The Effect Of Work Environment, Bonuses And Organizational Trust On Employee Engagement In PT. Taspen (Persero)

PIRMA SIMBOLON, R. MADHAKOMALA, BUDI SANTOSO

Abstract: The purpose of this research aims to investigate the effect of work environment, bonuses, and organizational trust on employee engagement. This research was conducted at the headquarters of PT Taspen (Persero), in Jakarta, Indonesia. The data collection used sensus method with path analysis approach, by distributing questionnaires to 394 employees. All population within each work units became the respondents of this research without distinguishing their position levels. The research results show that: (i) the work environment has a direct positive effect on employee engagement; (ii) bonus have a direct positive effect on employee engagement; (iii) organizational trust has a direct positive effect on employee engagement; (iv) the work environment has a direct positive effect on organizational trust; and (v) production services have a direct positive effect on organizational trust; (vi) the work environment has an indirect positive effect on employee engagement mediating through organizational trust; (vii) bonus have an indirect positive effect on employee engagement mediating through organizational trust;

Index Terms: employee engagement, work environment, bonuses and organizational trust

1. INTRODUCTION
Employee engagement is an exciting topic researched by researchers or consultants as released by the Gallup Organization (2016) which puts Indonesia at the bottom of 5 (five) countries (Philippines, Thailand, Malaysia, Singapore and Indonesia) where the employee engagement of Indonesia is engaged 8% while the highest is owned by the Philippines 29% engaged. This matter indicates how crucial the problem of employee engagement in Indonesia including in PT Taspen (Persero) as a State-Owned Enterprises. Based on the preliminary survey that researchers conducted on 30 employees of PT Taspen (Persero), it found that welfare aspect 51.67% employees expressed lack of agreement (disagree and strongly disagree) not only the company have given good contribution to the employees but also the terms of a guarantee of a good future. In the aspect of information, there are 56.67% of employees who disagree and strongly disagree in terms of easiness to obtain information on the development of the company. Similarly, for the equality / fairness aspect, there are 59.97% of employees said that they disagree and strongly disagree in having equal opportunity with others for promotion and education. As for the involvement aspect, there are 58.3% of employees who disagree and strongly disagree in terms of knowing what they have to do and employee involvement helping others to complete the work. The results survey above parallels to the data of head office PT Taspen (Persero) employee absenteeism which showed improvement over the last three years, it showed the number of employees late in 2014 is 118 employee, it increased to 119 in 2015 and 121 in 2016. The Employees who leaves early in 2014 is 75 people than dropped to 59 in 2015 and increased again to 85 in 2016. The Employee who is not present without confirmation in 2014 is 25 employee rose to 55 people in 2015 and increased again to 89 in 2016. The employees who are absent without permitted in 2014 are 99. It increased to 149 in 2015 then increased again to 164 in 2016. The absent employees cause sickness in 2014 are 58 people. It fell slightly to 57 in 2015 than it increased sharply become185 people in 2015. Preliminary survey results and employee absenteeism data above reinforce the allegations of strong indications of problems in terms of employee engagement in organization. Therefore it is not only interesting but also important to be analyze because employee engagement variables can be an impact on decreasing individual performance and corporate performance, it has potentially high turnover employees, which ultimately affects the company's existence.

