

# The Influence of Psychological Capital and Organizational Change to Employee Performance with Organizational Commitment as Moderating Variable

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## **Abstract**

This study is aimed to analyze and describe the influence of psychological capital and organizational change to employee performance with organizational commitment conducted on Credit Center of a Banking Company in Semarang, Central Java, Indonesia. The population in this study is 275 employees. The sample 163 respondents is taken by using proportional stratified sampling technique with criteria permanent employees and having been working for at least 5 years. The result of hierarchical regression analysis shows that (1) psychological capital influences employee performance, (2) organizational change influences

employee performance, (3) organizational commitment is moderating variable for the influence of psychological capital to employee performance, and (4) organizational commitment is moderating variable for the influence of organizational change to employee performance.

**Keywords:** psychological capital, organizational change, employee performance and organizational commitment

## 1. Introduction

Every organization expects to have employees capable of showing good performance. Success of organization can be seen from its capability in managing human resources in order to perform the best. Good employee performance directly influences organizational performance. Good employee performance requires supervision, guidance, and job evaluation. Directed and systematic performance evaluation is an effort to improve both individual and organization performance.

In reaching success, an organization needs high dedicated and professional employees capable of giving valuable contribution. All levels of employee need supporting factors such as psychological capital, organizational change, and organizational commitment to improve performance. Good employee performance directly influences organizational performance. In order to improve employee performance, good human resources practice needs special attention and job evaluation on individual performance. The evaluation is beneficial for fixing employee performance and measuring employee's contribution to organization.

Mangkunegara (2009) stated that performance is both qualitative and quantitative result of individual work according to the task and responsibility given. Employee performance is directed to total organizational goals. It means that good individual performance builds good organizational performance. One of the factors influencing employee performance is psychological capital. According to Luthans, et.al (2007), psychological capital is positive individual psychological development characterized with self efficacy, optimism, hope and resilience in reaching success. The previous studies about the influence of psychological capital to employee performance conducted by Lestari & Himam (2012), Nugrahani (2014), Kurniawan, et.al. (2014), Andestiarilis, (2014), and Sukiman (2015) mentioned that psychological capital positively significantly influences employee performance. Different from the study by Barlian, (2014), it is stated that psychological capital does not influence employee performance.

Another factor influencing employee performance is organizational change. According to Robbins (2006), organizational change is planned organizational development for reaching organizational goal. The planned organizational change is aimed to (1) improvement of organizational ability to adapt to environmental change and (2) behavior change of employee to adapt to environmental change. According to Sopiah (2008), Organizational Development is a change process of specific variable system identified based on organizational diagnose. The change can be related to tasks, organizational strategic goal, control system, and attitude or interpersonal relationship. Organizational change is expected to improve individual and

organizational performance.

The previous studies on the influence of organizational change to employee performance have been conducted by Andestiariilis, (2014), Purbaningrum (2015), and Guterres, (2015) mentioning that organizational change positively significantly influences employee performance. While the study of Karlina (2011) concluded that organizational change does not influence employee performance. Beside psychological capital and organizational change, employee performance is also influenced by organizational commitment. According to Robbins (2006) organizational commitment is a status where an employee belongs to a particular organization and keeps his membership. Strong organizational commitment is shown by being involved in organizational activities. An employee having very strong commitment enables himself to struggle in facing challenge and pressure to reach the goal. While an employee having weak commitment considers that pressure and challenge are his heavy burden.

The previous studies on the influence of organizational commitment to performance have ever been conducted by Handayani, W (2008), Tobing DSKL (2009), Wenny, P (2011), Indrayani, M (2012), and Kurniawan, M (2013) mentioning that organizational commitment positively significantly influences performance. While the study of Setiyarti, M & Mulyanto (2013) concluded that organizational commitment does not influence performance. Based on the previous studies above, good psychological capital and right organizational change supported by high organizational commitment is able to create better performance. The background has inspired this study to test the influence of psychological capital and organizational change to employee performance with organizational commitment as moderating variable conducted on a Banking Company in Semarang, Central Java, Indonesia.

## **2. Hypothesis Development**

### *2.1 Performance*

Performance has been defined by several authors. For instance, Dessler (2000) stated that performance evaluation is conducted by giving feedback to an employee in order to motivate him in improving performance. It is also mentioned that there are three steps of performance evaluation such as (1) determining clear position for each employee with its standard achievement, (2) evaluating work result by comparing the final achievement to the standard, and (3) giving feed back to employee about the improvement of work effectiveness. Based on the concept of Dessler (2000), Mangkunegara (2009) defined performance as qualitative and quantitative work result gained by an employee based on his responsibility. The definition is chosen to be operational definition in this study.

