

ARE ORGANIZATIONAL COMMITMENT AND EMPLOYEE ENGAGEMENT IMPORTANT IN ACHIEVING INDIVIDUAL READINESS FOR CHANGE?

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Abstract

Globalization is everywhere, in this regard, every organization should change according to the needs and requirement of the environment. In addition, in today's economy, it's critical to have effective, and efficient organization. Failure to effectively engage employees can result in wasted resources, unoptimal organizational performance, and deteriorating employee morale. On the other hand, successfully engaging and committing employee can result in higher levels or organizational performance as well as higher levels of job satisfaction, both of which are much needed in today's environment. The question arises whether organizational commitment, and employee engagement are related to individual readiness for change. The objective of this research is to identify the relationship and impact between organizational commitments, employee engagement to individual readiness to change. This study done in four financial companies, that consist of three private owned banks and one government owned financial company (N= 502), with quantitative methods and correlation survey. The results showed that both organizational commitment and employee engagement are positively relatd and have contributed to individual readiness to change. The results also show that the correlation of organizational commitment is stronger than employee engagement to individual readiness to change.

Keywords: organizational commitment, employee engagement, individual readiness to change.

Abstrak

Globalisasi merupakan hal yang tidak dapat dihindari, untuk itu setiap organisasi harus berubah sesuai dengan kebutuhan dan tuntutan lingkungannya. Di samping itu, dalam perekonomian saat ini, sangat penting untuk memiliki organisasi yang efektif, dan efisien. Kegagalan untuk secara efektif melibatkan karyawan dapat mengakibatkan pemborosan sumber daya, kinerja organisasi yang tidak optimal, dan semangat kerja karyawan yang memburuk. Disisi lain, keberhasilan dalam mendorong karyawan untuk terlibat dan berkomitmen tinggi, akan menghasilkan tingkat kinerja organisasi serta kepuasan kerja yang tinggi. Keduanya sangat dibutuhkan dalam lingkungan hari ini. Pertanyaan yang muncul adalah apakah komitmen organisasi, dan keterlibatan karyawan berhubungan dengan kesiapan individu untuk perubahan. Tujuan dari penelitian ini adalah untuk mengidentifikasi hubungan dan dampak antara komitmen organisasi, keterlibatan karyawan untuk kesiapan individu untuk berubah. Penelitian ini dilakukan di empat perusahaan keuangan, yang terdiri dari tiga bank milik swasta dan satu perusahaan milik pemerintah keuangan ($N = 502$), dengan metode kuantitatif dan survei korelasi. Hasil menunjukkan bahwa baik komitmen organisasi dan keterlibatan karyawan secara positif terkait dan telah memberikan kontribusi terhadap kesiapan individu untuk berubah. Hasil penelitian juga menunjukkan bahwa korelasi komitmen organisasi yang kuat dari keterlibatan karyawan untuk kesiapan individu untuk berubah.

Kata kunci: kesiapan individu untuk perubahan, keterlibatan karyawan, komitmen organisasi.

Introduction

Human capital is the most important element for the success of the organization. This is because human capital is the actors who run the organization on a daily basis. The investment and resources expended by the organization to improve the quality of human capital become a necessity. In human capital term variable like organizational commitment and employee engagement is one of important elements. Many organizations use organizational commitment and employee engagement as a model for creating the organization more effective and efficient. When an organization makes fundamental changes, they become the most important element for the success of

organizational change (Echols, 2005; Crabtree, 2005; Gubman, 2004).

Organizational commitment is an individual's way of thinking of how much of his/her value and goals are in line with the organization, how to overcome the conflicts, and attachment to the organization. Meyer and Allen (1997) formulate three dimensions of organizational commitment. These three dimensions are more appropriate to be called dimensions of organizational commitment. That is because the relationship of the organization's member and the organization reflects the differences between the three dimensions. An employee who is affectively committed will strongly identify with the goals of the organization and they will desire to remain a part of the organization. This employee is committed to the organization because he/she wants to stay in the organization. Continuance commitment is when a member of an organization is committed to the organization because he/she perceives high costs of losing organizational membership. The employee remains a member of the organization because he/she has to stay in the organization. Normative commitment is when a member of an organization commits to and remains with an organization because of feelings of obligation. These feelings may derive from many sources. The employee stays with the organization because he/she ought to stay in the organization. The three dimensions of organizational commitment above will influence individual readiness for change. The higher the organizational commitment of employee, then the higher the employee readiness for change.

