

Analysis of Employee Engagement to Improve the Performance of Retail Risk Group PT Bank Mandiri

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Abstract

Nowadays, every company require their employees have a bound sense to their company. Its called engagement. Also have that expectation, PT Bank Mandiri (Persero) Tbk, Bank with the largest assets in Indonesia. PT Bank Mandiri (Persero) Tbk expect which employee engagement can improve the performance such as financial, service, and production process. This study aimed to analyze the correlation between employee engagement and the performance of PT Bank Mandiri (Persero) Tbk . There are many factors that can be create a sense of belonging is specifically individual, managers, and executives. This study used multiple linear regression to process and analyze data. Data can be obtained from 68 permanent employees in retail risk group of PT Bank Mandiri (Persero) Tbk. Based on the result, factors individual, managers, and executives significantly affect the performance of PT Bank Mandiri (Persero) Tbk.

Keywords : Executive, Individual, Manager, Performance

1. Introduction

In the manufacturing sector today, human capital is still essential for most factories to carry out a variety of manual operations, in spite of the rapid advancement of automation technology and robotics. Futuristic vision of “unmanned manufacturing” (Deen 1993) is forbiddingly expensive, because all its hardware components need to be computer controlled so as to freely communicate with each other; and yet, most of the outcomes are not promising (Sun & Venuvinod 2001). By and large, factories equipped with relatively simple machinery controls will require continuous attendance of human operators; for examples, textile mills, leather products, and medical appliances. With limited capital investments in production equipment, the main budget of their fixed costs lies on the workforce size (Techawiboonwong *et al.* 2006).

Employee engagement was first discovered by reseachers named Gallup in 2004. The definition of employee engagement by MacLeod and Clarke (2009) is a bound sense of emotionally with the work and organization, motivated, and able to give the best performance to get a success and benefits to the organization and individual. Scheimann (2011) also describe that employee engagement is an important contributor in the effort to employee retention, retention, customer satisfaction, and employee performance.

Blessing White (2011) indicate there are three factors that influence employee engagement, that is :

1. Individuals (I) : Ownership, Clarity, and Action

Individuals need to know what they want, what the organization need, and then take action to achieve those things. Also Maslach, Schaufelli, and Leiter (2001) in (Kulaar, et al, 2008) said that employee engagement is characterized by strength, dedication and pleasure in the work. Every employee should to know what their responsibility, without having been ordered by their leader. They need to take the initiative to build their skills and expertise, to articulate their interests, satisfy their core values, and identify the ways of applying their talents to achieve the organization goals.

2. Managers (M) : Coaching, Relationships, and Dialogue

The manager must be able to understand every subordinate skills, interests, and necessity, and then match them with organizational objectives, while at the same time creating the interpersonal relationships, relationships of trust. Vazirani (2007) said that managers that have engagement will be influence their employees engagement level. The development of important skills applied by managers to employees, the goal is to be able to explore their potential. Furthermore, the manager should discuss with subordinates to establish good cooperation for achieve their target.

3. Executives (E) : Trust, Communication, and Culture

The executives must demonstrate consistency with their words and actions, communications, and coordinate each individual with the implementation of the organization for the achieve their target. Every objective and strategy of the company should be clearly presented to employees that useful to the achievement of the desired target. The executives should encourage the result of engagement in any activities of organizations such as reward to each worker who excellent.

Based on many new start up bank in Indonesia, PT Bank Mandiri (Persero) Tbk as the largest bank in Indonesia in terms of assets, must to improve its competitiveness in order to keep remain the number one in Indonesia. PT Bank Mandiri (Persero) Tbk was a merger of four state banks, namely Bank Bumi Daya, Bank Export-Import Indonesia, Bank Pembangunan Indonesia, and Bank Dagang Negara. Established on October 2, 1998, PT Bank Mandiri (Persero) Tbk has recorded many awards for its performance. One of the award is to be a

service leader from 2007 to 2010 based on a survey MRI (Marketing Research Indonesia).

