Eduvest - Journal of Universal Studies
Volume 4 Number 08, August, 2024
p- ISSN 2775-3735- e-ISSN 2775-3727

# THE EFFECT OF EMPLOYEE ENGAGEMENT IN CHANGE ON THE EFFECTIVENESS OF ORGANIZATIONAL TRANSFORMATION AT PT XYZ

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**ABSTRACT**

*PT XYZ is a telecommunications company that is focusing on massive organizational transformation. The results of the Employee Engagement Survey & Communication Effectiveness Survey in 2023 are lower than in 2020, the presumed impact of organizational transformation. The analysis of integration between employee engagement and change management has not been much studied, as most previous studies have researched independently. The objective of the research is to analyze the factors that influence employee engagement in change and the influence on organizational transformation effectiveness. 401 respondents were obtained with criteria of permanent employee and minimum working time of 2 years. Data were analyzed using descriptive statistics and SEM PLS. The results showed that change-related organizational resources, change-released job resources, change-related job demands, and personal resources have a significant positive impact on employee engagement in change, then employee engagement in change has a significant positive impact on the effectiveness of organizational transformation both directly and as a mediator.*

**KEYWORDS** *Employee Engagement in Change, Organizational Transformation Effectiveness, Change Management.*



## INTRODUCTION

Rapid and widespread global change requires organizations to transform and adapt. Despite transformation being commonplace, many change initiatives fail with failure rates reaching 20% to 80%. This failure is largely due to inaccuracies in measurement criteria and differences in stakeholder perceptions of transformation success. Therefore, it is important to base success criteria on

**How to cite:** Nunu Fauzan Helwah et al (2024). The Effect Of Employee Engagement In Change On The Effectiveness Of Organizational Transformation At PT XYZ . *Journal Eduvest. 4* (8): 6967-6985
**E-ISSN:** 2775-3727
**Published by:** https://greenpublisher.id/

relevant theory and research evidence so that organizations understand the factors that drive optimal transformation success.

Organizational transformation requires a company's ability to adapt to the external environment and integrate inward, empowering Human Resources (HR) as the most important asset. This poses new challenges regarding employee retention, motivation and dedication. Organizations that embrace continuous change will attract and retain employees who are passionate about change. Employee attitudes towards change have been shown to significantly influence the success of transformation, with success depending on the adoption of new processes and ways of working by employees.

Research shows the importance of identifying factors that influence employee attitudes towards change to facilitate and optimize change acceptance. Employee engagement, or employee involvement, is a positive attitude in which employees feel vested in the success of the company and are motivated to improve performance. In the context of change, this engagement includes the support, adoption and promotion of change by employees. Support from management, a climate of change, and good HR practices can increase employee engagement and better work outcomes.

PT XYZ, a telecommunications company, is focusing on organizational transformation with the "5 Bold Moves" strategy, including the Fixed Mobile Convergence (FMC) strategy. The implementation of this strategy resulted in changes to the organizational structure, business processes, and culture, such as the elimination and creation of directorates and the movement of employee work locations. The company expects employees to adapt to new roles and maintain performance during periods of change. To support employee engagement, PT XYZ conducted an Employee Engagement Survey & Communication Effectiveness Survey (EES-CES).

The results of the EES-CES survey showed a decrease in scores in 2023 after the implementation of the FMC strategy, although previously it had consistently increased. This decrease occurred in the Say, Stay, and Strive dimensions, as well as CES dimensions such as relational, informational, communication climate, and media quality. This decline is thought to be due to the impact of the implementation of organizational transformation. Although the survey scores are still in the high engage and very effective categories, the employee demonstrations indicate dissatisfaction with the FMC strategy, which is considered not paying attention to employee welfare.

Therefore, the author feels it is necessary to conduct a deeper study of the factors that influence *employee engagement in change* situations (*employee engagement in change*) at PT XYZ with the following objectives: First, *to* understand employees' perspectives on organizational change and the factors that influence their level of engagement in the organizational transformation process including employees' concerns, expectations and needs during the organizational transformation period. Second, by knowing the factors that significantly affect *employee engagement in change*, companies can develop effective strategies for managing change and adjusting management approaches to suit employee needs.

The novelty of this research is the integration analysis carried out between *employee engagement* and change management which is currently still not widely researched, because in previous research most studies of *employee engagement* and change management run independently. The author hopes that the results of this study can help the HCM unit of PT XYZ formulate change management strategy steps through an *employee engagement* approach so that organizational transformation runs effectively.

This research aims to overcome employee resistance that arises due to organizational transformation that changes the structure, business processes, culture, and strategy of the company, which also has an impact on reducing the level of employee engagement and communication effectiveness. Using the Albrecht et al. (2020) model of employee engagement in change, this study explores the influence of organizational resources, work, job demands, and personal resources related to change on employee engagement in change and the effectiveness of organizational transformation.

The objectives of this research include analyzing the factors that influence employee involvement in change and improvement strategies to achieve transformation effectiveness. The results are expected to provide input for PT XYZ in formulating transformation strategies, provide empirical studies for academics, and offer an overview for the public regarding the influence of employee involvement in change on the effectiveness of organizational transformation. This research focuses on employee involvement in change management and its impact on the effectiveness of organizational transformation at PT XYZ.