2. LITERATUR REVIEW
Basically, employee engagement is like as motivation but not a synonym. Employee engagement is directed to an entrenched intrinsic position, with a deep sense of commitment, pride, and loyalty that is not easily erased. While the motivation is influenced by external factors, especially certain expectations that will result in valuable awards such as giving bonuses and others (Marciano, 2010). Employee engagements are employees who are emotionally connected to their organizations and co-workers. Employees who feel attached to the company will work more enthusiastically and feel a deep connection to the company. It is characterized by the drive of innovation that moves the company into the future (Buckingham and Coffman, cited in Koscec, 2007).
Employee engagement can be personified by the spirit and energy of employee who give their best. They provide a sustained discretionary effort for the success of the organization in the future. The results of a person's engagement that can be identified to other parties outside the organization are customers and other stakeholders (Cook, 2008). A slightly different opinion about employee engagement that a bound employee does not depend on situations that stimulate satisfaction, but finds fulfillment of the happiness of their role in work (Calbonara, 2013). There are several things that can affect employee engagement such as work environment, organizational structure, organizational support, internal relationships, career development, job characteristics and organizational trust (Xin-yan and Jie, Cited in Liu, et.al, 2015). The pleasant working environment keeps an employee's lingering spirit at work. Conversely, if the work environment is uncomfortable for them, they tend to feel like quickly leaving their workplace (Owen, 1991), and (Greenberg & Baron, 1995) and ( Robbins, 2011). Other different opinion about the work environment who are trying to see the work environment from a human resource perspective where the quality of working life is human resource practice that more human-oriented which is seen as an asset (Newstrom and Davis, 2002). The quality of the work environment as a perfect quality by someone in the workplace (Schemerhon., et.al, 2010). Financial bonuses as part of total rewards can affect employee engagement (Callen and Robinsons, 2016). In Indonesia, almost all State-Owned Enterprises provide bonuses to their employees as an effort to increase employee engagement. Bonuses are an incentive payment given to employees for other basic wages (Snell and Bohlander, 2010). The reasons for giving bonuses to employees are based on achieving company goals and the contribution of everyone to those performances should be appreciated (Newstrom, 1993). The reason for giving bonuses to employees not only because of the achievement of corporate goals but also for the extraordinary performance generated by employees (Wirawan, 2015). Bonuses are Important given to employees because they can have a direct positive effect on organizational trust (Meriman., Et.al, 2016). Another aspect that contributes to employee engagement is the organization trust because without trust there is not possibility of harmonious relationship between the leadership and subordinates. Employees who have trust to the organization or the leadership or fellow employees generally generate a sense of joy in working because employees have positive expectations of others (McShane and Glinov, 2008) and (Robbins and Judge, 2011). There are two factors that influence the level of trust that are: (i) Trust based on personality, and (ii) consciousness based (Colquitt, LePine, and Wesson, 2008). Trust emerges as a reciprocal relationship between the intention and the real action of someone who puts trust in someone who is trusted, in other words trust is the only thing between words and deeds (Kreitner & Kinicki, 2010). Trust in the organization increases job satisfaction, commitment to the organization, the desire to take risks, accepts change and the desire to remain within the organization (Stahl and Stikkin, 2005). Employees who have confidence in the organization will have stronger employee engagement (Callen and Robinsons, 2016) and (LIU. et.all, 2015).

3. RESEARCH METHODOLOGY

This research was conducted at head office of PT Taspen (Persero), a State-Owned Enterprise engaged in social insurance, in Jakarta, Indonesia. This reserach conducted through census method with path analysis, which aims to find information linkages between research variables work environment \((X_1)\), bonus \((X_2)\), organizational trust \((Z)\), and employee engagement \((Y)\). The path analysis was used to determine the level of: (i) the effect of the work environment \((X_1)\) on employee engagement \((Y)\); (ii) the effect of bonuses \((X_2)\) on employee engagement \((Y)\); (iii) the effect of organizational trust \((Z)\) on employee engagement \((Y)\); (iv) the effect of work environment \((X_1)\) to organizational trust \((Z)\); (v) the effect of bonuses \((X_2)\) on organizational trust \((Z)\); (vi) the effect of work environment \((X_1)\) on employee engagement mediating through organizational trust \((Z)\) and (vii) the effect of bonuses \((X_2)\) on employee engagement \((Y)\) mediating through organizational trust \((Z)\). Data collection was conducted census to the population of 394 employees as respondents. However, only 320 or 81.2% of respondents returned the questionnaire. An experimental test was conducted on 30 respondents outside the research sample. The instrument test finds out what is valid and reliable. Validity test is done by Pearson Product Moment correlation formula where if the result of calculation of validity test have \(r_{\text{arithmetic}} \leq r_{\text{table}}\) at \(n = 30\) then stated valid. As for the reliability test using Alpha Cronbach formula, where if the calculated value of Alpha Cronbach \((r) > 0.80\) then the instrument is declared reliable.

4. RESEARCH HYPOTHESIS

Hypothesis proposed in this research are:

4.1 Work environment effects directly positive on employee engagement.
4.2 Bonuses effects directly positive on employee engagement.
4.3 Organizational trust effects directly positive on employee engagement.
4.4 Work environment effects directly positive on organizational trust.
4.5 Bonuses effects directly positive on organizational trust.
4.6 Work environment effects indirectly positive on employee engagement mediating through organizational trust.
4.7 organizational trust.
4.8 Bonuses effects indirectly positive on employee engagement mediating through organizational trust.

