PROPOSAL TO IMPROVE EMPLOYEE ENGAGEMENT AT PT. XYZ

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Abstract— *PT. XYZ transformed into T.I.M.E.S. Company in 2009. This transformation were done to maintain their position as market leader in telecommunications industry. PT. XYZ also transform their organization to support this transformation. Based on survey results XYZ Employee Survey in 2011, the employee satisfaction level in PT. XYZ was categorized high but, this achievement is not supported by the company's performance. Based on PT. XYZ's internal report in 2011, only 9 of 69 T-lab areas that able to meet their performance targets. This survey report was confirmed by Theme O Meter (TOM) survey in 2011, that show the level of XYZ's 5C application is hasn't meet the corporate target. According to Daft (2009), this condition is caused by ineffective organization. According to Right Management (2010), The organization effectiveness can be enhanced by increasing the level of employee engagement. This research focused on measuring the level of employee engagement in newly transformed unit at PT. XYZ by using a questionnaire survey that composed using the combination of several theories that related with the employee engagement theory. The questionnaire analysis result show that the most influencing factor to employee engagement is the collaborative innovation factor. Therefore the optimization of collaborative innovation needs to be done. Based on further analysis result, PT. XYZ is suggested to redesign the Theme O Meter (TOM) assessment question, apply the TOM assessment result as the leader's KPI, and improve the method and the weight of the score in 360° assessment to optimize the collaborative innovation culture.*

Keywords: PT. XYZ, employee engagement, collaborative innovation

1. Introduction

The telecommunication industry is a highly competitive industry in Indonesia. According W.chan Kim and Renee Mauborgne (2005), PT. XYZ need to maintain their position as market leader in telecommunications industry by transform their company. PT.XYZ transform their company into TIMES business company in 2009. Based on survey results XYZ Employee Survey (TES) in 2011, the employee satisfaction level in PT. XYZ was categorized high but, this achievement is not supported by the company's performance. Based on PT. XYZ's internal report in 2011, only 9 of 69 T-lab areas that able to meet their performance targets.
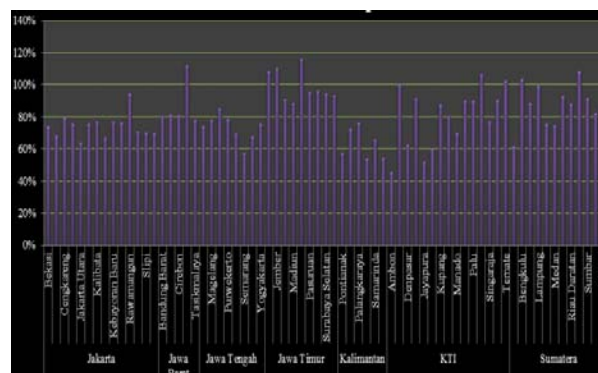

Figure 1: XYZ's Performance
Source : PT. XYZ Internal report (2011)

This research also supported by Theme O Meter survey in 2011. PT. XYZ use Theme O Meter (TOM) as the culture measurement tools. This tool is generated by Mc. Kinsey consulting group. There are seven classification of employee that used in XYZ's TOM:

Blocking : Employee who against the transformation.
Blocking – Resisting : Employee who in the midle against and resist the transformation.
Resisting : Employee who resist the transformation.
Resisting – Enabling : Employee who in the middle resist and do the transformation.
Enabling : Employee who do the transformation.
Enabling – Catalytic : Employee who in the middle do and drive transformation.
Catalytic : Employee who drive the transformation
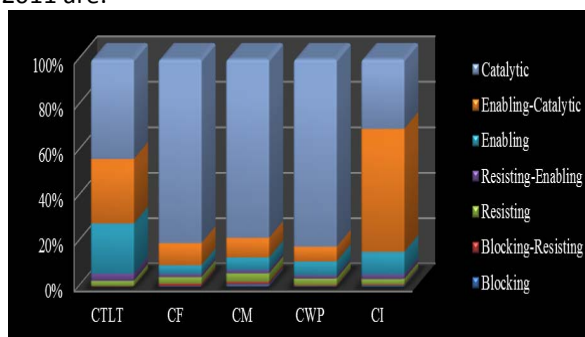
The result from TOM in 2011 are:

Figure 2 : Theme O Meter Result 2011
Source: XYZ employee survey presentation 2011