## RESEARCH METHOD

This research was conducted from February to July 2024 at PT XYZ, South Jakarta, using a quantitative approach with survey techniques. Primary data was collected through questionnaires, while secondary data came from scientific references and internal company data. The sample was taken using non-probability sampling method with purposive sampling technique, involving permanent employees of PT XYZ with at least two years of experience. This study examines the influence of various change-related resources on employee engagement and organizational transformation effectiveness. Data analysis used descriptive methods and SEM (Structural Equation Modeling) with SmartPLS 4.0 software, involving validity and reliability tests to assess the consistency and accuracy of the measurement tools. The hypotheses tested included the influence of organizational resources, work, job demands, and personal resources on employee engagement in change and organizational transformation effectiveness, as well as the role of employee engagement as a mediator.

## RESULT AND DISCUSSION

### Respondent Characteristics

The population of this study was obtained from the publication of the annual report of PT XYZ for the fiscal year 2023, namely 7469 people. The criteria for respondents are permanent employees who have a minimum work period of 2 years.

Based on the *slovin* formula at a confidence level of 95%, the minimum sample size is 379 people. Research data was obtained through the distribution of *google form* questionnaires from May to June 2024. The total number of respondents who filled out the questionnaire was 416 people with error data as many as 15 people. Error data is due to several statement items not appearing when filling out the questionnaire, so that the total statement items filled out by the 15 people are incomplete. After the error data is eliminated from the total respondents, the final valid data that can be analyzed is 401 people. The number of samples exceeds the minimum number determined by *Slovin*, so it is considered capable of adequately representing the population. Respondent data is then grouped based on several characteristics, namely gender, age, education level, length of service, and position. These characteristics can describe the profile of employees who are respondents at PT XYZ and have been presented in Table 5.

Table 5 Characteristics of respondents

| Characteristics | Total | Percentage (%) |
|---|---|---|
| **Gender** | | |
| Male | 260 | 65.2 0 |
| Female | 139 | 34.8 0 |
| **Age** | | |
| 25 - 29 Years | 113 | 28,13 |
| 30 - 35 Years | 81 | 20,31 |
| 36 - 45 Years | 94 | 21,88 |
| > 45 Years | 1 19 | 29, 69 |
| **Education Level** | | |
| S2 | 138 | 34,38 |
| S1/D-IV | 244 | 60,94 |
| D3 | 19 | 4,69 |
| **Length of Service** | | |
| 2 - 5 Years | 106 | 26,56 |
| 6 - 10 Years | 81 | 20,31 |
| 11 - 15 Years | 50 | 12,50 |
| 16 - 20 Years | 31 | 7,81 |
| > 20 Years | 131 | 32,81 |
| **Position** | | |
| Junior Staff - Band Position VI | 56 | 14,06 |
| Senior Staff - Band Position V | 90 | 22,50 |
| Assistant Manager - Band Position IV | 98 | 24,50 |
| Manager - Band Position III | 156 | 39,06 |

Source: Data processed (2024)

Based on Table 5 above, it is known that the total percentage of male respondents is 65.20% and female is 34.80%. The overall age of respondents was highest in the age range above 45 years at 29.69%. The second highest is in the age

range of 25 to 29 years at 28.13%, in the age range of 30 to 35 years at 20.31% and the age range of 36 to 45 years at 21.88%.

The education level of the respondents was mostly S1 / D-IV graduates at 60.94%, S2 education at 34.38% and the last order of D3 education at 4.69%. The highest number of respondents had a tenure of over 20 years at 32.81%, followed by respondents with a tenure of 2 to 5 years at 26.56%, respondents with a tenure of 6 to 10 years at 20.31%, respondents with a tenure of 11 to 15 years at 12.50% and finally respondents with a tenure of 16 to 20 years at 7.81%. Respondents were dominated by Manager positions at 39.06%, followed by Assistant Manager positions at 24.50%, Senior Staff positions at 22.50% and Junior Staff positions at 14.06%.

Based on the results of the sample grouping in Table 5, the variations in respondent characteristics such as gender, age range, education level, tenure and position are proportional and can represent the characteristics of the population at PT XYZ.

