



## EFFECT OF WORK ENVIRONMENT AND EMPLOYEE ENGAGEMENT ON JOB PERFORMANCE OF PUBLIC RELATION STAFF IN LUXURY HOTELS IN JAKARTA

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### Abstract

The aim of this study is to examine the relationship between working environment and employee engagement toward job performance of the employees of public relation (PR) staff in five-star hotels in province of Jakarta, Indonesia. From a preliminary survey of 100 customers to measure customers' perceptions of the performance indicated that 34% of respondents rated the performance of those employees in the is still poor and needs to be improved. This research using structural equation modeling as an analysis tools. Observed variables are work environment (6 indicators) and employee engagement (34 indicators) as exogeneous variable and job performance (15 indicators) as endogenous variable. The structural model analysis that measure the effect of work environment on job performance showed t value and regression coefficient are 4.78 and 0.64 respectively. Analysis result of the effect of employee engagement on job performance, obtained t value and regression coefficient are 5.39 and 0.75 respectively. The R<sup>2</sup> value of 0.565 shows how work environment and employee engagement can play a positive and significant role together to improve job performance of PR staff of five stars hotels in province of Jakarta, Indonesia.

**Keywords:** public relation, working environment, employee engagement, job performance

### INTRODUCTION

Nowadays, the position of companies and activities of business is difficult because of dynamic and fast changing world (Pavelkova & Knapkova, 2005; Tannady, 2018). Employees' contributions are very important to the success of business organization (Acar & Acar, 2012). Human resources are central and important component within an organization (Rahayu, Rasid & Tannady, 2018). The higher performance of human resources will give

higher performance of the organization (Tannady & Sitorus, 2017). Therefore, it is important for every organization to be supported by employees who have good ability in work and contribute to the organization or company where he works (Tannady et al., 2017). Supportive and productive employee will give an impact over service and satisfaction quality, these factors are important indicators of organization's competitive level (Tannady et al., 2018). Unsupportive condition of the organizations makes the commitment to employees in the organization decrease (Rahayu, Rasid & Tannady, 2019).

Several researches reveal that there exists significant impact from work environment on job performance. Organization which have an adequate work environmental factors both

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physical and psychosocial will lead to increase job performance (Jayaweera, 2015). Some previous studies that discuss how work environment is proven to affect job performance in various industry sectors and organizations, such as hospitality and tourism (Pawirosumarto, Sarjana & Gunawan, 2017; Jayaweera, 2015), education sector (Khan et al., 2011) and financial industry (Samson & Waiganjo, 2015). A number of previous studies also discuss how employee engagement is proven to affect job performance of employees in various industry sectors and organizations, such as retail industry (Kazimoto, 2016), healthcare industry (Lowe, 2012), public sector organization (Sibanda, Muchena & Ncube, 2014), telecommunication industry (Kaliannan & Adjovu, 2015), hospitality industry (Kalia & Verma, 2017) and banking sector (Dajani, 2015).

The purpose of this study is to examine the factors that affect Job Performance of PR staff in five stars hotels in province of Jakarta, Indonesia based on a series of theories and descriptions of what factors affect job performance, the work environment and employee engagement were selected as a independent variable. The study examined the effect of both partially and simultaneously from 2 exogenous variables to the endogenous variable.

## LITERATURE REVIEW

### Work Environment

Working environment has several physical forms namely space, physical layout, noise, tools, materials and co-worker's relationship; the quality of all of those components has an important and positive impact on the quality of the work performance (Tyssen, 2005). Heizer & Render (2016) stated that work environment is the physical environment where it affects the employee performance, security and quality. Work environment provides security and allows employees to work optimally, it can influence the emotions of the employee. If the employee enjoys his working environment, he will enjoy his time in the workplace to do such activities, he will use his working time effectively and

optimally and his work performance will be high likewise. Besides the physical environment where employees work, work environment includes a working relationship between the fellow employees and the relationship between subordinates and its superiors. Working environment is a place to perform a job, and one of the ways to improve the quality of physical working environment is by implementing 5S method, namely: Seiri (sorting out); Seiton (systematic arrangement of neatness); Seiso (spicand span of cleaning); Seiketsu (standardizing); and Shitsuke (self-discipline) (Pawirosumarto et al., 2017).