One of the group that owned by PT Bank Mandiri (Persero) Tbk is retail risk group. This group have a duty to reduce the ratio and mitigate possible losses on loans from the debtors and handle the problematic customer credits. The types of products that handled by the retail risk is business banking, micro banking, mortgage, personal loans, and credit cards. Having wide scope make this group have the large number of employees, 4.213 employees consisting of 1.787 and 2.436 permanent employees who are employees outsourcing. The organizational structure of retail risk group led by department head, and assisted by the center manager, team leader, relationship managers, implementers, and administrators (Source: Bank Mandiri).

Total problematic loans in 2014 that can be handled by Bank Mandiri retail risk group more than 1 trillion rupiah (Source: Bank Mandiri). Certainly, as greater the loans given to customers, as greater potential for doubtful loans can be happen. This is surely triggers retail risk group to execute the engagement program on every employee. Because of the challenges in the future growing demand loyal employees and tied up with Bank Mandiri.

Employee engagement that implemented in retail risk group is expected to be create improvement performance of Bank Mandiri (Persero) Tbk. Mulyadi (2007) said that the success of the personnel, team, or organizational units can be realizing the strategic objectives previously set with the expected behavior. While Indra Bastian (2006) suggests that the performance is a picture of the achievement from the implementation of an activity / program / wisdom in realizing the goals, objectives, mission and vision of the organization. This study used a balanced scorecard as a measure of corporate performance. The meaning of balance scorecard based on Munawir (2002) is a scorecard that is used to plan a score that want be realized by someone in the future, and to record the performance score from the results actually achieved by someone. There are four balanced scorecard perspectives, namely, financial perspective, customer perspective, internal business process perspective, and learning and growth perspective.

2. Research Methods

Data used of this study are primary and secondary data. The primary data obtained from 68 permanent employees in retail risk group of PT Bank Mandiri (Persero) Tbk at office center Wisma Mandiri, Jl. MH. Thamrin No. 5, Jakarta from various levels. Primary data was taken with questionnaire. Secondary data were obtained through internal data from retail risk group PT Bank Mandiri (Persero) Tbk, such as the employee key performance indicators and number of employees. Another secondary data obtained through previous studies, journals, books related study, and other relevant sources.

Total number of employees retail risk group PT Bank Mandiri (Persero) Tbk are 4.213 people. This amount consists of 1,787 permanent employees and 2,436 outsourced employees. Where 1,575 are employees stationed in the office center. This amount consists of 593 permanent employees and 982 are employees of outsourcing. This research accentuate to permanent employees who work at office center. Based on that data, distributions, percentage and number of respondent of this study can be seen in Table 1.

Table 1. Distributions, percentage, and number of respondent of this study

Position	Number of Employees (N _i)	Percentage (%)	Number of Respondent (n _i)
Departement Head	7,00	1,18	2,00
Centre Manager	6,00	1,01	2,00
Team Leader	11,00	1,85	2,00
Relationship Manager	91,00	15,35	10,00
Implementer	478,00	80,61	52,00
Total	593,00	100,00	68,00

In this research, processing and analysis data using multiple linear regression. Gujarati (2009) said that multiple linear regression as study about the dependence of one variable, that is dependent variable on one or more other variables (explanatory variable). This aimed to make estimates or predict the average of population or value of dependent variables to the explanatory variable that have known before it. The same statement said by Narimawati (2008) which describe that multiple linear regression as an association analysis are used simultaneously to search two or more independent variables on the dependent variable with the interval scale. So, multiple linear regression is a linear correlation between two or more independent variables (X₁, X₂, ... X_n) with the dependent variable (Y). This study determined the direction of corellation between independent variables and the dependent variable, whether each independent variables have a positive or negative correlation with the dependent variables. Data used in the multiple linear regression generally in interval or ratio scale.

Independent variables (x₁, x₂, x₃) are collected by enclosed questionnaire using likert scale. Likert scale used to measure manner, opinions, and perceptions of person or group of social phenomenon (Sugiyono 2009). Grading scale is from 0 up to 4. Score 0 means strongly disagree, score 1 means disagree, score 2 means quite agree, number 3 means agree, and number 4 means strongly agree. By using a Likert scale, the variable translated into indicators and sub-indicators to be a question or statement that needs to be answered by the respondents.

