EMPLOYEE EMPOWERMENT ON ORGANIZATIONAL COMMITMENT IN BANK INDONESIA REPRESENTATIVE IN NORTH SULAWESI

by:
Intan Magdalena Hutagaol

1Faculty of Economics and Business
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
e-mail: intan_hutagaol@ymail.com

ABSTRACT

Employee empowerment is the most promising concept related with human resources condition nowadays that demanded qualified and competent people. By having empowerment strategy, employees in middle level management are given extra responsibility and authority on their own job without pressure from top level management in order to increase their commitment towards organization. The objective of this study is to analyze the impact of employee empowerment on organizational commitment in Bank Indonesia Representatives in North Sulawesi. The method used in this research is descriptive with qualitative approach. The sample of this research is employees in middle level management who empower and be empowered as many as 8 informants using purposive sampling technique. The results based on data collection method processed using the In-Depth Interview. In the findings, there is significant impact of employee empowerment on organizational commitment, especially in normative dimension. It is because the implemented empowerment strategy such as training, education, motivation and reward system at Bank Indonesia require employee to increase their sense of self-determination and self-efficacy to be responsible toward assigned task. This research suggests to Bank Indonesia Representatives in North Sulawesi to maintain the empowerment strategy and to increase the affective commitment of employee on institution.

Keywords: human resources, empowerment, commitment

INTRODUCTION

Research Background

Nowadays tightness of competition in this globalization era, many organizations start to improve and maximize their ability to compete globally. The current condition requires organizations to have qualified human resources. In many organizations especially in bank, employees play an important role. That is why employees are valuable asset, especially qualified and competent employees because they can help banks to achieve the main goal and support the execution of task with their capability to compete also to catch up with bank management expectation. In order to get success, adapt with changes environment and achieve the main goal, bank management can create the dedicated and committed even qualified employees through empowerment strategy.

In globalization era that is filled with alterations, employee empowerment is necessary to be implemented in organizations or banks so that the employee can get authority to make responsible decision and respond every changes that happen in their work environment as quickly as possible without waiting for instruction from management to avoid a waste of time and opportunity (Ongori, 2009). This strategy can increase the commitment of employees toward organization that is where the employee has found its identity in a particular organization (Chegini and Kheradman, 2013).
Bank Indonesia management sees that empowerment is important to conduct in order to achieve the vision and mission in process of task execution in the field of economy and monetary, to encourage employee to work in accordance with the value of Bank Indonesia which are trust and integrity, professionalism, excellence, public interest, coordination and teamwork also empowerment is one of strategy to improve commitment toward institution.

**Research Objective**

The research objective of this research is to analyze the impact of employee empowerment on organizational commitment in Bank Indonesia region of North Sulawesi.

**THEORETICAL FRAMEWORK**

**Human Resources Management**

Human resources are the important factor within organization to create competitive advantage. Armstrong (2006:3) defined human resources management is a strategic and coherent approach to the management of an organization’s most valued assets.

**Employee Empowerment**

Employee empowerment is one of latest topic in human resources management discussed most often. Empowerment is the process of enabling workers to set their own work-related goals, make decisions and solve problems within their spheres of responsibility and authority. Empowering includes delegating and providing more autonomy and discretion to subordinate than exists at the moment (Littrell, 2007).


**Organizational Commitment**

Commitment is one of the factors of human resources management policy for an effective organization. Allen and Meyer (1997) divide organizational commitment into three dimensions: (1) Affective commitment is an emotional attachment to an organization. Employees of an organization with a strong sense of affective commitment to the employing organization will remain a member of that organization because they want to. (2) Continuance commitment is an attachment to an organization based on an employee`s awareness of the costs associated with discontinuing membership. Employees of an organization with a strong sense of continuance commitment to the employing organization will remain a member of that organization because they need to. (3) Normative commitment is an attachment to an organization based on an ethical imperative that an employee feels it is the right thing to do. Employees of an organization with a strong sense of normative commitment to the employing organization will remain a member of that organization because they ought to.