**Descriptive Statistics**

This analysis is used to provide an empirical picture or description of the data collected in the study. The descriptive statistical analysis used in this study is an index number with the following formula:

Index Value = ((%F1 x 1) + (%F2 x 2) + (%F3 x 3) + (%F4 x 4) + (%F5 x 5))/5

where : F1 is the frequency of respondents answering 1
F2 is the frequency of respondents answering 2
F3 is the frequency of respondents answering 3
F4 is the frequency of respondents answering 4
F5 is the frequency of respondents answering 5

After obtaining the results of the index calculation, to see the tendency of respondents' answers to each variable, the index number is grouped using the *three-box method* with the following formula:

Lower limit of score range: (%F x1)/5 = (100 x 5)/5 = 20
Upper limit of score range: (%F x5)/5 = (100 x 5)/5 = 100

The number of respondents' answers does not start from 0, but from 1 to 5, so the resulting index number will start from 20 to 100 with a range of 80. The range is divided into three parts, so that the range for each part is 26.66 which is used as the basis for interpreting the index value.

| Category | Low | Medium | High |
|---|---|---|---|
| Value Range | (20 - 46,66) | (46,67 - 73,33) | (73,34 - 100) |

Source: Modified from Ferdinand (2014)

If the index number on the variable under study is in the range of 20 to 46.66, the respondent's assessment of the variable under study is in the low category. If the variable index is in the range of 46.67 to 73.33, the respondent has a moderate / sufficient assessment of the variable under study. Finally, the variable index in the

range of 73.34 to 100 is included in the high category, where respondents tend to agree with the variables studied.

***Respondents' Assessment of Change-Related Organizational Resources***

In this study, respondents were asked to provide opinions on company resources related to change through three indicators: Organizational Change Climate (OCC), Senior Leadership Change Sponsorship (SLCS), and HR Change Support (HRCS). The results show that the average index of respondents is in the "high" category with a value of 81.49, which means that employees agree that organizational resources related to change support employee engagement in change.

Organizational Change Climate describes that employees believe the company has a rational reason for transformation, respond positively to change, and understand that change is a necessity for improvement. Senior Leadership Change Sponsorship indicates that senior leaders actively encourage employees to support transformation, communicate the importance of transformation, and serve as role models during the change process.

HR Change Support includes support from the HR function that helps manage change effectively. HCM has provided training and development, provided transformation-related information, implemented fair procedures, and ensured employees with the right skills fill the best positions to support organizational transformation.

***Respondents' Assessment of Change-Related Job Resources***

Respondents' assessment of the change-related job resources variable which includes Change Involvement (CINV), Change Information (CINF), and Change-Related Learning Opportunities (CRLO) shows an average index of 69.87, in the "moderate" category. This means that job resources related to change have not fully influenced employee attachment to change because there are still resources that have not been maximally fulfilled, especially in the change involvement indicator with the lowest index values of 58.40, 53.70, and 55.86.

The change-related learning opportunities indicator shows that employees feel they have been given the opportunity to develop new skills, get offers to learn new things, and attend training related to organizational transformation.

The change information indicator illustrates that the company is good at providing clear information about the reasons, impact, and progress of the transformation, as well as other information that fulfills employee curiosity.

The change involvement indicator shows that employees have been given sufficient opportunities to participate in discussions prior to the implementation of transformation, planning, and providing input into the implementation of transformation.

***Respondents' Assessment of Change-Related Job Demands***

This study measures change-related job demands variables through indicators of workload (WL), job security (JS), and emotional demands (ED) with the average index of the three indicators being 69.17, which is in the "moderate" category. This

shows that change-related job demands put enough pressure on employees, although it can still be managed well.

Job security describes employees' belief that their jobs are secure and stable despite significant changes in the organization. The questionnaire results show that employees feel quite secure with their jobs, are optimistic about career paths, and believe that their skills are still needed and cannot be replaced by technology. Employees also feel that the company provides good welfare guarantees.

Workload is related to the amount and type of work employees have to do during transformation. Employees felt that the amount of work increased and had to spend extra energy and needed additional time to complete the work.

Emotional demands refer to the emotional demands that employees experience during change, such as fear, anxiety, frustration, and feelings of insecurity. Employees find their work emotionally draining and are often confronted with personally affecting matters and grievances that are difficult to address, making organizational transformation less comfortable.

***Respondents' Assessment of Change-Related Personal Resources***

Change-related personal resources consist of three main indicators: self-efficacy (SE), optimism (OPT), and resilience (RE). The measurement instruments include employees' confidence in adapting and contributing during organizational transformation (SE), positive outlook on transformation outcomes (OPT), and ability to remain stable and productive in the midst of change (RE).

Self-efficacy measures employees' belief in their ability to cope and adapt to changes in the work environment. The results show that employees are quite confident in their ability to adapt, share knowledge, convey ideas, and anticipate problems during organizational transformation.

Optimism measures the attitude of employees who see change as an opportunity to achieve positive results. Employees believe that organizational transformation has a clear long-term plan and will have a positive impact on the company. They are also optimistic that the transformation will go according to plan and are able to see the good side of difficult situations.

Resilience measures an employee's ability to remain stable, adapt, and recover from challenges or stress that arise during organizational transformation. Employees actively participate in training, collaborate with coworkers, manage the stress of change, and continuously evaluate themselves to remain relevant to changing conditions. Overall, this variable's average index of 77.75 indicates that employees agree that change-related personal resources influence their engagement during organizational transformation.

***Respondents' Assessment of Employee Engagement in Change***

Employee engagement in change consists of two main indicators: Energy (EN) and Active Involvement (AI). The measurement instrument includes the level of positive energy and enthusiasm of employees towards organizational transformation (EN), as well as active involvement and contribution of employees in the change process (AI).