While the balanced score card is a method used to measure the performance. After that, the research sample will be examined with validity and reliability test. Validity test will show a statement filed to the respondents that can be corresponding with researcher's want. Reliability test is a measure the consistent from the question, if the statement is given repeatedly to the same respondents, the answer will be the same.

The hypothesis test will be concern at parameter estimators. If the hypothesis is rejected, we conclude that the parameter estimators tangible or significant. This test used to know the magnitude that influence each parameter estimators partially, whether partial coefficient that obtained will have an impact or not on the assumption that the variables are not influence or constant. The hypothesis tested by T test and F test. T test used to determine the significance of the role each parameter estimators partially. F test parameter testing was conducted to determine the effect of all independent variables that included in the model simultaneously (Nachrowi 2006). Based on conceptual framework, this study aimed to find the effect of employee engagement factors (individual, managers, and executives) on improvement of performance of the company. The hypothesis of this study is :

- H_0 = there is no effect of X variable to Y variable
- H_1 = influences of employee engagement that comes from individual job satisfaction
- H_2 = influences of employee engagement that comes from the manager on employee job satisfaction
- H_3 = influences of employee engagement that comes from on job satisfaction

In this study, the decision that expected is reject H_0 . It means that there is an influence of employee engagement factors (individual, managers, and executives) on the performance of PT Bank Mandiri (Persero).

3. Result and Manaferial Implication

Respondent perceptions about employee engagement variables through individual (X1), managers (X2), executives (X3) as the factors that influence performance (Y), catagorized by score. Based on the data, we can be known how is respondent perceptions in every variables. Then, compiled the assessment criteria for each item statement by category scores with the following steps:

- 1 Total score is the total of each item question that answer from each respondent. The cumulative number is when all respondents answered strongly agree or get a score, so the cumulative number of the largest is $68 \times 4 = 272$. The smallest cumulative number is when all respondents answered strongly disagree, so the smallest cumulative score is $68 \times 0 = 0$.
- 2 Calculate the cumulative number of the largest and smallest on 68 respondents. The largest value of measurement scale is four with the smallest value of measurement scale is zero.
- 3 The mean score is the total score divided by the number of respondent. The largest mean score = $272/68 = 4$, while the smallest mean score = $0/272 = 0$
- 4 Calculate the value range

Value range = the largest score : scale
 = 4 : 5
 = 0,80

Respondent Perceptions	Mean Score	Catagorize
Individual	3,026	High
Managers	3,303	Very High
Executives	3,092	High
Performance	3,140	High

Information :

1. 0 – 0,80 = Very low
2. 0,90 – 1,60 = Low
3. 1,70 – 2,40 = Middle
4. 2,50 – 3,20 = High
5. 3,30 – 4,00 = Very High

Some respondent perceptions can be describe the conditions of retail risk group of Bank Mandiri (Persero) Tbk. Respondents believe that employee engagement factors such as individual, managers, and executives give a good effect that improve the performance in this company. Based on Table 2, performance of this company categorized in high mean score that is 3,140. This mean score can be describe how employee engagement can be influence to improve the performance in this company. As high that score as give high influence. Permanent employees retail risk group of Bank Mandiri (Persero) Tbk. indicates that individual as an employee engagement factor has 3,026 mean score or in high category. The manager as employee engagement factor have the highest average in the amount of 3,303 or in very high category. While executives as a factor in employee engagement has 3,092 mean score or in high category.

3.1 Regression

Regression analysis of this study has coefficient of determination or R-square 66.30 percent. That means that the diversity that able to explained by individual, managers, and executives factors to performance of this company amounted to 66.30 percent, while the remainder is equal to 33.70 percent is explained by other factors outside the model. The regression equation of this study i.e :

$$Y = 2,643 + 0,265 X_1 + 0,515 X_2 + 0,305 X_3$$

T-test result:

Independent Variable	Coefficient	T-value	Prob
Constanta	2,643	0,796	0,429
X1	0,265	1,812	0,075
X2	0,515	2,824	0,006
X3	0,305	2,367	0,021

