

The Effect of Employee Involvement and Transformational Leadership on Readiness to Change With Perceived Organizational Support as Moderating Variable

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ABSTRACT

Currently, the era of competition in the business world has undergone very significant changes. The dynamic and rapidly changing environment certainly makes the organization and the individuals in it must be able to have agile nature in order to adapt to the changes that occur. An organization needs to be adaptive to an increasingly complex environment with technological changes, global market changes, and regulatory changes that occur. Companies must be able to think and survive in the midst of changes in the external environment by making constructive changes to the company's internal environment. This study aims to examine the effect of employee involvement and transformational leadership on readiness to change with perceived organizational support as a moderating variable. This study uses quantitative methods using descriptive analysis. The results show that employee involvement affects readiness to change, transformational leadership affects readiness to change, perceived organizational support strengthens the relationship between the influence of employee involvement and leadership by 81%.

Keywords: Employee Engagement, Transformational Leadership, Readiness to Change, Perceived Organizational Support.

1. Introduction

1.1 Background

Currently, the era of competition in the business world has undergone very significant changes. The dynamic and rapidly changing environment certainly makes the organization and the individuals in it must be able to have agile nature in order to adapt to the changes that occur. An organization needs to be adaptive to an increasingly complex environment with technological changes, global market changes, and regulatory changes that occur (De Meuse et al., 2010). Companies must be able to think and survive in the midst of changes in the external environment by making constructive changes to the company's internal environment.

Some of the literature that examines management related to change carried out by Armenakis et al. (1993), Weeks et al. (1995), Clegg and Walsh (2004), Jones et al. (2005), Holt et al. (2007) and

Sikh (2011) state that individual readiness for change is one of the important factors influencing implementation in organizational change. Not paying attention to the important role of an individual in the organizational change process can lead to difficulties and failures in the change initiatives that occur.

The results of the initial survey showed that according to the manager of construction company X, individuals within the company experienced culture shock with the changes that occurred, so that the implementation of the changes that took place was slow. This culture shock occurs due to planned changes that occur quickly so that employees are not ready to implement these changes. So that individual readiness to change is considered important for the effectiveness of a change program.

A change can occur because it is planned or unplanned. Planned change is usually characterized by involving a series of activities with the aim of developing the organization to be effective. In particular, the key to organizational change is a change in the behavior of each individual. In the planned change also tends to be described as an orderly process and can be controlled rationally. One of the factors that influence readiness to change in an organization is employee involvement (Susyanto, 2019). Research conducted by Zulkarnain and Hadiyani (2014) explains that organizational commitment and employee involvement affect employee readiness to change. Employee involvement is a process that involves employee participation in increasing employee commitment to the success of an organization.

The ability of leaders also has a positive effect on the tendency of innovation which affects the initiation of change (Ryan and Tipu, 2013). Herlina (2013) explains that leadership commitment, behavior, and leadership affect the readiness of local governments in implementing PP 71 of 2010. Research conducted by Frieda (2017) states that the service leadership style affects the readiness to change in BPJS Ketenagakerjaan employees. Research conducted by Veronika (2017) explains that leader member exchange has an effect on readiness to change in non-resident university employees in Magelang. The leadership style in an organization will have an impact on individual performance which can also affect the achievement of a team.

An organization that is successful in making changes requires the support of the organization. Employees' perceptions of organizational support and commitment to change are important in forming employees who are ready to make changes (Armenakis et al, 2009). It is further stated that perceived organizational support has a positive effect on employees in terms of job satisfaction and positive mood and for the organization (Rhoades & Eisenberger, 2002). According to Ming-chu and Meng-hsiu (2015), employees who give a good perception of the presence of organizational support can minimize the resistance that occurs to a change and are able to follow the change.