Table 1.Theme O Meter Result 2011

Variable	CTLT	CF	CM	CWP	CI
Blocking	0.06%	0.29%	0.92%	0.19%	0.50%
Blocking-Resisting	0.22%	0.95%	1.11%	0.47%	0.47%
Resisting	2.18%	2.90%	3.77%	2.88%	2.34%
Resisting-Enabling	3.30%	1.32%	1.47%	1.51%	1.99%
Enabling	21.96%	3.91%	5.53%	5.99%	9.91%
Enabling-Catalytic	28.36%	9.72%	8.59%	6.48%	54.18%
Catalytic	43.91%	80.91%	78.61%	82.49%	30.62%

According Fig.5 and Table.4, only Customer First and Cocreation Win-win Patnership value that able to meet the corporate target (Catalytic employee more than 80%). The Collaborative Innovation has the lowest Catalytic employee (30, 62%). According to Daft (2009), this condition is caused by ineffective organization. According to Right Management (2010), The organization effectiveness can be enhanced by increasing the level of employee engagement. Although the concept of employee engagement is a concept that has been known in the 2000s, the application of this concept in PT. XYZ is still in learning stage. Because of that the proposed research should able to measure the employee engagement level in PT. XYZ and find the variables that effect the employee engagement level.

2. Research Methodology
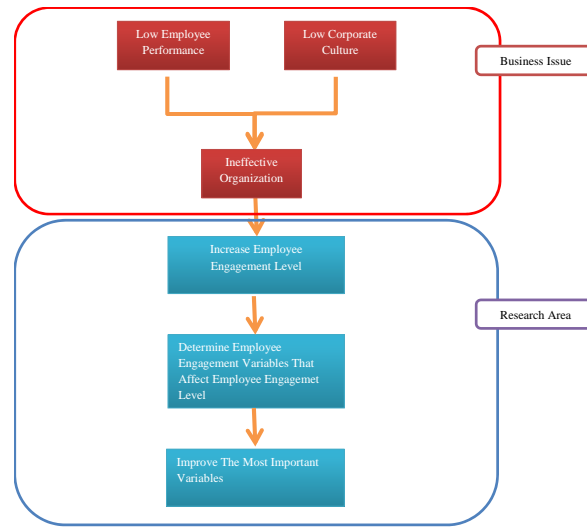
A. Conceptual Framework

Figure 3. Conceptual Framework

There are two important business issues in PT. XYZ, such as: Low employee performance and low corporate culture. Both of this issue show that PT. XYZ organization was not effective.

To increase the organization effectiveness, PT. XYZ need to improve their employee engagement. Since the employee engagement concept still under development, This research should able to determine the employee engagement variables that affect the employee engagement level and improve the most important variable.

There are so many employee engagement theories that exist. This research try to combine several employee engagement. The employee engagement theories that used on this research are:

- Right Management (Right Management, 2010)
- Development Dimensions International (DDI, 2005)
- Gallup (Gallup, 2006)
- MERCER (MERCER, 2007)
- Robins (Robins. P. Steven, 2009)
- The American Society for Training & Development (ASTD, 2008)

B. Questionnaire Design

After extracting all employee engagement theories that stated on previous part, there are 22 independent variables, and 7 dependent variables, such as:

Table 2. Questionnaire Variables

Independent Variables		Dependent Variables
Learning & Development	Caring Meritocracy	Job satisfaction
Centralization	Equality	Proudness
Departmentalization	Recognition for good work	Commitment to organization
Co-creation win-win partnership		
Performance	Right	Willingness to

Management & Feedback	employees in the rights job	offer suggestion
Materials and Equipment	Career Advancement	
Chain of command	Progress	Extra effort
Formalization	Job satisfaction	Talk positively
Span of control	Concernment	Enthusiasm for new skill
Rewards	Collaborative Innovation	
Commitment to long term	Role Model	
Customer First	Mission/ Purpose	

The questionnaire in this research using Likert Scale as the ratio of respondents opinion. The Likert scale is a method to measure the respondents agree or the disagreeness about the statement that written in the questionnaire. Usually The Likert Scale have five to seven (or more) potential option. This questionnaire use six potential option to maximize the questionnaire result. The scale are:

Table 3. Likert Scale

Option	Score	Option	Score
Strongly Agree	6	Quite Disagree	3
Agree	5	Disagree	2
Quite Agree	4	Strongly Disagree	1

C. Sampling Method

This research using simple random probablity sampling method. The sample size from this research is determined using the Slovin formula with 10% standard of error.

$$n = \frac{N}{1 + Ne^2}$$

When:
n= Number of Sample
N= Number of Population
e= Standard Error

The number of questionnaire that distributed, returned and analyzed on this research will be explained on table bellow.