The Energy indicator measures the level of employee excitement, motivation, and commitment to change. The results show that employees feel they have positive energy, enthusiasm, and passion for organizational transformation, with an average index score of 75.29 which falls into the high category.

The Active Involvement indicator measures the active participation and contribution of employees in all stages of the change process. Based on the questionnaire results, employees strive to make a positive contribution to the transformation initiative, actively involve themselves in the change process, and ensure successful implementation of the transformation.

Overall, the results show that employees agree that energy and active participation influence employee engagement in change during organizational transformation, with an average index score of 75.29 indicating high engagement.

***Respondents' Assessment of the Effectiveness of Organizational Transformation***

Indicators of organizational transformation effectiveness in this study include Productivity & Performance related to Outcomes (PPO), Innovation (IN), Wellbeing (WB), and Intention to Leave (ITL). The instrument used to measure this variable shows that the average organizational transformation effectiveness index is in the "medium" category with a score of 70.83. This indicates that most respondents agree with the effectiveness of organizational transformation in terms of productivity, innovation, well-being, and intention to leave the company.

The Wellbeing indicator measures the well-being or happiness of employees in a work environment that is undergoing change. The questionnaire results show that during the organizational transformation period, employees are able to maintain physical health, manage emotions, and have good relationships with colleagues both professionally and personally.

The Innovation indicator assesses the ability and contribution of employees in creating new ideas and creative solutions during organizational change. Employees play an important role as change agents who drive innovation and help the organization adapt to change. The results show that employees are active in collaborating and planning improvement ideas that can be implemented.

The Productivity & Performance related to Outcomes indicator measures the extent to which changes in the organization affect employee productivity and performance. Employees felt they were able to increase productivity, complete tasks more efficiently, and meet work targets on time during the organizational transformation. They also received appreciation from their superiors for their work achievements. The Intention to Leave indicator shows that some employees have thought about resigning and looking for a new job if there are better opportunities from other companies.

**Outer Model Evaluation (Measurement Evaluation)**

*Outer model* evaluation is an evaluation of the tools used to collect research data. This evaluation is used to determine the validity and reliability of data collection tools (*measurement*). The following rules used to measure the validity and reliability of *measurement* can be seen in Table 17 below:

Table 17 *Outer model* evaluation guidelines

| Validity and Reliability | Parameters | Rules/guidelines of thumb |
|---|---|---|
| Convergent Validity | *Loading factor* | Greater than 0.70 for *confirmatory research.*<br>Greater than 0.60 for *explanatory research* |
| | *Average Variance Extracted* (AVE) | Greater than 0.50. |
| Discriminant Validity | *Cross loading* | Greater than 0.70 for each variable |
| | Square root of AVE (*Fornell-lacker creterium*) | The square root of the AVE must be greater than the correlation between other latent constructs. |
| Reliability | *Cronbach's Alpha* | Greater than 0.70 for *confirmatory research.*<br>Greater than 0.60 for *explanatory research.* |
| | *Composite Reliability* | Greater than 0.70 for *confirmatory research.*<br>0.60 - 0.70 is still acceptable for *explanatory research.* |

The first step taken is to test the *convergent* validity of each research instrument. An instrument can be declared valid if it has a *loading factor* or *outer model value* above 0.70 and an AVE value of more than 0.50. Table 18 below is the *outer loading* value of this study.

Table 18 *Outer model* test results

| Latent variable | Indicator | *Loading factor* value | Description |
|---|---|---|---|
| *Change-related organizational resources* (OR) | HRCS1 | 0,841 | Valid |
| | HRCS2 | 0,758 | Valid |
| | HRCS3 | 0,744 | Valid |
| | HRCS4 | 0,713 | Valid |
| | OCC1 | 0,804 | Valid |
| | OCC2 | 0,762 | Valid |
| | OCC3 | 0,775 | Valid |
| | OCC4 | 0,819 | Valid |
| | SLCS1 | 0,866 | Valid |
| | SLCS2 | 0,827 | Valid |
| | SLCS3 | 0,820 | Valid |
| *Change-related job resources* (JR) | CINF1 | 0,882 | Valid |
| | CINF2 | 0,854 | Valid |
| | CINF3 | 0,801 | Valid |

| | | | |
|---|---|---|---|
| | CINF4 | 0,846 | Valid |
| | CINV1 | 0,868 | Valid |
| | CINV2 | 0,884 | Valid |
| | CINV3 | 0,878 | Valid |
| | CRLO1 | 0,783 | Valid |
| | CRLO2 | 0,828 | Valid |
| | CRLO3 | 0,762 | Valid |
| *Change-related job demands* (JD ) | ED1 | 0,840 | Valid |
| | ED2 | 0,846 | Valid |
| | ED3 | 0,828 | Valid |
| | ED4 | 0,806 | Valid |
| | JS1 | 0,772 | Valid |
| | JS2 | 0,814 | Valid |
| | JS3 | 0,816 | Valid |
| | JS4 | 0,776 | Valid |
| | WL1 | 0,757 | Valid |
| | WL2 | 0,775 | Valid |
| | WL3 | 0,763 | Valid |
| | WL4 | 0,754 | Valid |

Source: Data processed (2024)

Table 18 shows that the *loading factor* value of each instrument is greater than 0.70 so that all indicators can be declared valid to measure each construct variable.