### *2.2 Organizational Commitment*

Robbins (2006) defined organizational commitment as a stage where an employee is deeply involved and helpful for organization. While William & Hazer (2006) stated that organizational commitment is loyalty level of employee to organization. Based on theories above, it is concluded that organizational commitment is a set of positive attitude and behavior reinforcing one to another in order to reach organizational goal. Employee having

strong organizational commitment tends to be proud of organization, excited to reach good achievement, and helpful in reaching organizational goal. Meyer, et.al (1993) mentioned the dimensions of organizational commitment such as (1) Affective Commitment, it is diligence and pride in working for organization, (2) Continuance Commitment, it is consideration on gain and loss from working on organization to keep working, (3) Normative Commitment, it is loyalty to organization. Dimensions of Allan Meyer, et.al (1993) is chosen to be operational definition in this study.

### 2.3 Psychological Capital

According to Luthans, et.al (2007), psychological capital is positive individual psychological development characterized with self efficacy, optimism, hope and resilience in reaching success. Self efficacy is hard struggle in handling challenge. Optimism is success in the present and future. Hope is diligence and self control to achieve the goal. Resilience is ability to survive or tenacity in the middle of trouble. Based on the definition, it is concluded that psychological capital is positive individual psychological resources leading employee to success. The definition is used as operational definition in this study.

### 2.4 Organizational Change

According to Cuning & Worley (2009), organization development is a planned process of change in an organizational culture through the utilization of behavior, science technology, research, and theory. According to Robbins (2006), change is a process to turn something to be different. Planned organizational change is organizational development conducted purposely to achieve the goal. The aim of planned organizational change is improvement of organizational ability to adapt with environmental change and improvement of employee's behavior. Based on the definition, Sopiah (2008) defined Organizational change as a change process of specific variable system identified based on organizational diagnose having dimensions such as 1) Computer Technology, 2) Competition, and 3) Employee Behavior. The dimensions are used in this study. Based on the theories above, the relation among variables is illustrated into the following model,

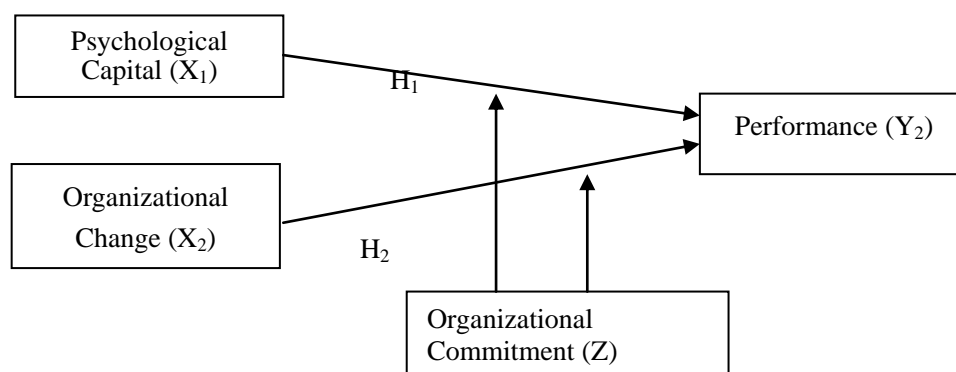


Figure 1

### 2.5 Influence of Psychological Capital to Employee Performance

Previous studies on the influence of psychological capital to employee performance have

been conducted by Lestari & Himam (2012), Nugrahani (2014), Kurniawan, et.al (2014), Andestiarilis (2014), and Sukiman (2015) showing that psychological capital positively significantly influences employee performance. Based on the result, hypothesis 1 is arranged:

H1 : Psychological capital positively influences employee performance

### *2.6 Influence of Organizational Change to Employee Performance*

Previous research on the influence of organizational change to employee performance has been proven by Andestiarilis (2014), Purbaningrum (2015), and Guterres (2015) mentioning that organizational change positively significantly influences employee performance. Based on the result, hypothesis 2 is arranged:

H<sub>2</sub> : Organizational change positively influences employee performance.

