

Comparative Study of Work Engagement among Private and Government-Owned Corporation Company: An Empirical Study across Plantation Companies in Indonesia

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Abstract: This research is part of basic research that aims to compare work engagement in terms of organizational justice and organizational culture in Government-Owned Corporation Company (BUMN) plantations and private plantation. This study seeks to investigate the differences in work engagement among the two different sectors of plantation companies. There are 759 subjects involved consisting of 371 employees from various BUMN plantations and 388 employees from several national private plantations. The Utrecht Work Engagement Scale is used to measure the level of employees' work engagement. Data is processed using multilevel model analysis. The result of this analysis showed that employees' work engagement in both sectors are relatively the same and not significantly different. Furthermore, the company only contributed 4% of workers engagement. The most variation is in the employees themselves, which is 96% that require further investigation.

Keywords: Work engagement, employee, plantation company, BUMN, private sector

INTRODUCTION

Oil palm plantations today are a growing industry in Indonesia. This development was shown by an increase in land area, namely from 133,298 hectares in 1970 to 11,914,499 hectares in 2015. The land of oil palm plantations is spread throughout almost all of Indonesia with the majority being on Sumatra and Kalimantan Island. In 2015 the total land area of oil palm plantations in Sumatra reached 7,191,738 hectares and in Kalimantan reached 4,178,992 hectares (Direktorat Jenderal Perkebunan, 2016). Seeing its rapid development, it is not surprising that this sector is considered as one of the pillars of national economic power. Although often considered controversial, Indonesian palm oil products dominate the world market. Of the 59.6 million tons of world palm oil production in 2014, around 31.3 million tons or 52% were produced from Indonesia.

The proprietor of the oil palm plantation industry are quite diverse. Besides being managed by individuals or called planters, this industry is also controlled by plantation companies. A plantation company is an Indonesian national plantation business actor or a legal entity established under Indonesian law and domiciled in Indonesia, which manages a plantation business on a certain scale based on the area of business, technology, labor, capital and or factory capacity required to have a business license. The plantation company is divided into two categories, namely smallholder plantations and large plantations, consisting of large state plantations and National / Foreign Large Private Estates. Large state plantations or called BUMN plantations.

Both types of large plantation companies have different appeal, especially for job seekers. Generally, job seekers prefer BUMN plantations to private plantations. This can be seen from the research results of the Warta Ekonomi Intelligence Unit (WEIU) which shows that BUMN plantations are one of the few companies that have a good image and are the ideal company for job seekers in Indonesia. The reasons for BUMN are more attractive to job seekers are quite diverse, including career paths, benefits and insurance, pension benefits, facilities and the opportunities to continue their studies.

From the employee's perspective, it was reported that employees working in state-owned plantations had a high level of job satisfaction (PJB, 2017). Research shows that organizations with satisfied employees

are characterized by a low level of resignation, and loyalty to the company (Balouch, 2014). Different results are shown in large national and foreign private plantations. Data on one of the national private oil palm plantations shows that the rate of resignation continues to increase from year to year. During 2011 to 2013, successive levels of resignation at the company were 20.77%, 23.15% and 23.30% (Prihutami, Hubeis & Puspitasari, 2015).

In addition to job satisfaction, turnover rates are also known to be related to employees' work engagement. A survey conducted by Gallup organization in 2013 (Gallup, 2015) stated that companies that have engaged employees experienced only a few cases of turnover, absenteeism, work accidents, and low quality of work compared to companies that do not have engaged employees. Researches on work engagement with the subjects of BUMN plantation indicate that majority of the employees have a high level of work engagement, which is 77%, followed by 22% with medium level of engagement and only 1% with low level of engagement (Rofanna, DY, 2013). The result of this survey are in line with Hadiyani's (2013) study, the role of organizational commitment and employee engagement on employee readiness to change in PTPN III. This study found that 60.19% of employees have high work engagement, the remaining 38.35% have average work engagement and 1.46% have low work engagement. While employees' work engagement in one of the private plantation according to research conducted by Isriadi (2012) indicated that 73.46% of subjects experienced medium work engagement followed by 15.30% low engagement and the last 11.45% showed high work engagement.

This issue has become a concern for private plantation companies, especially because many employees from private plantation have the intention to move to state-owned enterprises. Meanwhile, these companies have invested considerable amount of money to increase workers engagement to the company. Engagement becomes a real concern for most organizations because surveys indicate that few employees are highly engaged by their work (Robbins & Judge, 2013). Numerous studies have shown that work engagement is related to employee productivity (Smith & Markwick, 2009). Engage workers are more creative, productive, and have the willingness to give extra effort for their organizations (Bakker & Evangelia, 2008). Employees with high work engagement, are more aware of their responsibilities in achieving business goals and motivating their colleagues to accomplish organization goals (Anitha, 2014).