Next is to conduct a reliability test to prove the accuracy, consistency and accuracy of the instrument in measuring variables. The reliability test can be seen from the *Cronbach alpha* and *composite reliability values*. Variable indicators are said to be reliable if they show a *Cronbach alpha* value greater than 0.60, *composite reliability* greater than 0.70, and an AVE value greater than 0.5. In Table 19 below are the results of this research reliability test

Table 19 Reliability test results

| Variable | *Cronbach's Alpha* | *Composite Reliability* | AVE |
|---|---|---|---|
| OR | 0,941 | 0,949 | 0,632 |
| JR | 0,953 | 0,960 | 0,705 |
| JD | 0,947 | 0,954 | 0,634 |
| PR | 0,936 | 0,944 | 0,587 |
| EEC | 0,936 | 0,949 | 0,756 |
| ETO | 0,955 | 0,960 | 0,649 |

Source: Data from (2024)

Based on Table 19, the *Cronbach alpha* value of all variables is above 0.7, the *composite reliability value is* above 0.7 and the AVE value is above 0.5, meaning that the measurement model built has met the requirements and is considered valid and reliable.

The next stage is to calculate *discriminant validity* which can be seen from the *fornell-larcker criterion* and *cross loading* values. In the *fornell-larcker criterion* test, discriminant validity can be said to be good if the root of the AVE on the construct is higher than the construct correlation with other latent variables, while the *cross loading* test must show a higher indicator value of each construct compared to indicators on other constructs (Sekaran and Bougie, 2016). The results of the *Fornell-locker criterion* test can be seen in Table 20 below:

Table 20 *Fornell-Lacker criterion* test results

| Variables | JD | JR | OR | PR | ETO | EEC |
|---|---|---|---|---|---|---|
| JD | 0,796 | | | | | |
| JR | 0,466 | 0,840 | | | | |
| OR | 0,406 | 0,520 | 0,795 | | | |
| PR | 0,474 | 0,619 | 0,549 | 0,766 | | |
| ETO | 0,496 | 0,596 | 0,542 | 0,621 | 0,805 | |
| EEC | 0,476 | 0,555 | 0,483 | 0,556 | 0,698 | 0,869 |

Based on Table 20, it is known that the correlation value of each variable in the shaded cells has a higher value than the correlation value between one variable and another. This implies that testing based on the *Fornell-Larcker* criteria has been successfully met. Furthermore, the results of the *cross loading* calculation for each indicator are presented in Table 21.

Table 21 *Cross loading of* each indicator

| Indicator | JD | JR | OR | PR | ETO | EEC |
|---|---|---|---|---|---|---|
| EN1 | 0,332 | 0,465 | 0,419 | 0,482 | 0,628 | **0,903** |
| EN2 | 0,273 | 0,372 | 0,370 | 0,403 | 0,540 | **0,859** |
| EN3 | 0,355 | 0,382 | 0,389 | 0,386 | 0,580 | **0,864** |
| AI1 | 0,458 | 0,564 | 0,458 | 0,569 | 0,680 | **0,897** |
| AI2 | 0,447 | 0,489 | 0,358 | 0,455 | 0,602 | **0,824** |
| AI3 | 0,572 | 0,578 | 0,503 | 0,566 | 0,592 | **0,867** |
| CINV1 | 0,365 | **0,868** | 0,465 | 0,550 | 0,488 | 0,443 |
| CINV2 | 0,457 | **0,884** | 0,454 | 0,590 | 0,557 | 0,506 |
| CINV3 | 0,396 | **0,878** | 0,372 | 0,533 | 0,510 | 0,519 |
| CINF1 | 0,394 | **0,882** | 0,382 | 0,509 | 0,503 | 0,503 |
| CINF2 | 0,368 | **0,854** | 0,403 | 0,469 | 0,511 | 0,517 |
| CINF3 | 0,422 | **0,801** | 0,364 | 0,389 | 0,433 | 0,401 |
| CINF4 | 0,389 | **0,846** | 0,414 | 0,482 | 0,466 | 0,382 |
| CRLO1 | 0,376 | **0,783** | 0,513 | 0,562 | 0,486 | 0,430 |
| CRLO2 | 0,329 | **0,828** | 0,478 | 0,561 | 0,527 | 0,445 |
| CRLO3 | 0,413 | **0,762** | 0,521 | 0,534 | 0,503 | 0,483 |
| WL1 | **0,757** | 0,316 | 0,272 | 0,347 | 0,319 | 0,320 |
| WL2 | **0,775** | 0,310 | 0,286 | 0,356 | 0,372 | 0,346 |
| WL3 | **0,763** | 0,266 | 0,256 | 0,356 | 0,347 | 0,339 |
| WL4 | **0,754** | 0,383 | 0,298 | 0,394 | 0,372 | 0,365 |

Source: Data processed (2024)

Based on Table 21, the results of the *cross loading* assessment of each indicator used in this study have a *cross loading* value above 0.7 and have the largest correlation value with the latent variable. Thus, no indicators were removed or discarded from this analysis.