### *2.7 Organizational Commitment as Moderating Variable between Psychological Capital and Employee Performance*

The influence of psychological capital to performance can be strengthened or weakened by organizational commitment since it can be moderating variable. According to Robbins (2006), deep involvement of employee creates strong organizational commitment beneficial for organization. An employee having very strong commitment is able to struggle to face challenge and pressure. As the result, an employee having strong organizational commitment is needed by organization in reaching individual, group, and organizational goal. Based on the explanation, hypothesis 3 is arranged:

**H<sub>3</sub> : Organizational Commitment becomes moderating variable in the influence of psychological capital to employee performance.**

### *2.8 Organizational Commitment as Moderating Variable between Organizational Change and Employee Performance*

Organization development is a planned process of change in an organization's culture through the utilization of behavioral science technology, research, and theory (Cunning & Worley, 2010). Both individual and organizational performance become better when organizational change is aimed to improvement of organizational ability to adapt with environmental change and improvement of employee's behavior (Robbins, 2006). Strong organizational commitment enables employee to adjust his behavior in facing organizational change. Despite the rapid organizational change, an employee having strong organizational commitment is able to stand still with good performance. On the opposite, an employee having weak organizational commitment weakens the influence of organizational change to performance. Based on the explanation, hypothesis 4 is arranged:

H<sub>4</sub>: Organizational Commitment becomes moderating variable in the influence of Organizational Change to employee performance.

### 3. Research Method

#### 3.1 Population and Sample

The population in this study is 275 employees of a Banking Company in Semarang, Central Java, Indonesia. The sample 163 respondents is taken by using proportional stratified sampling technique with criteria permanent employees and having been working for at least 5 years (Kuncoro, A & Sutomo, Y, 2018).

#### 3.2 Conceptual and Operational Definition

Based on the theories and previous studies, conceptual and operational definition of variables in this study such as:

1. Psychological capital is positive individual psychological development characterized with hope, optimism, resilience, and self efficacy as the dimensions (Luthans, et.al, 2007). There are 19 indicators used in this study.
2. Organizational change is a change process of specific variable system identified based on organizational diagnose (Sopiah, 2008). The dimensions are Computer Technology, Competition, and Employee Behavior. There are eight indicators used in this study
3. Organizational Commitment is a stage where an employee is deeply involved and helpful for organization. Dimensions of organizational commitment are affective, continuance, and normative commitment (Meyer et.al, 1993 and Robbins, 2006). There are 14 indicators used in this study.
4. Performance is both qualitative and quantitative work result gained by an employee based on his responsibility (Mangkunegara, 2009). Dimensions of performance are work achievement, quantity, supervisory, discipline, and communication. There are 15 indicators used in this study.

#### 3.3 Validity Test

Validity test is conducted to find out if the indicators of questionnaire are valid or not. Validity test uses factor analysis. It is considered that the sample is adequate, if KMO value  $> 0.5$  and significance value  $< 0.05$ . While loading factor value  $> 0.5$  indicates that the indicators are valid (Ghozali, 2013). Based on Factor Analysis of this study, the sample is adequate and all indicators are valid as shown that loading factor value  $> 0.5$ .

#### 3.4 Reliability Test

An instrument is reliable if Alpha Cronbach value  $> 0.7$  (Ghozali, 2013). Based on reliability test conducted on this study, Alpha Cronbach value of all instruments  $> 0.7$ . It means that all variables of this study such as psychological capital, organizational change, organizational commitment, and employee performance are reliable.

#### 3.5 Regression Analysis

The result of model test and hypothesis test is shown in table 1.

Table 1. Result of Regression Analysis

No	Equation 1	Result of Test						
		Model Test			Hypothesis Test			
		R <sup>2</sup>	F	Sig.	B	t	Sig.	Remark
Model 1								
$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$								
1	Influence of psychological capital to performance	0.129	12.994	0.000	0.252	3.382	0.001	H <sub>1</sub> accepted
2	Influence of organizational change to performance				0.235	3.148	0.002	H <sub>2</sub> accepted
No	Equation II	Result of Test						
		Model Test			Hypothesis Test			
		R <sup>2</sup>	F	Sig.	B	t	Sig.	Remark
Model 2								
$Y = \alpha_2 + \beta_3 X_1 + \beta_4 X_2 + \beta_5 Z + \beta_6 (X_1.Z) + \beta_7 (X_2.Z) + e_2$								
1	Influence of interaction 1 (X1.Z) to performance				0.403	2.057	0.041	H <sub>3</sub> accepted
2	Influence of interaction 2 (X2.Z) to performance				1.119	21.275	0.000	H <sub>4</sub> accepted

Source: analyzed primary data, 2018

#### 4. Model Test

There are two types of model test conducted in this study such as Determination Coefficient test and F test. Determination Coefficient test shows the ability of independent variables in explaining dependent variable by considering adjusted R<sup>2</sup> value of multiple regression equation. While F test shows model fit by considering significance value of multiple regression equation. The result of model test shows that determination coefficient value (Adjusted R Square) is 0.129. It means that 12.9 % of employee performance is explained by psychological capital and organizational change.