Table 4 .Number of Questionnaire

	HCC	CS
Population Size	107	45
Sample Size	52	45
Questionnaire Distributed	100	45
Questionnaire Returned	67	30
Questionnaire Analyzed	50	25

D. Data Processing & Analysis

After all distributed questionnaire were returned, Those questionnaires were analyzed using SPSS 13 and Microsoft Excel 2010. There were several analysis that done to maximize this research, such as:

a. Descriptive analysis
b. Independent Variable Analysis
c. Engagement Measurement Analysis
d. Multiple Linear Regression Analysis
e. Focused Issue Analysis

Further explanation will be explain in the next part.

3. Data Analysis

E. Decriptive Analysis

The first descriptive analysis is gender analysis. The result from this analysis could be seen on figure below.
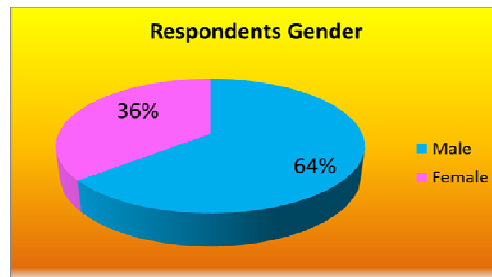

Figure 4. Respondent Gender

According Fig.4, the majority of total respondents are male (68%). This condition was quite similar for both HCC and DBS. The second descriptive analysis is respondent age analysis. The respondents were grouped into four cathegories. This categories were created based on the generation classification. The generation classification were classified based on table bellow.

Table 5 . Generation Classification

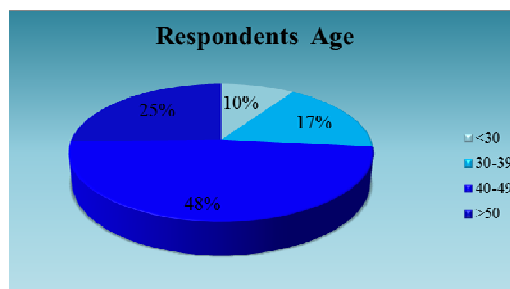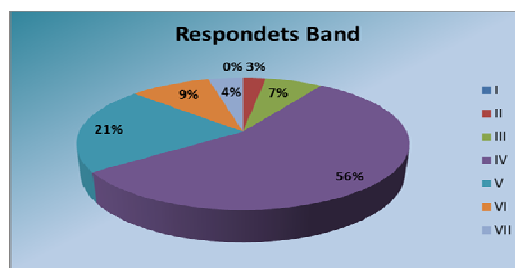| Age	Generation
>50	Baby Boomer
30-49	Generation X
<30	Generation Y

Figure 5. Respondent Age

Fig.5 show the majority of respondents are the generation X (65%) follows by Baby boomers (25%) and Generation Y (10%) these results are same for both HCC and DBS. The next descriptive analysis is respondent band analysis. The result from this analysis are:

Band Figure 6. Respondent Band

Fig.6 show that the majority of respondents were on the Band IV (52%) that also could be catogorized as the middle manager . This result was same for both HCC and DBS. For the DBS there are no respondents that have Band greater than III because the DBS employee that have Band greater than III were unable to fill the questionnaire for some reason.

The last descriptive analysis is employement duration analysis. The result from this analysis are:
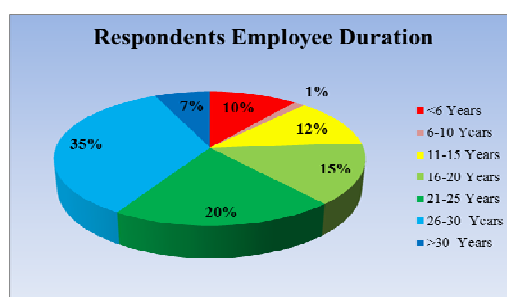

Figure 7. Respondent Employement Duration

Fig.7 show that the majority of respondents already work in XYZ for 26-30 Years (35%), followed by 21-25 Years (21%), 16-20 Years (17%), 11-15 Years (12%), <6 Years (10%), >30 Years (6%) and 6-10 (1%). This result show that 62% respondents already work for more than 20 years.