***Inner Model* Evaluation (Structural Model Evaluation)**

The structural model or *inner model* is a model used to see the significance of the relationship between latent variables and their constructs. This model is used to find out whether or not there is a significant influence between the hypothesized constructs. Testing this model is done by calculating determination (*R square*), *path coefficient* (*path coeficeint*), validating the goodness of the *model* (*model fit*) and relevant predictive. In the evaluation of the structural model is guided by:

Table 22 *Inner model* evaluation guidelines

| Criteria | Rules/guidelines of thumb |
|---|---|
| R Square (*Coeficient determinance* | "Weak" if the value of the effect of exogenous on endogenous is 0.19. |
| | "Medium/Moderate" if the value of the effect of exogenous on endogenous is 0.33. |
| | "Strong" if the value of the effect of exogenous on endogenous is 0.67. |
| *Path coefficient* | "Positive" indicates that the relationship between the variables is unidirectional. |
| | "Negative" indicates an inverse variable relationship. |
| | The T-statistic and P-value determine the significance of the effect between variables:<br>T Statistic > 1.96 significant (5% *margin of error*)<br>T Statistic > 1.65 significant (10% *margin of error*) |
| | The *p-value is* smaller than 0.05. |
| Model Fit | The NFI value is put into percentage form:<br>"Weak" if the NFI value is 0.19. |
| | "Moderate" if the NFI value is 0.33. |
| | "Strong" if the NFI value is 0.67. |
| Predictively relevant (level of observation in the study) | $Q^2$ greater than zero has good predictive relevance. |
| | $Q^2$ smaller than zero has poor predictive relevance. |

*The R square* value in this study is presented in Table 23 below:

Table 23 *R-square* Results

| Variables | *R Square* | *R Square Adjusted* | Level |
|---|---|---|---|
| ETO | 0,603 | 0,598 | Moderate |

| | | | |
|---|---|---|---|
| EEC | 0,428 | 0,422 | Moderate |

Source: Data processed (2024)

In SmartPLS *R-square* is used to measure how well the model built can explain variations in endogenous variables. Based on Table 15, the *R square* value for the endogenous variable ETO is 0.603, meaning that the Effectiveness of Organizational Transformation (ETO) can be explained by exogenous variables by 60.3% while the rest is explained by other variables outside the variables studied. The EEC variable has an *R square* value of 0.428, meaning that the EEC variable can be explained by the independent variable only by 42.8% while the rest is influenced by other variables outside the variables of this study. The scores of the two variables are in the range of 0.33 to 0.66, meaning that the model is at a moderate level. These results indicate that the exogenous variables used in this study make a significant contribution to the variability of the dependent variable. At a moderate level, the model built can be used to predict the values of endogenous variables with a fairly good level of accuracy. Although it does not explain all the variation, the model in this study provides an adequate description of the relationship between variables. Although the *r-square* at a moderate level is acceptable, there is potential to improve the model by considering additional factors beyond the variables studied.

Table 24 *Model Fit / Goodness* Model

| Fit summary | Saturated model | Estimated model |
|---|---|---|
| SRMR | 0,067 | 0,067 |
| NFI | 0,696 | 0,696 |

Source: Data processed (2024)

From the data above, the NFI value obtained is 0.696 or 69.6%, meaning that the model built has a good level of fit with a *strong fit level*. These results indicate that the model built provides an excellent representation of the relationship structure between the variables studied.

Table 25 *Q-square* results

| Variables | SSO | SSE | $Q^2$ (=1-SSE/SSO) |
|---|---|---|---|
| ETO | 5200,000 | 3199,883 | 0,385 |
| EEC | 2400,000 | 1649,639 | 0,313 |

Source: Data processed (2024)

Based on the table above, the Q *square value* on the ETO variable is 0.385> 0, meaning that the independent variables used in this study are able to predict the ETO variable well. The EEC variable has a Q *square* value of 0.313> 0, meaning that the independent variables are able to predict the EEC variable well. A positive *Q-square* value indicates that the PLS model is able to make better predictions closer to the true value of the dependent variable outside this study. Additional analysis can be carried out in future studies to measure and improve the prediction of the PLS model, especially if the research results will be used for decision making.

**Hypothesis Test**

After the model built has met the evaluation criteria for the measurement model (*outer model*) and structural model (*inner model*), the next is hypothesis testing with *bootstrapping* techniques to determine the direction of the relationship and the significance of the relationship between each latent variable. Hypothesis testing is done by comparing the t-statistic or t-count values that have been determined. The t-statistic generated in the *bootstrapping* test must be greater than the t-table of 1.96 for a standard deviation of 5% or a *p-value* below 0.05 (Hair *et al.*, 2017). The results of hypothesis testing using the *bootstraping* technique are presented in Table 26 below.