5. FINDING

5.1 Hypothesis Testing

The testing for hypothesis 1 to hypothesis 3, the researcher uses a structural model 1 whereas to test hypotheses 4 and 5 using structural model 2. Hypothesis testing 6 and 7 is counted by calculating indirect effect.

Structure 1:
Output SPSS calculation of Y regression over X1, X2 and Z for structure 1, can be presented in table 1 and table 2 below.
Table 1: Structure Hypothesis Test Results 1 Using SPSS 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>18.048</td>
<td>6.190</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work environment (X₁)</td>
<td>.359</td>
<td>.051</td>
<td>.347</td>
<td>7.016</td>
</tr>
<tr>
<td>Bonuses (X₂)</td>
<td>.305</td>
<td>.070</td>
<td>.253</td>
<td>4.330</td>
</tr>
<tr>
<td>Organizational trust (Z)</td>
<td>.153</td>
<td>.054</td>
<td>.164</td>
<td>2.821</td>
</tr>
</tbody>
</table>

a. Dependent variable: employee engagement

Table 2: Coefficient of R Square Determination For Structure 1

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.616*</td>
<td>.379</td>
<td>.374</td>
<td>9.928</td>
</tr>
</tbody>
</table>

a. predictors: (Constant), Organizational Trust (Z), work environment (X₁), Bonuses (X₂)

c. Hypothesis 3
Testing the hypothesis of the effects of organizational trust (Z) on employee engagement (Y).

H₀: β₁ ≤ 0
H₁: β₁ > 0

From table 1 above, obtained p₁ = 0.164 dan tₐₐₕᵣᵦᵣᵦic = 2.821 dan tₐₜₐₜₐₜₐₜₜₜₜₜₜ = 1.967 (α = 0.05, dk = n-k-1 = 320 – 3 – 1 = 316). Because tₐₐₕᵣᵦᵦᵦic > tₐₜₜₜₜₜₜ (2.821 > 1.967) then H₀ rejected. It can be concluded that there is a direct positive effect of organizational trust (Z) on employee engagement (Y).

b. Hypothesis 2
Testing the hypothesis of the effect of bonuses (X₂) on employee engagement (Y).

H₀: β₂ ≤ 0
H₁: β₂ > 0

From table 1 above, obtained p₂ = 0.253 and tₐₐₕᵣᵦᵦᵦic = 4.330 and tₐₜₜₜₜₜₜ = 1.967 (α = 0.05, dk = n-k-1 = 320 – 3 – 1 = 316). Because tₐₐₕᵣᵦᵦᵦic > tₜₜₜₜₜₜ (4.330 > 1.967) than H₀ rejected. It can be concluded that there is a direct effect of bonuses (X₂) on employee engagement (Y).

Table 3: Coefficient of R Square Determination For Structure 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>19.557</td>
<td>6.315</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work environment (X₁)</td>
<td>.182</td>
<td>.052</td>
<td>.165</td>
<td>3.509</td>
</tr>
<tr>
<td>Bonuses (X₂)</td>
<td>.724</td>
<td>.061</td>
<td>.561</td>
<td>11.942</td>
</tr>
</tbody>
</table>

a. Dependent variable: Organizational Trust (Z)

Table 4: Structural Hypothesis Test Results 2 Using SPSS 22

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.646*</td>
<td>.417</td>
<td>.413</td>
<td>10.280</td>
</tr>
</tbody>
</table>
a. predictors: (Constant), Bonuses ($X_2$), work environment ($X_3$),
d. Hypothesis 4
Testing hypothesis of the effects of work environment (X₁) on organizational trust (Z).

Hypothesis:
H₀: β₁ ≤ 0
H₁: β₁ > 0

From table 1 above, obtained p₁₁ = 0.165 and tₐₐithmetic = 3.509 and t₀table = 1.967 (α = 0.05, dk = n-k-1 = 320 – 3 – 1 = 316). Because tₐₐithmetic > t₀table (3.509 > 1.967) than H₀ rejected. It can be concluded that there is a positive direct effect of work environment (X₁) on organizational trust (Z).

e. Hypothesis 5
Testing the hypothesis of the effects of bonuses (X₂) on organizational trust (Z).