Based on this background, the researcher will conduct research on "The effect of employee involvement and leadership on readiness to change with perceived organizational support as a moderating variable in construction company X"

1.2 Formulation of The Problem

Individual readiness for change is one of the important factors that influence implementation in organizational change. Not paying attention to the important role of an individual in the organizational change process can lead to difficulties and failures in the change initiatives that

occur. In an organization that is transitioning to a planned change, readiness to change is needed in order to achieve the vision of the change. Employee engagement and leadership factors can have an influence on readiness to change.

Based on the factors that influence readiness to change in the face of change, researchers are interested in examining the following issues:

- Does employee engagement affect readiness to change?
- Does transformational leadership affect readiness to change?
- Does perceived organizational support moderate the effect of employee engagement on readiness to change?
- Does perceived organizational support moderate the influence of leadership on readiness to change?

2. Literature Review and Hypotheses

2.1 Readiness to Change

Readiness for change is defined as the attitude shown by individuals in the organization that is influenced by the process, content, context, and individuals to be involved in a change which means the extent to which an individual accepts, approves, and adopts a defined change plan. Holt, (2007). Anyieni et al. (2013) explained that change management involves planning, initiating, realizing, controlling, and stabilizing the change process at the corporate and individual levels. Since change often affects individuals both inside and outside the organization, many managers find it difficult to adopt change (Carr, 2003).

2.2 Employee Engagement

According to Rachmawati (2010), employee involvement is a concept development of commitment and organizational citizenship behavior (OCB). The concept of employee involvement according to Rachmawati (2010) has similarities with the concept of commitment and OCB but is considered lacking so that the element of business awareness is included. Employee involvement shows a process of giving and receiving that can benefit employees and an organization/company. According to Schaufeli and Bakker (2004) in Akbar (2013) there are three characteristics that are reflected in employee involvement, including Vigor, Dedication, Absorption.

Based on this explanation, the first hypothesis is proposed, namely:

H1: Employee involvement has a positive effect on readiness to change

2.3 Transformational Leadership

According to Kreitner and Kinicki (2015) leadership is an individual process in influencing other individuals to achieve a common goal. According to Munith (2013) explaining that leadership is a process of influencing, providing direction, coordinating with groups to achieve goals. There are various forms of leadership, but leadership in the context of change generally uses a transformational leadership approach. Transformational leadership is leadership to make changes in an organization in achieving organizational goals together (Lensufiie, 2010). Transformational leadership character is needed in an organization, because transformational leaders can provide motivation and inspiration, foster respect and trust, and create space for innovation. This type of

leadership is very appropriate in organizations that are in the process of change because they are considered to have a more effective role.

Based on this explanation, the second hypothesis is proposed, namely:

H2: Transformational leadership has a positive effect on readiness to change

2.4 Perceived Organizational Support

According to Eisenberger et al. (2001) stated that perceived organizational support is an experience related to good intentions in the form of good or bad intentions related to policies, norms, procedures, and actions within an organization that can affect employees. Rhoades (2002) states that perceived organizational support is the belief held by employees that the results of the performance and contributions made to the company get support and care from the organization for their welfare. According to Robbins and Coulter (2012) stated that perceived organizational support is the level of confidence possessed by employees in perceiving how much the organization cares about the welfare of its members and how their contribution can be assessed. According to Rhoades and Eisenberger (2002), there are three aspects of perceived organizational support, namely fairness, supervisor support and organizational rewards and job conditions.

Based on this explanation, the third and fourth hypotheses are proposed, namely:

H3: Perceived organizational support moderates or strengthens the relationship between employee engagement and readiness to change

H4: Perceived organizational support moderates or strengthens the relationship between employee engagement and readiness to change

3. Research Methodology

This type of research is a survey research with a descriptive quantitative discussion approach. Survey research is research by distributing questionnaires or questionnaires to the research sample. While the descriptive analysis method is the data analysis method using statistics by describing the data that has been collected (Sugiyono, 2013). Researchers did not give treatment to this study. The target population in this study were all 50 employees of construction company X. Taking the number of samples using non-probability sampling technique with saturated sampling. Saturated sampling is a sampling technique if all members of the population are used as samples (Sugiyono, 2002).