Table 26 Hypothesis test results

| *Path* | *Path Coefficient* | T *Statistics* | *P-Values* | Relationship | Summary | Description |
|---|---|---|---|---|---|---|
| OR→ EEC | 0,151 | 2,939 | 0,003 | *Direct* | Significant | H1 Accepted |
| JR→ EEC | 0,244 | 4,724 | 0,000 | *Direct* | Significant | H2 Accepted |
| JD→ EEC | 0,191 | 3,782 | 0,000 | *Direct* | Significant | H3 Accepted |
| PR→ EEC | 0,231 | 3,094 | 0,002 | *Direct* | Significant | H4 Accepted |
| OR→ ETO | 0,129 | 3,126 | 0,002 | *Direct* | Significant | H5 Accepted |
| JR→ ETO | 0,140 | 2,944 | 0,003 | *Direct* | Significant | H6 Accepted |
| JD→ ETO | 0,094 | 2,313 | 0,021 | *Direct* | Significant | H7 Accepted |
| PR→ ETO | 0,194 | 3,372 | 0,001 | *Direct* | Significant | H8 Accepted |
| EEC→ ETO | 0,405 | 5,278 | 0,000 | *Direct* | Significant | H9 Accepted |
| OR→ EEC→ ETO | 0,061 | 2,237 | 0,025 | *Indirect* | Significant | H10 Accepted |
| JR→ EEC→ ETO | 0,099 | 3,414 | 0,001 | *Indirect* | Significant | H11 Accepted |
| JD→ EEC→ ETO | 0,078 | 2,863 | 0,004 | *Indirect* | Significant | H12 Accepted |
| PR→ EEC→ ETO | 0,094 | 2,414 | 0,016 | *Indirect* | Significant | H13 Accepted |

Source: data processed (2024)

Based on the results of hypothesis testing in Table 26, of the 13 hypotheses proposed (H , H , H , H , H , H , H , H , $H_{123456789101112}$ , H , H , Hand $H_{13}$ ) all are accepted because they have a *t-value of* more than 1.96 and a probability value (*p-value) of* less than 0.05. Furthermore, to determine the mediation function, the author uses the *bootstrapping* method to measure the *indirect effects* between the independent variable and the dependent variable through the mediator variable considered. As a result, the independent variables OR, JR, JD and PR have an influence on the dependent variable ETO significantly mediated by the variable ECC. These results indicate that changes in the independent variables are associated with unidirectional changes in the dependent variable through the role of the mediator variable.

**Hypothesis 1: *Change-related organizational resources have a* positive effect on *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that change-related organizational resources have a significant positive effect on employee engagement in change, with a path coefficient of 0.151, a P value of

0.003, and a T-statistic of 2.939. The first hypothesis is accepted, indicating that every 1% increase in change-related organizational resources support can increase employee engagement in change by 15.1%. Higher company support increases employee engagement in change, creating an environment that supports, motivates and enables positive contributions. In addition to increasing employee engagement in change, organizational resources that support change also increase the success of transformation implementation and create an adaptive and innovative organizational culture, in contrast to the findings of Albrecht et al. (2022) who showed an indirect effect through change-related job resources.

**Hypothesis 2: *Change-related job resources have a* positive effect on *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related job resources* on *employee engagement in change* has a path coefficient value of 0.244 with a *P value of* 0.000 smaller than 0.05, and a T Statistic value of 4.724 greater than 1.96. Therefore, *change-related job resources have a* significant positive effect on *employee engagement in change*, so the 2nd Hypothesis is accepted.

**Hypothesis 3: *Change-related job demands have a* positive effect on *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related job demands* on *employee engagement in change* has a path coefficient value of 0.191 with a P value of 0.000 lower than 0.05, and a T Statistic value of 3.782 greater than 1.96. Therefore, *change-related job demands have a* significant positive effect on *employee engagement in change*, so the 3rd Hypothesis is accepted.

**Hypothesis 4: *Change-related personal resources have a* positive effect on *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related personal resources* on *employee engagement in change* has a path coefficient value of 0.231 with a P value of 0.002 lower than 0.05, and a T Statistic value of 3.094 greater than 1.96. Therefore, *change-related personal resources have a* significant positive effect on *employee engagement in change*, so the 4th Hypothesis is accepted.

**Hypothesis 5: *Change-related organizational resources have a* positive effect on the effectiveness of organizational transformation.**

Based on the evaluation of the structural model in Table 17, it is found that *change-related organizational resources on the* effectiveness of organizational transformation has a path coefficient value of 0.129 with a P value of 0.002 less than 0.05, and a T Statistic value of 3.126 greater than 1.96. Therefore, *change-related organizational resources have a* significant positive effect on the effectiveness of organizational transformation, so the 5th hypothesis is accepted.

**Sixth hypothesis: *Change-related job resources have a* positive effect on the effectiveness of organizational transformation.**

Based on the evaluation of the structural model in Table 17, it is found that *change-related job resources on the* effectiveness of organizational transformation has a path coefficient value of 0.140 with a P value of 0.003 less than 0.05, and a T Statistic value of 2.944 greater than 1.96. Therefore, *change-related job resources have a* significant positive effect on the effectiveness of organizational transformation, so the 6th Hypothesis is accepted.