Employee engagement is the degree to which people commit to an organization and the impact that commitment has on how profoundly they perform and their length of tenure (Federman, 2009). Employee engagement consists of three dimensions, namely vigor, dedication, and absorption (Schaufeli and Bakker 2004; Schaufeli et al., 2001). Vigor is defined by the level of energy and high mental attitude when individual finishes their jobs, the willingness to put the spirit in their jobs, as well as persistent when facing with the difficulties and challenges at work (Schaufeli and Bakker, 2004; Schaufeli et al., 2010). Dedication is the strong identification with the jobs, including feelings as well as enthusiasm, inspiration, pride, and challenges (Schaufeli & Bakker, Chungtai and Buckley, in Peng-Lin, 2009). Absorption can be described as full concentration of happy feelings, that felt by the person who is doing their jobs, when he/she felt that time goes by so quickly and is difficult to leave the jobs. (Schaufeli & Bakker, Bakker and Demerouti, in Peng-Lin, 2009). All dimensions of employee engagement will influence individual readiness to change. The higher the employee engagement, thus the higher the readiness to change.

Armenakis et al. (1993) individual readiness for change is reflected in the

beliefs, attitude, and intention of the member organization in relation with how much the change is needed and how much the capacity of the organization to make the successful change. Individual readiness for change is the comprehensive attitude that simultaneously was influenced by the content (what has been changed), process (how is going to change), context (in what situation that the change is done), and characteristic of individual who involved in the change process. In which the total of it, reflecting the individual trend or a group of individual that cognitively and emotionally adopted the plan to change the condition in certain time and with specific objectives.

Individual readiness for change is a different construct than resistance to change. Ellett, Bateman, and Rugutt (1996) have explicitly differentiate between individual readinees for change and resistance as follows. Resistance is the behavior or external action to stop, postpone, or destruct the implementation of organizational change. On the other hand, individual readiness for change can be seen as mental attitude of the individual before acting when facing with the change process (either accepting or adopting the organization change).

An organization, to be able to stay in the business, those companies have to try their best to run all of the available system effectively and efficiently. Those companies are also demanded to maintain and develop their services for customer satisfaction and also to develop their work performance. With combined all of the available resources, those companies are struggling to stay alive in the economic competition. There are many factors that influence the organizational change effectiveness namely: context, content, process and individual characteristics. As the success of change is majority influenced by an individual / person involved in the process of change the understanding of the concept individual readiness for change is very important in order to help the manager to understand and to prepare the process of change effectively as well as to handle employee resistance to change effectively. In this regard the questions arise what kind of individual characteristics that will influence the individual readiness for change. The objective of the study is to identify the correlation and the contribution between organizational committent and employee engagement with the individual readiness for change.

Method

This research used self-report questionnaires. The samples are taken from four financial companies, that consist of three private owned banks and one government owned financial company. The characteristics of the samples are as

follows: permanent employee of the company (with minimum two years of working in the company) with age ranged between 25-45 years old. At least 2 years working in the organization, educational background: At least senior high school graduates, and working location: Jakarta, Bogor, Depok, Tangerang, Bekasi, and Cikampek.

