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Moderation Effect Of Work Motivation Toward Employee Engagement Of Worker In Textile Industry In Province Of Central Java, Indonesia

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Abstract:

The aim of this research is to analyze and define the effect of psychological capital, leadership, and work environment to work motivation and the implication to employee engagement in textile industry at Central Java, Indonesia. The tool which is used to analyze and define the effect is Structural Equation Modeling. The research shows that there is a positive and significant effect from each exogenous variable to work motivation and employee engagement both partially and simultaneously. Simultaneously, psychological capital, leadership, and work environment affect the motivation in the amount of 68.1%, while psychological capital, leadership, work environment, and motivation affect the employee engagement simultaneously in the amount of 76.2%.

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Introduction

According to a research by Towers Perrin Global Workforce Study (2014), it is found that companies with high employee engagement will increase the income up to 20%. While the company with low employee engagement will experience the decreasing income up to 33% (Schiemann, 2009). In Global Workforce Study research by Global Professional Service Company Tower Watson, it has been declared that more than 66% employees in Indonesia want to leave their workplace in 2 years, compared to the world average which is about 46%. Moreover, the research about Talent Management and Reward Study 2014 that has been done by Global Professional Service Company Tower Watson claimed that more than 70% company in Indonesia that fight critically to hold competent employees.

Maslow (1943) explained that motivation affect the employee behavior in an organization which

determined whether the employee will stay in the organization or not (employee engagement). A research by Evangeline and Ragavan (2016) claimed that employee engagement is the result of motivation. The research which is done by Mariza (2016) at a manufacture industry in Indonesia also conclude that motivation affect the employee engagement positively and significantly.

The research from King, et al. (2016) found that psychological capital affects the employee's motivation and engagement. Similar statement about psychological capital affecting the motivation also has been spoken by Arsalan and Elahe (2017) which conduct the research about how psychological capital also affect the student's motivation to study in Manila, Philippines.

Sihag and Sarikwal (2014) agreed to the King's statement about how psychological capital has a positive effect on the employee engagement.

Leadership is something that cannot be separated in organizational world, the ineffective will lead to low employee's loyalty (Anjam and Ali, 2016) and employee's performance (Khan and Nawaz, 2016). The research conducted by Amoako and Oboubisa (2017) claimed that leadership has a positive effect on employee engagement. Employees that leave the company is the effect from the leader, not the organization (Swathi, 2013). Various studies also concluded that leadership affect the work motivation positively and significantly (Rawung, 2013; Alghazzalo and Al-Anazi, 2016; Naile and Selesho, 2014). Work environment is a variable that affects association, character, and work philosophy of employees. Therefore, work environment also has a role in increasing employee engagement in the company. Many other researches concluded that work environment affects the employee engagement positively (Tannady et al. 2019). Besides its effect to employee engagement, work environment also affects employee's motivation to work positively (Mazahir and Khalid, 2017; Setyadi and Renah, 2014).

Textile industry is a company that support Indonesia in absorbing labor, because of its needlessness of administrative requirements such as educational background, the only thing that is needed is the skill that can be improved. Employees with high employee engagement will show her/his best performance because they are enjoying what they do (Bakker, et al. 2010).

Based on a survey on employee engagement that has been done in textile industry in Central Java, Indonesia, a preliminary survey with 100 respondents (30 head office and warehouse employees, 20 cutting and printing division employees, and 50 sewing division employees) has been done. The questions which are used in the questionnaire is developed from employee engagement indicator according to Kazimoto (2016) and Finney (2010). The result is 69% of the employees has a lack of engagement to the company and only 31% of them wanted to continue their work after 2 years of working. The aim of this research is to analyze and determine the effect of psychological capital, leadership, and work environment to work motivation and its implication

to employee engagement in textile industry at Central Java, Indonesia.