Based on T-test result, individual variable (X1) obtained t-value 1,812 with prob value (0.075). Probability value (0,075) < alpha 10 percent, then reject H₀. It means individual variables have a significant effect on alpha 10 percent to improvement the performance (Y variable). Coefficient value 0,265 means that one increased unit of X1 can be improve the performance of 0,265 unit, ceteris paribus. Managers variable (X2) have probability value 0,006 < alpha 5 percent (reject H₀) and one increased unit of X2 can be improve the performance of 0,515 unit (coefficient = 0,515), ceteris paribus. Then one increased unit of the executives variable (X3) can be improve the performance of 0,305 unit , ceteris paribus, with probability 0,021 < alpha 5 percent (reject H₀). The regression analysis resulted in the regression coefficient that is BLUE (Best Linear Unbiased Estimator) with assumption normality residual, homoskedastisitas, and does not have multicollinearity.

Then, F-test used to see how the independent variables in one model influence the dependent variable whether the regression model significant or not significant. F-test result showed that all of independent variables (individual, managers, and executives) have a significant effect (significant 0,000 < alpha 5) to improvement of the performance in retail risk group of Bank Mandiri (Persero) Tbk, ceteris paribus. F-test result can be seen in this figure.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2185,374	3	728,458	42,058	,000 ^b
	Residual	1108,509	64	17,320		
	Total	3293,882	67			

a. Predictors: (Constant), X3, X1, X2
 b. Dependent Variable: Y

The result of this study simulate the management of retail risk group to improve the employee engagement in their company. It used to create sustainable performance improvements. Employee in retail risk group felt that employee engagement is one of the important things in the previous years. Moreover, not many candidates willing work in this group because there is hard jobdesk such as maintain the level of NPL remained low with the all the risk (source : Bank Mandiri (Persero) Tbk). In this condition, retail risk group in Bank Mandiri (Persero) Tbk. has a great expectations to decrease turnover level and improve the employee engagement of their employees.

5. Conclusion

Based on the result of this study that conducted to permanent employees retail risk group of Bank Mandiri (Persero) Tbk. in the central office, managers is the largest factor that create an employee engagement. So, to increase the employee engagement, this company needed managers who have great attention to their subordinates. All managers in this company required to motivated their subordinates, became a mentors, and give a protection from external pressures.

Hasibuan (2001) also agreed and said that a good managers capable give some motivation, direction, guidance, counseling, management, modelling, and being honest. It made the subordinates are willing to work together more effectively to realize the company's goals. If the influence of managers is large, the individu will get enthusiastic to improve their performance. Also with the executives that will be more generous to its employees when their company's performance improved. Improved performance of retail risk group of Bank Mandiri (Persero) Tbk. can be seen from the data internal of Bank Mandiri (Persero) Tbk. From 2012 to 2014 the company's performance in NPL probability decreased, so it can be said the performance of the Bank Mandiri (Persero) Tbk increased.

In present study, it can be conclude as follows : the performance condition's of retail group is fairly good, it can be seen from creditability business banking, mortag, personal loans, and credit card that increase in each period. Moreover, from collectability level, good performance can be seen from customer service, internal business process, learning and growth. But, there are an error of targeting financial and learning and growth, there was a crisis that can not be predicted at time of the determination the target. In the following years, evaluation was conducted by management of Bank Mandiri (Persero) Tbk. proven four balanced scorecard prospective shows positive results. All the sets target management of bank mandiri achieved.

Obstacle encountered in the implementation of employee engagement is the work pressure felt by some

employees, it causing less comfortable in the work, but all of it can be overcome by the high level of commitment and the high dedication. Another obstacle is in order to creating an environment of engagement is rejecting that comes from some employees. That is because there are a few employees in their comfort area and do not want to move.

There are some factors that support employee engagement in retail risk group of Bank Mandiri (Persero) Tbk composed on individuals, managers, and executives. Individuals improve motivate to work better than before. The manager contributes to improving the performance of their subordinate. While the executive give such reward to best employees who help improve the performance of group.

The impact of employee engagement to improvement retail risk bank mandiri is quite large. Employee engagement contribute 66.3 percent to improved performance. The remaining 33.7 percent is the contribution of the other factors.

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