F.   Independent Variable Analysis

The independent variable analysis were done to know which independent variable that have the highest and lowest score. This analysis were needed to determine the focused issue.

Table 6. Highest Independent Variables

Total		HCC		DBS	
Materials and Equipment	5.3	Materials and Equipment	5.3	Materials and Equipment	5.2
Commitment to long term	5.0	Commitment to long term	5.2	Commitment to long term	4.7
Learning & Development	4.8	Concernment	4.9	Learning & Development	4.7
Concernment	4.7	Learning & Development	4.8	Collaborative Innovation	4.6
Recognition for good work	4.6	Recognition for good work	4.8	Opinions count	4.5

Table 7. Lowest Independent Variables

Total		HCC		DBS	
Career Advancement	2.8	Career Advancement	3.0	Career Advancement	2.4
Co-creation win-win partnership	3.8	Customer First	4.1	Co-creation win-win partnership	3.2
Customer First	3.9	Co-creation win-win partnership	4.1	Customer First	3.4
Chain of command	4.2	Chain of command	4.4	Chain of command	3.6
Co-creation win-win patnership	4.4	Performance Management & Feedback	4.4	Departementalization	3.8

Table 6 and 7 show that the highest and lowest independent variable for both HCC and DBS are quite same.

G. *Engagement Measurement*

According Gallup (2009) there are three type of employee:

- Enggaged
  These employees are loyal and psychologically committed to the organization. They are more productive and more likely to stay with their company.
- Not Engaged
  These employees may be productive, but they are not psychologically cconnected to their company. They are more likely to miss workdays and more likely to leave.
- Actively Disengaged
  These employees are physically present but psychologically absent. They are unhappy with their working environment and insist on sharing this unhappiness with their collagues.

According this definition the scale that will be use to meassure the employee engagement level are:

Table 8 . Engagement Classification

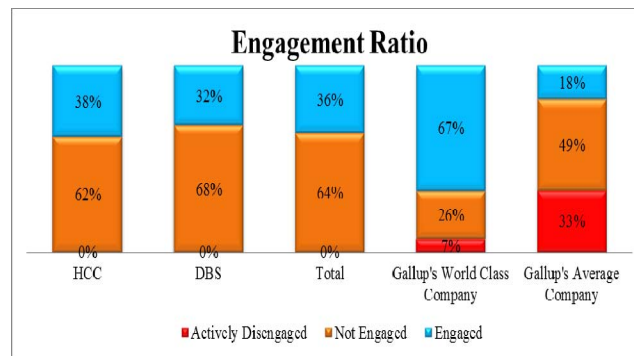| Type	Range	Definition
Engaged	≥5	Respondent that agree and strongly agree with the engagment steatment
Not Engaged	3≤ Mean Y <5	Respondent that quite agree and quite disagree with engagement statment
Actively Disengaged	<3	Respondent that disagree and strongly disagree with the engagment steatment

The result are:

Figure 8.Engagement Ratio

According this chart, PT. XYZ already have better engagement ratio than Gallup's average company although they are not yet on the Gallup's world class company. In order to achive their vision "To become a leading Telecommunications, Information, Media, Edutainment and Services ("TIMES") Player in the region". PT. XYZ should improve their engagement ratio. Further explaination about how to improve the engagement ratio will be explained on the next chapter.

H. *Multiple Linear Regression Analysis*

The Multiple Linear Regression analysis is conducted using SPSS 13. The result are:

Table 9. Multiple Linear Regression Coefficients

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.151	.675		3.187	.002
	X1.1	-.083	.114	-.103	-.725	.472
	X1.2	-.077	.106	-.122	-.732	.468
	X1.3	-.081	.063	-.170	-1.285	.204
	X1.4	.024	.070	.057	.337	.737
	X1.5	-.093	.088	-.182	-1.055	.296
	X1.6	.033	.094	.054	.345	.731
	X2.1	.058	.079	.111	.734	.466
	X2.2	.060	.079	.122	.765	.448
	X2.3	.026	.105	.038	.245	.807
	X2.4	.042	.083	.071	.505	.616
	X2.5	-.008	.071	-.017	-.118	.907
	X2.6	.084	.103	.125	.812	.420
	X3.1	.045	.045	.131	.987	.328
	X3.2	.086	.063	.166	1.365	.178
	X3.3	-.014	.098	-.019	-.139	.890
	X3.4	.004	.074	.010	.060	.953
	X3.5	.140	.085	.240	1.650	.105
	X4.1	.195	.125	.307	1.561	.125
	X4.2	-.011	.058	-.029	-.189	.851
	X4.3	.017	.081	.032	.203	.840
	X4.4	-.105	.057	-.282	-1.841	.071
	X4.5	.210	.094	.273	2.224	.030