Based on a review of the existing literature and interviews conducted by McBain with HR practitioners, that there are three key groups that drive workers' engagement, namely: organization, management and leadership, also work life (McBain, 2007). The factors related to employee engagement include job demand and job resources (Schaufeli & Bakker, 2004), job satisfaction, organizational culture, organizational justice, perceived organizational and supervisory support as well recognition and appreciation from the organization (Saks, 2006). Previous study about organizational justice and engagement in plantation companies consequently discover that organizational justice contributed to the improvement of work engagement among employees in plantation companies (Hadiyani, Zahreni & Ananda, 2017; Zahreni, Hadiyani & Ananda, 2017).

Employee Engagement

Although there have been many studies on work engagement, there is no clear definition of engagement. Generally, engagement relates to involvement, commitment, enthusiasm, determination, passion, dedication, and energy. Frequently employee engagement and work engagement are used interchangeably, where work engagement refer to employee relations with their work, while employee engagement refer to employee relations with their work and organization (Schaufeli, 2013). Schaufeli defines engagement as positive, satisfied, state of mind related to work characterized by vigor, dedication, and absorption (Schaufeli, Salanova, Gonzales-Roma, & Bakker, 2002). Vigor considered by high energy, mental endurance at work, a desire to give more effort to work, and perseverance in facing difficulties. Dedication is characterized by meaningful feelings, enthusiasm, pride in work and a feeling of being inspired and challenged by it. Absorption is characterized by full concentration and enjoyment at work (Schaufeli & Bakker, 2004).

BUMN versus Private

As explained above, it can be seen that private plantations have a higher turnover rate than government-owned corporation plantations. As for work engagement, the majority of BUMN plantations' employees show high level of work engagement, while a large amount of the private plantation employees exhibit average level of work engagement. Therefore, it is a critical issue for private plantations compared to BUMN since both plantation companies have the same focus, that is having employees who are actively engaged with the company.

Researches have argued that the distinction between the public and private sectors has implications for the nature of managerial practices and should not be ignored. Evidence suggest that private sector workers place the highest value on good wages, while public sector workers valued interesting work the most. In addition, reward systems may not be equally effective in both the public and private sectors (Karl & Sutton, 1998). BUMN is quite similar with public companies since both of these organizations is owned by the government.

Based on the explanation above, we predict that there is a difference between employee work engagement in BUMN and private plantations where employees of BUMN plantations are more engaged than private plantation employees.

METHOD

Subject

The study involved a total of 759 employees, consisting of 317 employees working in various BUMN plantations in Indonesia (e.g., PTPN1, PTPN6, PTPN2 and PTPN3) and 388 employees from several private plantations, both in Sumatra and Kalimantan. Eighty-four percent are male and sixteen percent are female. Fifty-two percent are generation X workers, thirty-eight percent are generation Y and the remaining ten percent are generation Z workers. For education level, sixty-five percent are high school graduates, sixteen percent are undergraduates. The rest have varying levels of education starting from elementary, middle school, diploma and postgraduate degree.

Data Analysis Method

In social sciences, medical, biology, and other fields of science, structured hierarchical or hierarchical data are often found. For example, in the school context, it is very clear that students are class members, and classes are part of schools, schools are also part of a country's education system. In the context of industrial and organizational psychology this can also be applied, where employees are part of a department / division, and this division is certainly part of the company and so on. Because the data obtained in this study is in the form of a hierarchy, multilevel model analysis is used to analyze the data.

Instrument Measurement Of Employee Engagement

The instrument used for the data collection is 5 points Likert scale ranging from Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The instrument items were modified from the Utrecht Work Engagement Scale (UWES) based on the previous study of Schaufeli & Bakker (2003).

RESULTS

The analysis process in this modeling generally consists of several steps, and in the initial step the model 0 (null model) must be done to see the variation of individual scores in the group, and also to see the role of the group (Kreft & Leeuw, 1998), in this case the company dependent variable in accordance with the purpose of the study, employees' work engagement. To analyze it stata MLWin is used.

Model 0 (without Predictor Variables)

This model aims to see the of the company's role in work engagement. Are work engagement differs for these companies. In this model predictor variables have not been included.

Table 1 shows that there is a significant difference in work engagement among the companies in this research (Estimate = 54,627, $p < 0.01$). However, the company only contributed 4% of the employees' work engagement. The most variation is in the employees themselves, which is 96%. This means that the employee themselves determines their engagement toward the company, the company only contribute a slight role of workers engagement.