### Employee Engagement

The verb 'to engage' has many meanings, varying from a straightforward emotional state of being 'in gear', that is being involved and committed, to another transactional state of working in return for a fair economic exchange at workplace (Tannady, 2018). Many researches indicate that employee engagement has positively related with customer satisfaction. Employee engagement as the involvement with and enthusiasm for work (Heintzman and Marson, 2005). Tannady et al. (2019) likens employee engagement to a positive employees' emotional attachment and employees' commitment. Robinson, Perryman & Hayday (2004) define employee engagement as "a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee. Dajani (2015) stated that Employee Engagement is conceptualized as the individual's investment of his complete self into a role.

### Job Performance

Job performance is one of the key indicators of productivity and profitability, job performance is prioritized by organizations to achieve organization goals. Job performance is

viewed as a measure of success of an employee in his or her employment (Hee & Kamaludin, 2016). Job performance indicates the actions specified and required by an employee's job description. It is also meant to be appraised and rewarded by the employing organization and thus contributes to the organization's excellent performance. In the organizational context, these sets of procedures make work behaviour predictable so that basic tasks can be accomplished to achieve the organization goals (Janssen & Van Yperen, 2004). Job performance is essential in achieving organization objectives in a way that is consistent and effective (Mehmet, 2013). Excellent job performance will decrease personnel costs, increase organizational profitability and build patient loyalty (Earls, 2004).

### Research Model

Depend on paradigm was stated in previous regarding inter-relationship between discussed variables, thus this research design a research model as Figure 1 below:

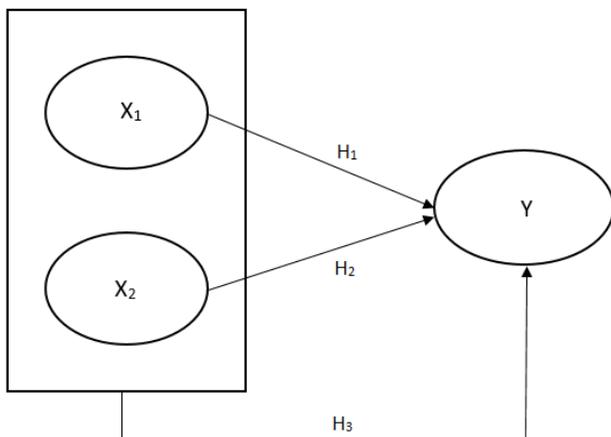


Figure 1. Research Model

Regarding to the model paradigm figure 1, the structural equation can be written as follows.  $Y = PYX_1 + PYX_2 + e$ , where, "X" is exogeneous variable, "Y" is endogenous variable, "P" is path coefficient value, and "e" is an error indicator (Hair.et.all, 2010). According to the phenomenon, theory and concept as references of this research and according to research path model, Hypotheses of the research are formulated in the following

manner: (H<sub>1</sub>) Work environment has an effect on job performance, (H<sub>2</sub>) Employee engagement has an effect on job performance, and (H<sub>3</sub>) Work environment and employee engagement has an influence toward job performance simultaneously.

### MATERIALS AND METHODS

This research employs analytical technique called as Structural Equation Modelling (SEM) which was originally established by Sewall Wright (Wright, 1921). This technique is aimed to analyze existence of effect among several factors under consideration on job performance. These causal variables consist of work environment (X<sub>1</sub>), employee engagement (X<sub>2</sub>) and job performance (Y). X<sub>1</sub> utilizes three dimensions (work facilities, relationship with colleagues and work atmosphere) and six indicators (WE1-WE6) (Pawirosumarto et al., 2017). X<sub>2</sub> utilizes five dimensions (leadership, organizational justice, compensation and benefits, work policies and procedures, and training and development) and thirty-four indicators (EE1-EE34) (Dajani, 2015). Y has seven dimensions (innovation and courage to take risks, paying attention to details, results orientation, employees' orientation, team orientation, aggressive, stability) and fifteen indicators (JP1-JP15) (Pawirosumarto et al., 2017). The population of this study is PR staff who working in five stars hotels in province of Jakarta, Indonesia. The sampling technique of this study was purposive sampling. Data sampling was determined by considering Hair method (Hair et al., 2010), thus the minimum sample size was 275 (5 times 55 indicators). Questionnaire is designed using interval or Likert measurement scale. This research instrument is tested by validity test, reliability test and is analyzed with SEM method divided into confirmatory factor analysis, structural model testing, and path diagram model analysis (Tannady et al., 2017). Test of data quality (validity test and reliability test) was applied in the first step of data processing and using 30 respondents. According Tannady and Sitorus (2017), by using Pearson correlation, if r statistics is larger than r table, it can be