Hypothesis:
H₀: β₂ ≤ 0
H₁: β₂ > 0

From table 3 above is obtained p₂₂ = 0.561 and tₐₐithmetic = 11.942 dan t₀table = 1.967 (α = 0.05, dk = n-k-1 = 320 – 3 – 1 = 316). Because tₐₐithmetic > t₀table (11.942 > 1.967) than H₀ rejected. It can be concluded that there is a positive direct effect of bonuses (X₂) on organizational trust (Z).

From table 3 above is obtained p₁₂ = 0.561 dan tₐₐithmetic = 11.942 dan t₀table = 1.967 (α = 0.05, dk = n-k-1 = 320 – 3 – 1 = 316). Because tₐₐithmetic > t₀table (11.942 > 1.967) than H₀ rejected. It can be concluded that there is a direct positive effect of bonuses (X₂) on organizational trust (Z).

The result of calculation of path analysis as table 4 above shows that work environment (X₁) and bonuses (X₂) give positive effect on organizational trust (Z) as shown by coefficient of determination (R-Square) 0.417 or 41.7% . Thus the organizational trust (Z) is influenced by other factors than X₁ and X₂ which are called epsilon Ė₂ where Ė₂ = √ 1 - R² = √ 1 - 0.417 = 0.583 or 58.3%. This illustrates that there are still 58.3% other variables that allow for further investigation in the future as predictors of organizational trust. The structural model 1 and 2 above can be formed the model of the combined structural path diagram and the results of the calculation of the complete path analysis as in Figure 1 below.

Figure 1 Interventional Influence Model Based on Calculation Result of Structural Path Analysis 1 & 2.

The testing hypotheses 6 and 7 are done by calculating indirect effects of work environment variable (X₁) on employee engagement (Y) mediating through organizational trust (Z) and indirect effect bonuses (X₂) on employee engagement (Y) mediating through organizational trust (Z), as following.

f. Hypothesis 6:
The indirect effects of work environment (X₁) on employee engagement (Y) mediating through organizational trust (Z) is the result of the path coefficient (p₁₁) and (pyz) = (0.165) (0.164) = 0.027 or 2.7%.

g. Hypothesis 7:
The indirect effects of bonuses (X₂) on employee engagement (Y) mediating through organizational trust (Z) is the result of the path coefficient (p₂₂) and (pyz) = (0.561) (0.164) = 0.092 or 9.2%.

5.2 Discussion
One of the objectives of this study is to examine whether the work environment has an effect on employee engagement. Based on hypothesis test result that the effect of work environment (X₁) on employee engagement (Y) is 0.347 or 34.7%. Thus the hypothesis proposed in this study proved that the work environment has a direct positive effect on employee engagement. In other words better of the work environment will make employee engagement to be stronger. The results of this study are similar with research results that work environment have an effects on employee engagement (Owen, 1991) and (Greenberg & Baron, 1995) and (Kundu and Lata, 2017). Based on hypothesis testing that the direct effect of bonuses (X₁) on employee employee engagement (Y) is equal to 0.253 or 25.3%. This implies that employee engagement is affected by bonuses by 25.3%. Thus the hypothesis proposed in this study proved that the bonuses have a direct positive effect on employee engagement. Than the better payment policy of bonuses in organization will make employee engagement to be stronger. The results of this study are similar that the bonus as one of the compensation strategy directly affects on employee engagement (Zacher et.al, 2014). Based on the results of hypothesis testing that the direct effect of organizational trust (Z) on employee engagement (Y) is equal to 0.164 or 16.4%. In other words, employee engagement is affected by an organization’s trust of 16.4%. Thus the hypothesis proposed in this study proved that organizational trust directly positive effect on employee engagement. In other words, the higher organizational trust will make employee engagement to be stronger. The results
of this study were similar with the results of research who found that organizational trust had a direct positive effect on employee engagement (Hough., et.all, 2015). Based on the results of hypothesis testing the effect of work environment ($X_1$) on organizational trust ($Z$) is equal to 0.165 or 16.5%. In other words, organizational trust is influenced by the working environment of 16.5%. Thus, the hypothesis proposed in this study proved that the work environment has a direct positive effect on organizational trust. This means that the better the work environment in organization will make the organizational trust to be increased. The results of this study are similar to the results of research that the increase in organizational trust is as a result of the implementation of the work environment (Srivastava and Madan, 2017). Based on the result of hypothesis testing the effect of bonuses ($X_3$) on organizational trust ($Z$) is equal to 0.561 or 56.1%. In other words, organizational trust is influenced by the bonuses 56.1%. Thus the hypothesis proposed in this study proved that the bonuses has a direct positive effect on organizational trust. This implies that the better payment policy of bonuses in organization will organizational trust. The results of this study are supported by research results who found that the reward system as financial bonuses directly affect the performance and organization trust (Ledford Jr, 2014) and (Presbitero, 2017). Based on the calculation of indirect effect of work environment ($X_1$) on employee engagement ($Y$) mediating through organizational trust ($Z$) is equal to 0.027 or 2.7%. In other words, employee engagement is affected by the work environment mediating through organizational trust of 2.7%. Thus the proposed research hypothesis proved that the work environment has an effect on employee engagement mediating through organizational trust. This means that improving the work environment and organizational trust will strengthen employee engagement. The results of this study supported by research results which said that the work environment affects employee engagement through organizational trust (LIU., et.all, 2015). Based on the calculation of the indirect effect of bonuses ($X_3$) on employee engagement ($Y$) mediating through organizational trust ($Z$) is equal to 0.092 or 9.2%. In other words, employee engagement is influenced by bonuses mediating through organizational trust of 9.2%. Thus the proposed research hypothesis proved that the bonuses affects employee engagement through organizational trust. This means that increased payments for bonuses and organizational trust will strengthen employee engagement. The results of this study also supported by research results which said that the work environment affects employee engagement through organizational trust (LIU, et.all, 2015). The results of this study reinforce the fact that the increase of employee engagement in the environment of organization as a result of improved management of the work environment, bonuses and organizational trust. From the result of hypothesis test of this research, researcher get one finding which reveal that employee engagement can be influenced by more than one or several variables.