The second type of model test is F test showing that F value is 12.994 with significance value  $0.000 < 0.05$ . It means that psychological capital and organizational change influence employee performance simultaneously. Thus, the model fit in this study is good.

##### 4.1 Hypothesis Test

Hypothesis test uses t test to prove the influence of independent variable to dependent variable partially with significance value below 0.05 (5%) as the criteria. Table 1 shows the result of hypothesis test such as:

1. Psychological capital influences employee performance positively significantly with regression coefficient 0.252 and significance value  $0.001 < 0.05$ . It means that hypothesis 1 is proven.
2. Organizational change influences employee performance positively significantly with regression coefficient 0.235 and significance value  $0.002 < 0.05$ . It means that hypothesis 2 is proven.



3. Based on hierarchical regression analysis with interaction model, hypothesis 3 is proven with. Regression coefficient of the first interaction is 0.403 and significance value  $0.041 < 0.05$ . It means that organizational commitment becomes moderating variable for the influence of psychological capital to employee performance.
4. Regression coefficient of the second interaction is 1.119 and significance value  $0.000 < 0.05$ . Therefore, hypothesis 4 is proven. It means that organizational commitment becomes moderating variable for the influence of organizational change to employee performance.

#### *4.2 Discussion*

Hypothesis 1 has proven that psychological capital positively significantly influences employee performance. The result supports the previous studies conducted by Lestari & Himam (2012), Nugrahani (2014), Kurniawan, et al. (2014), Andestiarilis (2014), and Sukiman (2015). Hypothesis 1 also supports a theory that psychological capital is characterized with self efficacy, optimism, hope and resilience of employee to gain success (Luthans, et.al, 2007). Hypothesis 2 has proven that organizational change positively significantly influences employee performance. The result supports the previous studies conducted by Andestiarilis, NH (2014), Purbaningrum (2015), and Guterres, MF (2015). Organizational change is planned for several particular purposes such as (1) improvement of organizational ability in adapting with environmental change and (2) change of employee's behavior (Robbins, 2006). Organizational change is expected to improve employee performance. Hypothesis 3 has proven that organizational commitment becomes moderating variable for the influence of psychological capital to employee performance. Organizational Commitment refers to deep involvement of employee in working hard to face challenge and work pressure. On the other hand, an employee having weak organizational commitment considers that challenge and pressure are his burden. Employee having good psychological capital supported by strong organizational commitment is able to have good performance. Thus, organizational commitment strengthens the influence of psychological capital to employee performance. Hypothesis 4 has proven that organizational commitment becomes moderating variable for the influence of organizational change to employee performance. Organizational commitment is attitude and behavior of employee in form of pride and alignment with organization. Organizational commitment is also loyalty of employee to organization creating sense of belonging. Strong organizational commitment has no resistance to organizational change. As the result, employee supports organizational change aimed to improve performance. Thus, organizational commitment strengthens the influence of organizational change to employee performance.

The acceptance of hypothesis 3 and 4 mentioning that organizational commitment becomes moderating variable for the influence of psychological capital and organizational change to employee performance has been an important finding for future research. The next study may use organizational commitment as moderating variable with work satisfaction as dependent variable.



## 5. Conclusion

This study has proven important findings such as (1) Psychological capital positively significantly influences employee performance. It means that good psychological capital drives employee performance; (2) Organizational change positively significantly influences employee performance. It means that acceptable planned organizational change is able to improve employee performance; (3) Organizational commitment becomes moderating variable strengthening the influence of psychological capital to employee performance. It means that good psychological capital supported by strong organizational commitment is able to improve employee performance; and (4) Organizational commitment becomes moderating variable strengthening the influence of organizational change to employee performance. It means that acceptable planned organizational change supported by strong organizational commitment is effective to stimulate better performance.

## 6. Suggestion

Based on the result of this study, there are managerial and academic suggestions such as (1) Manager needs to pay attention to the improvement of organizational commitment in order to achieve good individual, group, and organizational performance conducted by training, involving, motivating, and giving opportunity to employees; and (2) the future study needs to use organizational commitment as moderating variable to strengthen the influence of predictor such as personality, competence, and leadership style in improving performance.

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