3.1 Hypothetical Framework

The picture of this research model is:

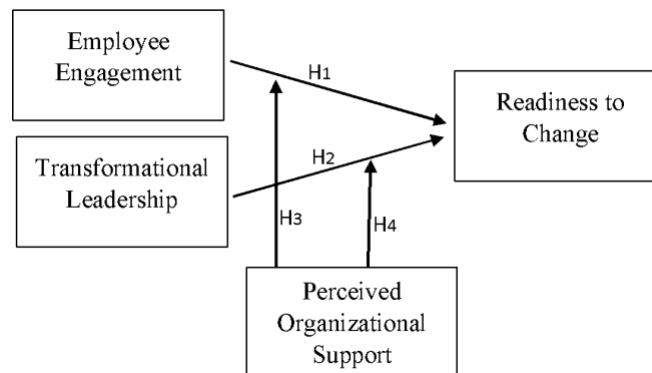


Figure 1. Research model

4. Result

4.1 Respondent Profile

Respondents in this study were 50 employees of construction company X in Purwokerto. The age of workers is between 24-40 years with an average of 2 years working in the company.

4.2 Validity Results

The measurement model testing phase includes testing of convergent validity, discriminant validity. Meanwhile, to test construct reliability, Cronbach's alpha and composite reliability were used. The results of the analysis can be used to test the research hypothesis if all indicators in the model have met the requirements of convergent validity, discriminant validity and reliability testing. The following are the results of the validity and reliability tests:

Table 1. Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded ^a	0	.0
	Total	50	100.0

The results of the table above state that if 50 respondents with a total of 65 questions items, all of them are valid because they have a value of $r_{count} > r_{table}$.

Reliability test is used to measure whether a questionnaire can be said to be reliable or reliable if someone's answer to the statement is consistent from time to time. This measurement is carried out using internal consistency reliability, namely Cronbach's Alpha. If the results of Cronbach's Alpha > 0.6 , it can be said that the questionnaire is reliable. For complete results of the reliability test can be seen in the following table:

Table 2. Reliability Statistics

Cronbach's Alpha	N of Items
.924	65

Then the reliability results are in the high category for all item questions because they have a Cronbach alpha value of 0.924 where the minimum standard is 0.7.

The variables used in this study consisted of 3 kinds, namely the dependent variable, the independent variable and the moderating variable. These variables are described in the following table:

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Y	50	53	85	77.96	9.134
X1	50	38	60	55.04	6.839
X2	50	51.00	80.00	70.2800	9.03291
Z	50	85.00	100.00	95.8000	4.97750
Valid N (listwise)	50				

Based on the table results, the variable with the lowest std deviation value is variable Z with a value of 4,977, it can be assumed that variable Z has a lower error than variable Y which has an std dev value of 9,134.

Table 4. One-Sample Kolmogorov-Smirnov Test

		Y	X1	X2	Z
N		50	50	50	50
Normal Parameters ^{a,b}	Mean	77.96	55.04	70.2800	95.8000
	Std. Deviation	9.134	6.839	9.03291	4.97750
Most Extreme Differences	Absolute	.308	.296	.158	.280
	Positive	.220	.234	.141	.199
	Negative	-.308	-.296	-.158	-.280
Test Statistic		.308	.296	.158	.280
Asymp. Sig. (2-tailed)		.000 ^c	.000 ^c	.003 ^c	.000 ^c

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.

The normality test using the Kolmogorov Smirnov model serves as a classical or preliminary assumption test before testing the hypothesis. Based on the table if the value of asymp.sig <0.05 (confidence level) which means that the distribution of data for all variables is normal and does not deviate.