a. Dependent Variable: Y

Since there are many variable that has significant level greater 0.05, which means that the variables on the regression model on that table didn't valid. The invalid variables should eliminate one by one until all variables are valid.

The new multiple linear regression equation is:

Table 10. New Multiple Linear Regression Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.129	.466		4.568	.000
	X3.5	.183	.059	.313	3.101	.003
	X4.1	.166	.063	.260	2.648	.010
	X4.5	.222	.077	.290	2.894	.005

a. Dependent Variable: Y

The Equation is:

$Y = 2{,}129 + 0{,}183 X_{35} + 0{,}166 X_{41} + 0{,}222 X_{45}$

The interpretations from this model are:

X_{35}: For each increment of X_{35} by 1 point it will increase the Y for 0.183

X_{41} : For each increment of X_{41} by 1 point it will increase the Y for 0.191

X_{45} : For each increment of X_{45} by 1 point it will increase the Y for 0.222

Table 11. ANOVA

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.594	3	1.531	11.759	.000[a]
	Residual	9.247	71	.130		
	Total	13.841	74			

a. Predictors: (Constant), X4.5, X4.1, X3.5

b. Dependent Variable: Y

According table 10, X3.5, X4.1, and X4.5together were significantly affect Y, because p-value(Sig.) are smaller than (0,05).

Table 12 . Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576[a]	.332	.304	.36089

a. Predictors: (Constant), X4.5, X4.1, X3.5

b. Dependent Variable: Y

CoD = R2 X 100%

= (0,576)2 X 100%

= 33,2%

The value of CoD is 33,2 which meansX2.2, X3.5, X4.1, X4.4 and X4.5 together affect 33,2% of Y value . The other 66,8% were affected by other factor.

Table 13. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Y
N		75
Normal Parameters[a,b]	Mean	4.7925
	Std. Deviation	.43249
Most Extreme Differences	Absolute	.104
	Positive	.076
	Negative	-.104
Kolmogorov-Smirnov Z		.904
Asymp. Sig. (2-tailed)		.388

a. Test distribution is Normal.

b. Calculated from data.

The Kolmogorov-Smirnov Z value is 0.904 with the Significancy 0.388. Since the Significancy value is greater than 0.05 this research has the normal data.
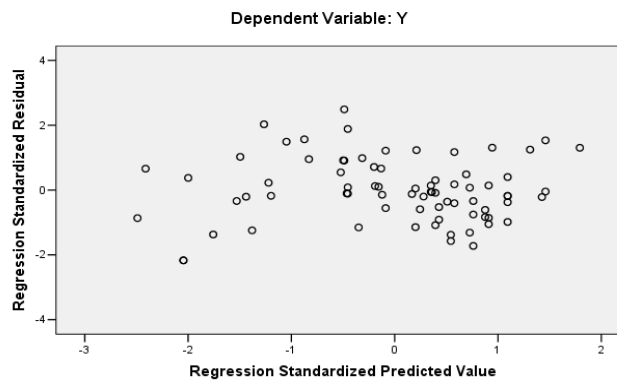

Figure 9. Scatter Plot

According fig. 9, the point were scatter arround the zero line with out creating any pattern. Which means there are no Heteroskedastic data on this regression model and this regression model are valid.

Table 14. Multicolinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	X3.5	.923	1.084
	X4.1	.974	1.026
	X4.5	.938	1.067

a. Dependent Variable: Y

All variables have VIF around +1, according Cooper and Schindler (2003). There are no colinearity between the dependent variables and independent variables .

I. *Focused Issue Analysis*

To determine the most important variable that will be analyzed and improved, this entire variable will be analyzed using priority analysis on table below.

Table 15. Level of Importance

Variable		Coefficient	6-$\bar{X}$	Priority Score	Rank
X45	**Collaborative Innovation**	0.222	1.373	0.304806	1
X35	**Compensation**	0.183	0.967	0.176961	3
X41	**Commitment to long term**	0.166	1.613	0.267758	2

According table 15, the most important variable is the collaborative innovation variable.

