conger & Kanungo, 1988). As communication and goal setting programs are critical by the human resource team, F&B manufacturers should use their human resource team as mediation team which is suited to the Indonesia culture and effective for organization. With this, talented employees could achieve the goals; which gives them the means for career progression. In return, employers are effectively retaining talents.

The manager's leadership style should not fear of losing status as the result of losing authority (Fiermonte & Bruning, 2005). Managers, other than leadership style, should also have open communication, give trust and opportunities, be supportive and give clear goals to their employees. The more opportunities managers give to employees, the more new ideas the organization has. It is often a different and sometimes an unsung member of the team who can give a new and effective creative input to solve an impasse (Chhabra & Raina, 2008).

To improve in clarity of goals set, it is recommended that managers review or rewrite position descriptions to identify not only job performance expectations, but also specifically outline the level and type of empowerment for every employee position (Fiermonte & Bruning, 2005). As mistakes and problems handling are significant, this meant employees do want to get to the root problem to solved it. Thus managers should discuss with their employees handling of mistakes and problems as it is a trait of an empowered organization (Saray et al, 2017). Empowerment benefits managers because when employee is empowered, they take less day to day tasks; and spend more time on important tasks e.g. strategic and business planning (Saray et al, 2017).

The significant result of each independent variable in the employee profile, in comparison of other profiles of leader, relation and organizational tools, could be key to impact empowerment as it is now "employees" market.

Employees who are capable, experienced and with responsible and accountable attitude would contributing largely in the fast and growing F&B sector. If they are not recognized, they would move to another company. Thus employers should be alert to select such employees and retain them by providing them a good leader, training and development, career progression and promoting them.

This study concludes that F&B manufacturers could use employee empowerment as a strategy to generate innovative products and services; and retain talented employees. The conceptual model drawn up and the findings of this study is only for the food and beverage industry, where it is highly competitive and require speedy innovation. These results maybe different to other industries.

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