Data were collected using 3 types of Likert Scale, namely Organizational Commitment Scale; Employee Engagement Scale; and Individual Readiness for Change Scale. The organizational commitment scale is constructed from organizational commitment scale developed by Meyer and Allen (1997) consists 9 items with 3 dimensions of organizational commitment, with the following details: 6 items for affective commitment, 3 items for continuance commitment, and 3 items for normative commitment. The Cronbach's *alpha* is 0.830. ($\alpha = 0.83$). The Employee Engagement Scale is constructed from organizational commitment scale developed by Schaufeli (Schaufeli & Bakker, (2004), with the following details: Vigor, Dedication, and Absorption ($\alpha = 0.571$). The Individual Readiness for Change is constructed from the Individual Readiness for Change scale developed by Hanpachern (1997). Consists of three dimensions as follows *resisting*, *participating*, and *promoting* ($\alpha = 0.912$). Data were analyzed using Multiple Correlation, Pearson's Correlation, and Multiple Regression.

Results and Discussion

The returned questionnaires are 502 questionnaires. The samples' demographic data are as follows: 68.4% of the samples are male and 74.5% of the samples' highest educational background are bachelor degree.

Table 1: Relationship between Organizational Commitment, Employee Engagement and Individual Readiness for Change.

Correlation Variables	r	R ²	Sig
Organizational Commitment and Individual Readiness for Change	.235	.055	.000**
Employee Engagement and Employee Readiness for Change	.102	.010	.015*
Organizational Commitment, Employee Engagement and Individual Readiness for Change.	.354	.125	.000**

**significant at $p < 0.01$, * $p < 0.05$

From the above calculation, it can be seen that both organizational commitment, and employee engagement have a positive correlation with individual readiness for change ($r = .354$) with significant level of $p < 0.01$. It also shows that although both organizational commitment and employee engagement have positive correlation with the individual readiness for change, however organizational commitment has a stronger positive correlation to individual readiness for change. The R^2 score is 0.125 shows that from the total variance, it can be attributed 12.5% to organizational commitment factor. It also means 87.5% of the total variance of individual readiness for change is influenced by the other factors.

This research shows that there is a positive correlation between organizational commitment, employee engagement and individual readiness for change. This finding is partly in-line with other research that has been done which shows that commitment, identification with an organization, loyalty, and employee involvement has positively correlated with individual readiness for change (Madsen, 2011).

The results were also supported the previous research which shows that there is a relationship between individual readiness for change with interpersonal relationship at work, organizational culture, as well as the relationship between management, leadership, and employee (Hanpachern, Morgan, & Griego in Madsen 2011). The findings show that there are 87.5% of the total variance of individual readiness for change is influenced by the other factors. In this regard, the research supported the findings by Mangundjaya et al. (2011), shows that psychological capital, and organizational citizenship behavior are some of the factors that contribute to the individual readiness for change. The findings also show that organizational commitment is stronger than employee engagement in terms of correlation with individual readiness for change.

According to various researches, there are some factors that can influence the individual readiness for change. Commitment, identification with organizations, loyalty and employee involvement has positively correlated with individual readiness for change (Madsen, Miller, & John; 2005). Demographic factors such as: education and position have correlated with the degree of individual readiness for change. In this regard, employees with Bachelor (higher) educational background has higher individual readiness for change compares to an employee with a lower educational background. The same condition applies to the position. It shows that employee with higher position has higher levels of individual readiness for change compares to the employee in the lower position. Some factors such as *belief*, *support*, and conducive organizational environment has influenced the individual readiness for

change. Knowledge and skills of the employee, interpersonal relationship at work, as well as organizational culture and the relationship between management and leadership has correlated with the individual readiness for change (Hanpachern, Morgan, & Griego in Madsen et al., 2005) Job satisfaction and effective performance management has correlated with individual readiness for change (McNabb & Sepic in Madsen et al., 2005). Trust in management, perception of supervisor supports, and perceptions of organization's readiness has correlated with individual readiness for change. Similar findings shows that acceptance to change is positively correlated with trust in management, effective communication, supportive supervisors, and the value of work. Four factors had influenced individual readiness for the change namely content of the change, context, process and individual characteristics.

Conclusion

This study found that organizational commitment and employee engagement are positively related and have contributed to individual readiness to change. The results also show that the correlation of organizational commitment is stronger than employee engagement to individual readiness to change. Recommendation for future research is having to examine demographic variables of the respondent, in order to understand more deeply about the relationship between organizational commitment and employee engagement with individual readiness to change.

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