4. Business Solution

To determine the business solution, several alternatives are developed to be then analyzed in determining one optimal solution for the Company's business issue. Author may not necessarily analyze the solution alternatives one by one, but he/she could directly focus on one business solution and then analyze the possibilities that the solution could address the issue that is being faced by the company.

J. Analysis of Business Situation

Collaborative Innovation (CI) term is one of the PT. XYZ's corporate values (5C). The 5C's made to replace PT. XYZ's 135 values in 2009. The 5'c was designed to support the XYZ transformation process into a TIMES (Telecommunication, Information, Media, Edutainment, and Services) company.

The CI value was created to eliminate the internal silo culture in XYZ Group. According Mr. Jaka, Vice President of Organization Development "The internal Silo culture in XYZ is a culture that made by PT. XYZ's management in 2004". This culture was made to increase the internal competitiveness in the preparation to face new competitor. To make this culture, PT. XYZ divide their organization into seven divisions, each division are competing each other in generating profit.

In 2009, PT. XYZ launch T.I.M.E business portfolio. To support the business transformation process, PT. XYZ launch 5C and one of the 5C values is Collaborative Innovation.

According Ian Palmer, PT. XYZ business transformation was categorized as second-order, discontinuous change. The characteristic of this change is transformational, radical and fundamentally alters the organization at its core, because of that this change usually need longer time than the first-order change.

In order to strengthening the organizational culture a framework from Mc. Shane and Von Glinow (2008) were used to analyzing and generating solution to improve the Collaborative Innovation value.

Figure 10. Strengthening Organizational Culture Framework

K.   *Alternative of Business Solution*

After analyze all factor that needed to strengthen collaborative innovation culture, over all PT. XYZ already implement all those factors but, there are several things that still need to improve, such as:
A.   Improving the Theme O Meter (TOM) assessment tools
B.   Improving the 360° assessment method.
C.   Add future TOM and 360° assessment score target.
D.   Create routine job rotation program

4. Implementation Plan

The business solution will be implemented according this step:
L.   *Assessment Tools Improvement*
  1)   *Theme O Meter Assessment*
  The improvement for this assessment tools will be made through following stages:
  a.   Question Design
  Theme O Meter should improved to reduce chance of misinterpretation. The improvement will be done by replace the difficult word into the simple one or translate all option into simple ekspression sentence.
  b.   Questionnaire Approvement
  The new questionnaire should be checked and approved by Vice President of Organization Design.
  c.   Questionnaire Testing
  The new questionnaire should be tested by the reliability and validity test. This question will be tested into several unit. The questionnaire testing will be done online using the internal network.
  The other improvement is put the result of this assessment into the unit leaders's KPI. The unit leaders are the ones who are responsible for the implementation of corporate culture in their unit.
  2)   *360° Assessment*
  The recent 360° rated by peers who work on same unit.To reduce internal silos in PT. XYZ, the 360° assessment should rated by peers from other unit that have working together for 3-4 months on the same team.Since there are new assessor, the new meassurement will be readjusted.
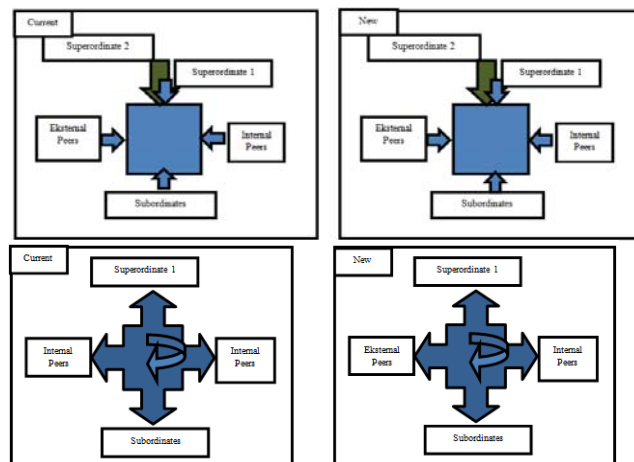