**Hypothesis 7: *Change-related job demands have a* positive effect on the effectiveness of organizational transformation.**

Based on the evaluation of the structural model in Table 17, it is found that *change-related job demands on the* effectiveness of organizational transformation has a path coefficient value of 0.094 with a P value of 0.021 less than 0.05, and a T Statistic value of 2.313 greater than 1.96. Therefore, *change-related job demands have a* significant positive effect on the effectiveness of organizational transformation, so the 7th Hypothesis is accepted.

**Eighth hypothesis: *Change-related personal resources have a* positive effect on the effectiveness of organizational transformation.**

Based on the evaluation of the structural model in Table 17, it is found that *change-related personal resources on the* effectiveness of organizational transformation has a path coefficient value of 0.194 with a P value of 0.001 less than 0.05, and a T Statistic value of 3.372 greater than 1.96. Therefore, *change-related personal resources have a* significant positive effect on the effectiveness of organizational transformation, so Hypothesis 8 is accepted.

**Hypothesis 9: *Employee engagement in change has a* positive effect on the effectiveness of organizational transformation.**

Based on the evaluation of the structural model *in* Table 17, it is found that *employee engagement in change on the* effectiveness of organizational transformation has a path coefficient value of 0.405 with a P value of 0.000 less than 0.05, and a T Statistic value of 5.278 greater than 1.96. Therefore, *employee engagement in change has a* significant positive effect on the effectiveness of organizational transformation, so the 9th Hypothesis is accepted.

**Hypothesis 10: *Change-related organizational resources* positively influence the effectiveness of organizational transformation through *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related organizational resources on the* effectiveness of organizational transformation through *employee engagement in change* has a path coefficient of 0.061 with a P *value* of 0.025 lower than 0.05, and a T Statistic value of 2.237 greater than 1.96. Therefore, *change-related organizational resources have a* significant positive effect on the effectiveness of organizational transformation through *employee engagement in change*, so the 10th Hypothesis is accepted.

**11th hypothesis: *Change-related job resources* positively influence the effectiveness of organizational transformation through *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related job resources on the* effectiveness of organizational transformation through *employee engagement in change* has a path coefficient value of 0.099 with a P value of 0.001 less than 0.05, and a T Statistic value of 3.414 greater than 1.96. Therefore, *change-related job resources have a* significant positive effect on the effectiveness of organizational transformation through *employee engagement in change*, so the 11th Hypothesis is accepted.

**Hypothesis 12: *Change-related job demands* positively influence the effectiveness of organizational transformation through *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related job demands on the* effectiveness of organizational transformation through *employee engagement in change* has a path coefficient value of 0.078 with a P value of 0.004 less than 0.05, and a T Statistic value of 2.863 greater than 1.96. Therefore, *change-related job demands have a* significant positive effect on the effectiveness of organizational transformation through *employee engagement in change*, so the 12th Hypothesis is accepted.

**Hypothesis 13: *Change-related personal resources* positively influence the effectiveness of organizational transformation through *employee engagement in change.***

Based on the evaluation of the structural model in Table 17, it is found that *change-related personal resources on the* effectiveness of organizational transformation through *employee engagement in change* has a path coefficient value of 0.094 with a P *Value of 0*.016 less than 0.05, and a T Statistic value of 2.414 greater than 1.96. Therefore, *change-related personal resources have a* significant positive effect on the effectiveness of organizational transformation through *employee engagement in change*, so Hypothesis 13 is accepted.

**Managerial Implications**

The results of this study provide guidance for Human Capital Management (HCM) of PT XYZ to improve the effectiveness of organizational transformation through increasing employee engagement in change. HCM should focus on job resources and personal resources interventions by strengthening change involvement, change information, and change-related learning opportunities. Clear communication practices, feedback surveys, and group discussions will help employees feel more engaged. In addition, increasing personal resources such as self-efficacy, optimism, and resilience can be achieved by redesigning job roles, providing rewards, and providing welfare programs. Focusing on employee engagement in change as a mediating variable is critical to achieving a successful and sustainable transformation. Continuous monitoring and evaluation should be

conducted to identify areas of improvement and ensure the success of organizational transformation.

## CONCLUSION

Divorce among Catholic couples is not a new phenomenon in Indonesia; m This study concludes that organizational resources, job resources, job demands, and personal resources related to change all have a positive and significant effect on employee engagement in change, which in turn increases the effectiveness of organizational transformation. In addition, employee engagement in change itself has a positive and significant effect on the effectiveness of organizational transformation. To increase employee engagement in change, companies need to provide support through the identification, development, and utilization of organizational, work, and personal resources related to change, thereby increasing the effectiveness of organizational transformation. This study also provides suggestions for simultaneous testing of several independent variables on employee engagement in change or the effectiveness of organizational transformation using the ANOVA test, and suggests longitudinal tests to understand the cause-and-effect relationship between the research variables. For PT XYZ, it is recommended to continue to monitor and evaluate the organizational transformation process through measuring the level of employee engagement in change.

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