Literature Review

Employee Engagement

Employee Engagement is a situation where a person has an engagement and commitment to work (Dajani, 2015). According to another opinion, employee engagement is a positive energy that motivates and connects employees to their organization, in the emotional, cognitive, and physical aspects (Singh and Mehrzi, 2016). According to Kazimoto (2016) & Tannady et al. (2019), employee engagement has two factors, they are employee satisfaction and employee commitment. If a company wants to increase the performance of their employees they have to pursue the benefits of employee engagement, because employee engagement will increase employee's performance (Nazir and Islam, 2017). According to Finney (2010) employee that has employee engagement tends to believe in organization's vision and mission, love their work, need no disciplinary punishment, can be trusted, respect their leaders, keep improving their skills, have a source of extraordinary ideas, and willing to give the best contribution they can. Kruger and Killham (2006) categorize the level of employee engagement into three stages, engaged, not engaged, and actively disengaged.

Work Motivation

Motivation is a form of emotional energy about what people want and encourage themselves to achieve their dreams (Kuranchie-Mensah and Amponsah-Tawiah, 2015). Motivation is an inner encouragement to fulfill their needs and desires that has not been achieved (Dobre, 2013). According to Robbins and Judge (2016) motivation have various dimensions, they are intensity, direction, and persistence.

Psychological Capital

Psychological capital interpreted as a human's general capacity that considered to be important to motivate, a cognitive process, struggling to succeed, and produce a good performance at work (Cavus and Gokcen, 2015). Another definition also claimed that psychological capital is a human

nature that represented as a state of mind to obey organizational performance standards (Zhou and Hou, 2009). Some psychological capital dimensions are self-efficacy, optimism, hope, and resiliency (Snyder and Lopez, 2002; Reivich and Shatte, 2002). Psychological capital speaks about “who we are here and now” and “who can we be” in the future maximally if the source of our psychological capital is developed and maintained at work (Dirzyte, 2013).

Leadership

According Black (1961) leadership is the ability to convince people to cooperate under his/her leadership as a team to achieve some specific purposes. While the modern definition according to Winston and Patterson (2006) is one or more person that choose, provide, train, and influence on or more followers that has various abilities and skills and focus the followers to the mission and aim of the organization that cause the followers for willing and enthusiastic to expel spiritual, emotional, and physical energy in order to achieve organizational mission and purpose. Leadership also conceptualized in the area of the leader’s behavior, the leadership format such as laisses-faire leadership, transactional leadership, and transformational leadership (Koech and Namusonge, 2012).

Work Environment

Work environment defined as an environment where employee works covering technical, human, and organizational environment (Oludeyi, 2015). Work environment also divided into 3 sub-environment, they are technical environment, human environment, and organizational environment. Technical environment refers to the equipment, supplies, infrastructure, technology, and other form of physical technical. Human environment refers to the relation between employees, workgroup, interaction between employees and employees with their leader. While the organizational environment refers to the tasks that has to be done, Standard Operating Procedure (SOP), organizational culture, organizational vision and mission (Yusuf and Metiboba, 2012). How well employees are involved to the factors of work environment greatly affects the error rates,

innovation rates, collaboration with other employees, and how long they will stay in their workplace (Chandrasekar, 2011).

Theoretical Framework

Based on the problems, theories, and previous researches that have been mentioned before about employee engagement and the influencing factors, then a theoretical framework was designed. Figure 1 shows the research’s theoretical framework.

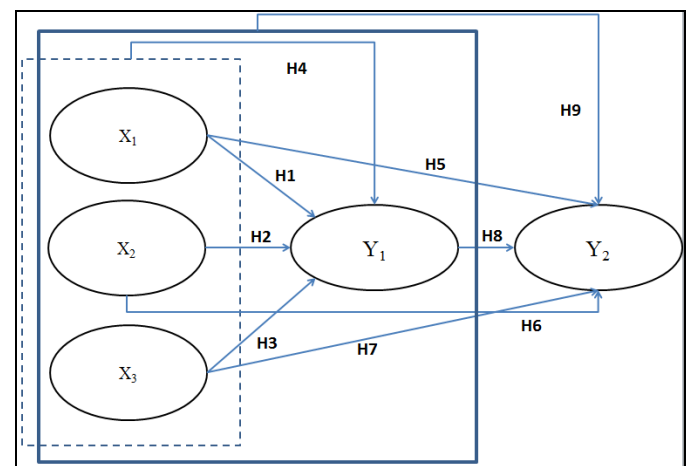


Figure 1. Theoretical Framework

Note:

- X₁= Psychological capital
- X₂= Leadership
- X₃= Work environment
- Y₁= Motivation
- Y₂= Employee engagement

Research Hypothesis

Based on the theoretical framework, nine hypotheses were built in this research, namely:
H₁: Psychological capital has a positive and significant effect on employee’s motivation
H₂: Leadership has a positive and significant effect on employee’s motivation
H₃: Work environment has a positive and significant effect on employee’s motivation
H₄: Psychological capital, leadership, and work environment simultaneously has a positive and significant effect on employee’s motivation
H₅: Psychological capital has a positive and significant effect on employee engagement
H₆: Leadership has a positive and significant effect on employee engagement

- H7: Work environment has a positive and significant effect on employee engagement
 H8: Motivation has a positive and significant effect on employee engagement
 H9: Psychological capital, leadership, work environment, and motivation simultaneously has a positive and significant effect on employee engagement

Methodology

The methods used in this research is descriptive and verification method. Sampling technique using purposive sampling technique. The observed respondents are the employees in a textile industry in Central Java, Indonesia. The research begins with a preliminary survey including 100 respondents to measure the quality of data (validity test and reliability test). The next step is to perform follow-up survey including 1000 respondents to measure the profile of the respondents descriptively and verify the built hypotheses. Operationally, the measurement of employee engagement using three independent variables (exogenous) and one mediating variable. Independent variables consist of psychological capital, leadership, and work environment. The mediating variable is the work motivation and employee engagement as the dependent variable (endogenous). Each variable composed of 6 question indicators. The sum of indicators for research instrument or research construction is 30 indicators. According Hair, et al. (2010), a valid indicator has the value of loading factors of more than 0.7, while a reliable indicator has the value of variance extracted (VE) and construct reliability (CR) of more than 0.5. The hypotheses testing will be done using structural equation modeling (SEM) by LISREL 8.8.

Descriptive Analysis

In the preliminary survey which included 100 respondents, the result shows that 30 of them are valid and reliable. On the descriptive test, on sex category shows that 55% respondents are women while 45% are men. Based on age category, 69% respondents aged between 17-40 years old, while 31% respondents aged between 41-50 years old. Based on the level of education, 38% respondents are high school graduates, 28% junior high school

graduates, 22% elementary graduates, and 12% are bachelors.

The results of descriptive analyze for psychological capital shows that the indicator of “has the ability to plan a way out in order to achieve the goals despite of getting obstacles” and “has the ability to adapt in a difficult situation” has the average value below the overall average value of psychological capital. The results for leadership variable show that the indicator of “good communication with leaders” has the average value below the overall average value of leadership. The results of descriptive analyze for work environment shows that the indicator of “adequate work facilities” has the average value below the overall average value of work environment. The results of descriptive analyze for work motivation shows that the indicator of “not giving up quickly when faced with difficulties” has the average value below the overall average value of work motivation. The results of descriptive analyze for employee engagement shows that the indicator of “intention to continue working in the institution” has the average value below the overall value of employee engagement.

Structural Analysis

Table 1. Structural Analysis

Hypothesis	Structural Path	SLF / R ²	t-value / f-value	Evaluation
H1	Psychological capital → work motivation	0.285	3.21	Significant
H2	Leadership → work motivation	0.395	2.65	Significant
H3	Work environment → work motivation	0.243	3.76	Significant
H4	Psychological capital,	0.681	5.76	Significant

	leadership and work environment → work motivation			
H5	Psychological capital → employee engagement	0.185	3.34	Significant
H6	Leadership → employee engagement	0.263	3.09	Significant
H7	Work environment → employee engagement	0.219	2.53	Significant
H8	Work motivation → employee engagement	0.316	2.87	Significant
H9	Psychological capital, leadership, work environment and work motivation → employee engagement	0.762	4.36	Significant