Figure 11. New Assessment Process

Table 2. New Assessment Weight

	Complete Position		No Subordinates		No Peers		No Peers and Subordinates	
	Old	New	Old	New	Old	New	Old	New
Superordinate I	40%	35%	45%	40%	45%	45%	50%	50%
Superordinate II	30%	25%	35%	30%	35%	35%	40%	40%
Subordinates	10%	10%	-	-	10%	10%	-	-
Eksternal Peers	-	5%	-	5%	-	-	-	-
Internal Peers	10%	15%	10%	15%	-	-	-	-
Self	10%	10%	10%	10%	10%	10%	10%	10%

3) *Routine Job Rotation Program*

A well planed job rotation program need to designed to maxize the benefit from this program. The new job rotation should planned as career development program. Since this program is new there are several steps that should be done:
   a. Develop the concept of job rotation
   b. Create lesson learned from the current job rotation program
   c. Design the job rotation program
   d. Choose the participant that fulfill the job rotation criteria
   e. Run the pilot project
M. *Socialization*
   Thesocialization program for this assessment there are several step that should be done.
   1) *Senior leaders workshop*
   This workshop is created to sosialize the new assessment method and the new leder's KPI. This workshop also aim to provide the leader (Band 1-3) with the leadership strategy that wil enhanced the implementation of PT. XYZ's 5C on their unit. After attending this workshop, leaders are expected to sosialize their workshop result to their subordinate.
   2) *Regular workshop*
   This workshop is created to sozialize the new assessment method to the PT. XYZ's employees (Band 4-6). This workshop also created to identify the problems that maybe appears on the implementation of the new assessment method and find the protective and preventive action.
N. *Target Setting*
   There are two methods to determine the future target for both TOM assessment and 360° Assessment.
   1) *Incremental Target*
   Future target was determined from the precentage of previous target growth.

2) *Fixed Target*

Future target was set into the fix taget score.

The 360° asssessment target could determined using previous assessment result. Target for each individuals are diffrent each other. Their direct superordinate will determine the method and the value of future target when creating the individual management contract.

Since TOM assessment will have several improvement, the future target can't determined using previous assessment result. The new target should discussed further with the assessment team.

The target for routine job rotation program will create based on the individual and unit performance development, and the competency development.

O. *Implementation*

The TOM and 360° assessment will held for once a year except for 360° assessment that done byextrenal peers assessment. This assessment wil held each four months. The eksternal peer is the employee who enrolled in the additional project that listed on individual KPI. All this assessment are done by the current XYZ's information systems.

The job rotation will be held for once for three or five years for the employees with working duration 0-15 years and once for ten years for the employee with working duration more than 15 years. This routine job rotation is for Band 7-3.

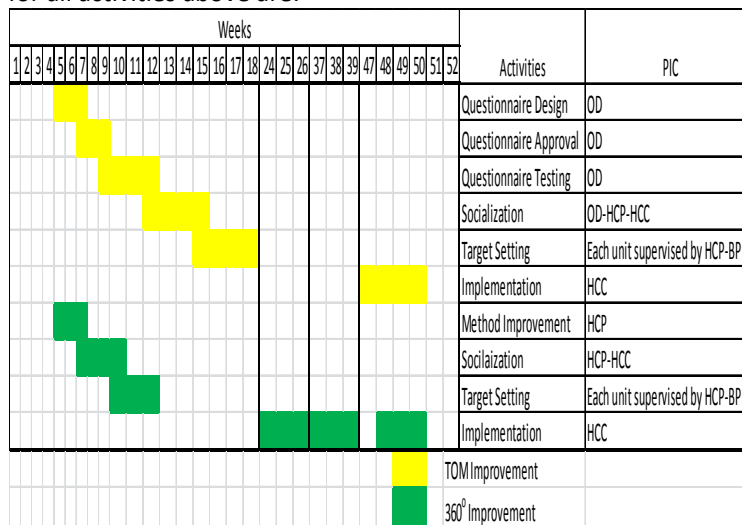The time frame for all activities above are:

Weeks		Activities	PIC
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 24 25 26 37 38 39 47 48 49 50 51 52			
		Questionnaire Design	OD
		Questionnaire Approval	OD
		Questionnaire Testing	OD
		Socialization	OD-HCP-HCC
		Target Setting	Each unit supervised by HCP-BPE
		Implementation	HCC
		Method Improvement	HCP
		Socilaization	HCP-HCC
		Target Setting	Each unit supervised by HCP-BPE
		Implementation	HCC
		TOM Improvement	
		360° Improvement	

Figure 11. Implementation Plan Time Series

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