concluded to be valid. A construct (variable) is reliable if the Cronbach Alpha > 0,6 (Tannady and Sitorus, 2017). A data meets multivariate normality assumption if the value of standard error does not exceed 2.58 (CR < 2.58) (Tannady and Sitorus, 2017).

## RESULTS AND DISCUSSIONS

This part explains the result of a series of tests consisting of validation test, reliability

test and analysis result from SEM. If  $r$  statistics  $\geq r$  table (two tail tests with  $\alpha = 0,05$ ), it means the instruments or variables of queries are significantly correlated with total score of variable (valid). With degree of freedom (df) =  $n - 2$  (score of  $r$  table: 0.361), validity and reliability test of each indicators result in the following Table 1.

Table 1. *Validity and Reliability Test Results*

Work Environment (Reliability : 0.723)		Employee Engagement (Reliability : 0.715)		Job Performance (Reliability : 0.812)	
Indicator	Validity Score	Indicator	Validity Score	Indicator	Validity Score
WE1	0.525	EE1	0.589	JP1	0.621
WE2	0.541	EE2	0.586	JP2	0.587
WE3	0.567	EE3	0.542	JP3	0.574
WE4	0.588	EE4	0.524	JP4	0.326
WE5	0.368	EE5	0.389	JP5	0.541
WE6	0.423	EE6	0.325	JP6	0.547
		EE7	0.326	JP7	0.503
		EE8	0.389	JP8	0.536
		EE9	0.405	JP9	0.314
		EE10	0.684	JP10	0.628
		EE11	0.715	JP11	0.570
		EE12	0.459	JP12	0.481
		EE13	0.586	JP13	0.415
		EE14	0.443	JP14	0.456
		EE15	0.389	JP15	0.426
		EE16	0.304		
		EE17	0.489		
		EE18	0.476		
		EE19	0.325		
		EE20	0.435		
		EE21	0.489		
		EE22	0.569		
		EE23	0.587		
		EE24	0.311		
		EE25	0.456		
		EE26	0.305		
		EE27	0.396		
		EE28	0.485		
		EE29	0.489		
		EE30	0.567		
		EE31	0.526		
		EE32	0.314		
		EE33	0.528		
		EE34	0.539		

The data processing using Lisrel begins with normality to decide whether the data is normally distributed. Hair et al. (2010) stated it is better for CR which is reflected in relative multivariate curtosis to have a value less than 2,58. In this way, we can conclude that the

data has met the multivariate normality assumption. From the information of table 2, the value of relative multivariate kurtosis is 1.087 (less than 2.58), so it can be assumed that variable indicators are all normally distributed. Six indicators of variable of

## Effect of Work Environment and Employee

employee engagement (EE3, EE11, EE17, EE23, EE28, EE30) and three indicators of variable of job performance (JP1, JP8, JP14) have

skewness score above 2.58. It was indicating that these indicators are all not normally distributed, see Table 2 below.

Table 2. *Normality Test Results*

Work Environment		Employee Engagement		Job Performance	
Indicator	Normality Score	Indicator	Normality Score	Indicator	Normality Score
WE1	2.12	EE1	1.84	JP1	2.68
WE2	1.58	EE2	1.78	JP2	1.43
WE3	1.79	EE3	2.91	JP3	-1.37
WE5	1.76	EE5	-1.76	JP5	1.09
WE6	2.09	EE8	-2.45	JP6	1.17
		EE9	1.29	JP7	1.67
		EE10	1.05	JP8	-2.98
		EE12	-1.18	JP10	-2.19
		EE13	-1.34	JP11	2.34
		EE14	2.41	JP12	-1.56
		EE15	2.34	JP13	2.45
		EE17	2.89	JP14	2.78
		EE18	2.32	JP15	1.35
		EE20	-2.11		
		EE21	1.87		
		EE22	1.16		
		EE23	-2.78		
		EE25	-1.82		
		EE27	2.01		
		EE28	-2.86		
		EE29	2.32		
		EE30	-2.79		
		EE31	-1.05		
		EE33	-1.28		
		EE34	1.98		