6. CONCLUSION

Based on the results of the research data analysis above can be drawn some conclusions, among others:

6.1 Work environment has a directly positive effects on employee engagement. This implies that the better of work environment is predicted to strengthen the employee engagement;

6.2 Bonuses have a directly positive effects on employee engagement. This implies that the better of policy in the payment of bonuses is predicted to be able to strengthen employee engagement;

6.3 Organizational trust has a directly positive effects on employee engagement. This implies that the higher level of organizational trust is predicted to strengthen employee engagement;

6.4 Work environment has a directly positive effects on organizational trust. This gives better meaning to the work environment condition is predicted to increase organizational trust;

6.5 Bonuses have a directly positive effects on organizational trust. This implies that the better of payment policy for bonuses is predicted to increase organizational trust;

6.6 Work environment have an indirect positive effects on employee engagement mediating through organizational trust. This means that improving the work environment through increasing organizational trust can further strengthen employee engagement;

6.7 Bonuses have an indirect positive effects on employee engagement mediating through organizational trust. This implies that by increasing the bonuses through increasing, the trust of the organization will be able to strengthen the employee engagement.

7. IMPLICATIONS

The results of research on employee engagement in organization gives the following implications:

7.1 Improving work environment will have an impact on increasing employee engagement in organization. Further efforts to improve the work environment can be done through improvement of physical facilities of the working environment;

7.2 Increased bonuses will strengthen employee engagement in organization. Further efforts to increase bonuses can be done by increasing the formula amount of bonuses factor;

7.3 Increased organizational trust will have an impact on strengthening employee engagement in organization. Furthermore, efforts to increase the trust of the organization can be done through improving the relationship between leaders to employees, the provision of feedback on employee completion, the opportunity to develop ideas through community forum employees, the existence of good coaching and the creation of communication relationships among employees;
8. SUGGESTION
Based on the conclusions and implications above, we can put forward some suggestions for the realization and strengthening employee engagement in organization, as follows:

8.1 The Leader of organization in formulating company policy related to work environment, in order to improve physical work environment such as workspace layout and work equipment as needed by employees, especially millenial generation employees;

8.2 The leaders of organization in taking a policy related to the payment of bonuses to consider improvements in the amount of bonuses receive each year to encourage employees to improve performance and willingness to provide the best for the company in the hope of increasing employee engagement.

8.3 The Leaders of organization, for an effort to increase organizational trust should provide wider opportunities for employees in self-development through formal education as well as practical training.

8.4 Researchers in the field of human resource management can conduct further studies on other variables that directly affect employee engagement.

REFERENCES


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