Table 1 shows the conclusion of each hypotheses. Hypothesis 1 (H1) claimed that psychological capital has a positive and significant effect on work motivation, the value of SLF 0.285 and t-value 3.21 indicates that H1 is accepted and the conclusion from hypothesis 1 is higher psychological capital will effect higher work motivation. This finding also similar to the study conducted by Arsalan and Elahe (2017) which concludes that psychological capital able to increase work motivation. Hypothesis 2 (H2) claimed that leadership has a positive and significant effect on work motivation, the value of SLF 0.395 and t-value 2.65 indicates that H2 is accepted and the conclusion from

hypothesis 2 is if the leadership of the management of textile industry in Central Java would increased, then the work motivation will be increased. This finding also similar to the study conducted by Naile and Selesho (2014) which concludes that a good leadership able to increase employee’s motivation. Hypothesis 3 (H3) claimed that work environment has a positive and significant effect on work motivation, the value of SLF 0.243 and t-value 3.76 indicates that H3 is accepted and the conclusion from hypothesis 3 is better quality of work environment will increase work motivation. This finding also similar to the study by Mazahir and Khalid (2017) and Setyadi and Renah (2014). Hypothesis 4 (H4) claimed that psychological capital, leadership, and work environment simultaneously has a positive and significant effect on work motivation, the value of R^2 0.681 and f-value 5.76 indicates that H4 is accepted, so simultaneously the increasing of psychological capital, leadership, and work environment able to increase work motivation from the employees of textile industry.

Hypothesis 5 (H5) claimed that psychological capital has a positive and significant effect on employee engagement, the value of SLF 0.185 and t-value of 3.34 indicates that H5 is accepted and the conclusion of Hypothesis 5 is if the psychological capital from the employees get bigger, then the employee engagement will increase. This finding also similar to the study by King, et al. (2016). Hypothesis 6 (H6) claimed that leadership has a positive and significant effect on employee engagement, the value of SLF 0.263 and t-value 3.09 indicates that H6 is accepted and the conclusion of Hypothesis 6 is better quality of leadership will increase employee engagement. This finding also similar to the study conducted by Amoako and Oboubisa (2017). Hypothesis 7 (H7) claimed that work environment has a positive and significant effect on employee engagement, the value of SLF 0.219 and t-value 2.53 indicates that H7 is accepted and the conclusion of Hypothesis 7 is better quality of work environment will increase employee engagement. This finding also similar to the study conducted by Tyagi (2016). Hypothesis 8 (H8) claimed that work motivation has a positive and significant effect on employee engagement, the value of SLF 0.316 and t-value 2.87 indicates that

H8 is accepted and the conclusion of H8 is if the employee's motivation gets bigger, then the employee engagement will increase. This finding is similar to the studies by Mazahir and Khalid (2017). Hypothesis 9 (H9) claimed that psychological capital, leadership, work environment, and work motivation simultaneously has a positive and significant effect on employee engagement, the value of R^2 0.762 and f-value 4.36 indicates that H9 is accepted, so simultaneously the increasing of psychological capital, leadership, work environment, and work motivation able to increase employee engagement in the textile industry.

Conclusion and Suggestion

If the quality of psychological capital, leadership, and work environment could be achieved and synergized by the management of the industry, then the work motivation of the employees in the textile industry will increase. In order to increase employee engagement from the employees in the textile industry, the management should be increase and synergize the psychological capital, leadership, work environment, and work motivation. Considering leadership as the most influential variable to increase work motivation directly and employee engagement from indirect effect by influencing the work motivation previously, hence the advice to the management is to focus on increasing the quality of leadership.

In order to increase the work motivation and employee engagement from the employees in textile industry in Central Java, Indonesia, our recommendation to the management is to increase all of the variables used in this research. It is also suggested to the management to conduct a training to employees in order to solve the technical problems related to works, the ability to adapt, and foster a fighting spirit to work, provide space for employees to communicate directly to their leaders openly and provide supporting facilities for the employees.

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