Relative Multivariate Kurtosis = 1.087

From the normality test in table 2 shows the value of Relative Multivariate Kurtosis 1.087 (value below 2.58), multivariate can be concluded that the indicator used has a normal distribution. Variable of employee engagement has five indicators which has Z score skewness above 2.58 so it can be stated not normally distributed so that it will be removed from

further analysis. In variable of job performance, there are three indicators which has Z score skewness above 2.58 so it can be stated not normally distributed. Based on the results of the analysis with the SEM model, results for CFA model of work environment and employee engagements in the following Table 3 below:

Table 3. *CFA Measurement Results of Work Environment*

No	Indicator	Estimation Coefficient (Standardized)	T-Value	Significance
1	Work Environment	0.64	4.78	Valid <sup>1</sup> , Significant <sup>2</sup>
2	Employee Engagement	0.75	5.39	Valid <sup>1</sup> , Significant <sup>2</sup>

NOTE : 1. Estimation Coefficient > 0.50 is categorized as Valid, 2. T value > 1.96 is categorized as Significant

After several test conducted for model measurement, the following step is to verify structural model. The next phase are model adequacy test and hypotheses testing or path coefficients' significance test. Relationship among constructs of the research in the model can be shown with causal relationship of related constructs. This type of test is aimed to test whether the model is finely adequate with empirical data (collected samples). The main and alternative hypotheses can be written as follows.  $H_0$ : there is no significant difference between sample covariance matrix and estimated population covariance matrix.  $H_1$ : there is a significant difference between sample covariance matrix and estimated population covariance matrix. The expectation of experiment in this test is to accept  $H_0$ . It means there is an adequacy between theoretical model with empirical data. The table below consists of information about goodness of fit test's results.

In this model, each latent variable is as a factor that underlies the observed variables involved. In this study using several criteria of goodness of fit index namely absolute fit measurement and incremental fit measurement. Absolute measurement is used to assess the overall suitability of the model. In this study used Chi Square, Probability, GFI and RMSEA statistics. While incremental fit measurement is the measurement used to compare the model produced with another model or base line model. Incremental fit measurement used AGFI, NFI, NNFI, CFI, IFI and RFI (Tannady and Sitorus, 2017) as can be seen in Table 4.

Table 4. *Goodness of fit Index of Modified Structural Model*

Parameters	Result	Criteria
$\chi^2 (P)$	245.31 (0.0000)	Good fit
GFI; RFI, NFI	0.835; 0.85; 0.843	Marginal fit
IFI; CFI; NNFI	0.927; 0.935; 0.921	Good fit
RMSEA	0.0775	Good fit
AGFI	0.76	Poor fit

According to the structural model analysis which testing the effect of work environment on job performance, obtained t value and regression coefficient are 4.78 and 0.64, respectively. The fact that t value > 1.96 and positive regression coefficient indicate the acceptance of the main hypothesis, then this test result show hypothesis 1 accepted. Analysis result of the effect of employee engagement on job performance, obtained t value and regression coefficient are 5.39 and 0.75, respectively, this test result show hypothesis 2 accepted. The  $R^2$  value of 0.565 shows how work environment and employee engagement can play a positive and significant role together to improve job performance of PR staff who working in five stars hotels in province of Jakarta, Indonesia.

## CONCLUSIONS

Partially and simultaneously all independent variables discussed in the study have a significant influence on the dependent variable, therefore it is advisable that the management of five stars hotels in province of Jakarta need to pay attention in making various policies regarding attributes of work environment, such as work facilities, relationship with colleagues and work atmosphere. The management also need to review several actions to elevate the attributes of employee engagement, such as leadership, organizational justice, compensation and benefits, work policies and procedures, and training and development. Suggestions for further research is development of other variables, by using other approaches, further research can use similar variables different objects, so that we can find new theory or concept.

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