Figure 1 shows 6 consecutive confidence intervals from the score of worker's engagement in each company. From the figure it is clear that the residual confidence interval value of the work engagement between companies is relatively overlap. This means that only a minor portion of the work engagement scores of each employee in the company differ significantly. Looking further, employees at PTPN3 have higher work engagement compare to other companies in this research, but a considerable difference is with PTPN1 employees. The work engagement of PTPN1 employees is significantly lower than that of PTPN3 employees, but not significantly different from the work engagement of employees in other companies. From this graph, it can also be concluded that work engagement of employees in both BUMN and private companies are relatively the same and not significantly different.

Table 1: Comparison of models

	Model 0 (Null Model)	Model 1 ADIL	Model 2 BUDAYA	Model 3 (Model 1+Model 2)	Model 4(Model 3+ Jenis perusahaan)
Response	ENGAGE	ENGAGE	ENGAGE	ENGAGE	ENGAGE
Fixed Part					
cons	54.627** (p<0.00)	54.655** (p<0.00)	54.501** (p<0.00)	54.594** (p<0.00)	54.565**
ADIL		0.177** (p<0.00)		0.157** (p<0.00)	0.157**
BUDAYA			0.238** (p<0.00)	0.11* (p<0.05)	0.11*
Jenis perusahaan					0.077
Ran dom Part					
Level: IDPER	3.632	1.91	4.021	2.287	2.29
Level: ID KAR	88.688	80.334	85.026	79.603	79.602
Units: IDPER	6	6	6	6	6
Units: IDKAR	759	759	759	759	759
-2*loglikelihood:	5568.465	5490.918	5537.16	5484.804	5484.801
ICC	0.039341	0.023224	0.045156	0.027928	0.027964

The following caterpillar chart exhibit which companies have the highest work engagement ranks.

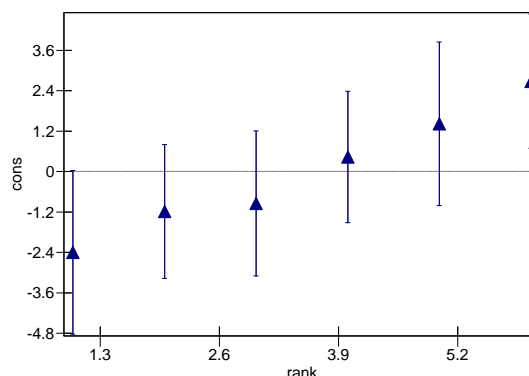


Figure 1: Caterpillar graph

DISCUSSION

The results of this study indicate that work engagement between BUMN and private plantations are relatively overlapping and do not differ significantly. This means that only insufficient scores of work engagement in each sectors differ significantly. Looking further, employees at PTPN3 showed the highest work engagement among other companies, but a significant difference is with PTPN1. PTPN1 exhibit significantly lower score of engagement than PTPN3, but not significantly different compare to the work engagement of employees in other companies.

This result is different from the previous research which shows differences in job satisfaction between public and private sectors employee. The previous studies discovered that job satisfaction of public sector employees was caused more by hygiene factors than private sector employees (Meidani, 1991). Nevertheless this study also found that employees' motives for work in both sectors were tended to emphasize intrinsic or motivating factors of employment. This means that the two companies do not have differences in job satisfaction when viewed from motivator factors.

Motivational factors according to Herzberg (1959) consist of a sense of personal achievement, status, recognition, challenging or stimulating work, responsibility, opportunity for advancement, promotion of

growth. Opportunity for advancement itself is one of the job resources that can improve work engagement. Therefore, it can be comprehended that there is no fundamental difference in work engagement viewed from type of company, namely BUMN and private.

On the contrary, significant difference on work engagement were shown in PTPN3 and PTPN1, which were both are government-owned enterprise plantations. PTPN3 employees had the highest level of engagement, whereas PTPN1 employees showed opposite results. The results are due to the deteriorating condition of PTPN1 at the time of this research. The results shown by PTPN 3 are relatively consistent with previous studies. Among all BUMN plantations, PTPN 3 was indeed considered superior in handling business and experienced in managing a subsidiary. That is why the Ministry of BUMN chose PTPN3 as the holding coordinator for the fourteen PTPN and PT RNI (Desyani, 2012).

CONCLUSION

From this study it can be concluded that there is no difference in work engagement in BUMN and private plantation employees. The difference is precisely seen in PTPN3 and PTPN1 which are both government-owned enterprise plantations. The company only contributes 4% of its employees' work engagement. The most variation is in the employees themselves, which is 96%. This means that the employee determines whether or not they are engage to the company, the role of the company here is quite insignificant. Therefore further research is required to prove this finding.

ACKNOWLEDGMENT

This paper is funded by TALENTA 2018 research grant from the University of North Sumatra.

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