The effect test was carried out using the t-statistical test in the multiple linear regression analysis model using the help of SPSS software version 22. Then to assess the correlation of each variable seen from the coefficient of determination (R square) in the test results below:

Table 5. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.955	5.257		1.894	.064
	X1	.242	.072	.930	7.139	.000
	X2	.450	.055	-.005	4.086	.031

- Dependent Variable: Y

Table 6. Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.929 ^a	.563	.508		3.447

- Predictors: (Constant), X2, X1

From the linear regression model table 1 above, it can be seen that the influence coefficient values of X1 and X2 on the Y variable are 0.242 and 0.450, the value of t count > t table and significance <0.05. From these results it is evident that the variables X1 and X2 directly (without being moderated by Z) have a significant effect on the variable Y. To see the correlation value of the X1 and X2 variables, the adjusted R square value is 0.508 or 50.8%. The equation of the line becomes:

$$Y = 9.955 + 0.242X1 + 0.450X2 + 5.257 \quad (1)$$

Constant 9955; meaning that the variable Y will change by 9,955 points as a result of the variables X1 and X2. The regression coefficient of the X1 variable is 0.242; This means that if the X1 variable affects the Y variable by 0.242 units or 24.2%. For the X2 variable has a value of 0.450, which means that the influence on the Y variable is 45%. The correlation number can be increased again by moderating it with variable Z. The results of the model 2 test are as follows:

Table 7. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.644	2.717		.380	.705
	X1	.345	.096	.932	3.029	.000
	X2	.304	.172	.014	4.084	.034
	Z	.810	.315	.010	3.059	.003

- Dependent Variable: Y

Table 8. Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.929 ^a	.863	.854		3.485

- Predictors: (Constant), Z, X1, X2

From the table of linear regression model 2 above, it can be seen that the value of the coefficient of the influence of X1 and X2 on the Y variable through the moderating effect of the Z variable is 0.810, the t value > t table and the significance is <0.05. From these results it is evident that the X1 and X2 variables moderated by Z have a significant effect on the Y variable. To see the correlation value of the X1 and X2 variables, the adjusted R square value is 0.854 or 85.4%. The equation of the line becomes:

$$Y = 8.644 + 0.345X1 + 0.304X2 + 0.810Z + 2.717 \quad (2)$$

Constant 8,644; it means that the variable Y will change by 8,644 points as a result of the variables X1, X2 and Z. The regression coefficient for the variable Z is 0.810, which means that X1 and X2 which are moderated by Z have an influence of 81% in this research model.

5. Discussion

Based on previous statistical calculations, the results of this study also have some pros and cons with previous studies. The result of H2 which states that transformational leadership has a significant effect is contrary to Dewiana's research, (2020) which states that transformational leadership has no significant effect on readiness to change. This is evidenced by the t-statistics value of 0.930 which is smaller than 1.96 and the p-values of 0.353 which is greater than 0.05.

As mentioned earlier, the transformation process in the industry as the main indicator of the transformational leadership variable only lasts a fairly short time. The transformation begins with changes in the organizational structure, the appointment of new leaders, and then changes to the work system and culture. Respondents of this study felt that the performance of employees in the industry was not affected by the above changes, because the process took place in a fairly short time (Fayzhall, et al., 2020; Hutagalung et al., 2020).

Employee involvement also affects readiness to change in line with research from Astuti, (2018) which proves that the t-statistics value of 24.999 is greater than 1.96 and p-values of 0.000 are smaller than 0.05. That is, the second hypothesis (H2) is accepted. Then for the moderating effect of perceived organization support, it is directly proportional to research from (Katsaros, et al., (2020) which concludes with a t-statistics value of 5.894 greater than 1.96 and a p-value of 0.000 less than 0.05. the third (H3) and fourth (H4) hypotheses were accepted.

6. Conclusion

Changes always occur in business conditions in an organization. Based on this research, readiness for change in an organization is influenced by several factors, including employee involvement and transformational leadership. In addition, perceived organizational support also moderates in this case strengthening the influence between employee involvement on readiness to change and transformational leadership on readiness to change.

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