**Previous Researchers**

Chegini and Kheradman (2013) stated that with increasing employee empowerment would be expected to increase the individual organizational commitment. They suggested that to increase organizational commitment, employee empowerment variables should be considered. Create a sense of competence in staff, job meaningful by employees, sense of impact in staff and choice in employees are factors that should be considered by the directors to increase employee empowerment.
Borghei et al (2010) stated that there are relationships between 4 dimensions of empowerment and trust and organizational commitment. Finally, the dimensions of empowerment and commitment are ranked by Freedman test of which competence and normative commitment obtain the highest rank.

![Conceptual Framework](Figure 1. Conceptual Framework
Source: Theoretical Review)

**Type of Research**

This research uses qualitative research methods that will describe and investigate the phenomenon that happened related with the title and purposes of the research that is the Impact of Employee Empowerment on Organizational Commitment in Bank Indonesia Representative in North Sulawesi.

**Place and Time of Research**

This research object is Bank Indonesia Representative in North Sulawesi located at JL. 17 Agustus No. 56, Manado. The research is conducted on September 8-11, 2014.

**Sample**

The sample of the interviewee will be selected using purposive sampling method. Creswell (2007:125) stated that the purposive sampling method allows the researcher to select the specific individual and groups who are capable to purposefully inform about the phenomenon and can give an understanding about the research problems.

**Data Collection Method**

This research used primary data which is obtained from in-depth interview as the data collection method to get the data from the participants. In-depth interviews are interviews in which participants are encouraged and prompted to talk in depth about the topic under investigation without the researcher’s use of predetermined, focused, short-answer questions (Given, 2008:422). The informants in this study are as much as 8 informants, which consist of the managers and the assistant managers who have been participating to empower and to be empowered.

In-depth interviews are often referred to as semi structured interviews because the researcher retains some control over the direction and content to be discussed, yet participants are free to elaborate or take the interview in new but related directions. The other data is from some of resources such as journals, books, relevant literature from library, internet, etc.

**Operational Definition**

Operational definition is a certain explanation about some issues that measured by certain terms, in this research by Bank Indonesia Representative in North Sulawesi itself.

1. Employee empowerment can be described as contribution between management and employees, where employees especially in middle level management are given job autonomy in scope of work units to help management achieve the goals and management provides reward to encourage empowered employee.
2. Organizational commitment is an employee’s attachment to contribute in every activities of organization, to give the best effort in helping organization achieve the goals and also to keep the image of organization itself.

Data Analysis Method

This research uses descriptive method with qualitative approach. Hencock (2009:9) defined the qualitative research as the attempts to broaden and/or deepen our understanding of how things came to be the way they are in our social world. Yin (2003) stated that, with descriptive research the researcher allows to describe an intervention or phenomenon and the real-life context in which it occurs.

Data Analysis Process

This research used a description analysis tool. In descriptive analysis, the data will organize through interview with the help of tools like recorders. After that, the data will be transcript from the recorded data to written data. The next step is data reduction, where the researcher will do the selection of data and make the classification which data is not significant and which data that are significant to support this research. The selected data can be processes to the next step in the presentation of the data and then taken the withdrawal of conclusion.

Validity and Reliability

Yin (2003) stated that generally there are four types of validity in descriptive-case study research:
1. Construct validity – identifying correct operational measures for the concepts being studied.
2. Internal validity – does your concept map work the way you predicted.
3. External validity – does your study add to the theoretical understanding of the concepts.
4. Reliability – demonstrating that the operations of the study can be repeated with the same results.

RESULTS AND DISCUSSION

Results

Informant 1, has been working at Bank Indonesia for 30 years. He stated that process of employee empowerment in Bank Indonesia starts when the employee is appointed as a permanent employee and placed in their respective work units. Management distributes Standard Operating Procedure (SOP) to the employees especially the manager and assistant manager in running his duties and responsibilities. The employees are given full of freedom and authority in performing their duties in the corridor of the SOP. The manager empowers the assistant manager in accordance with the job description as well as leader empowers managers. There is always a room for discussion and deliberation, given access to clear and full information such as access to information on the reward that will be given if the work performed and the outcomes are satisfactory. Surely leader must also do the controlling functions. With the SOP, both the manager and assistant manager are involved in decision making that having a low level of risk in each work unit. Empowerment is done continuously in terms of providing guidance, motivation and support. This increases the sense of responsibility of the employee to perform tasks that can provide good results. He also stated the impact of employee empowerment that held in Bank Indonesia would increase the employee's commitment to the institution. With the continuous empowerment, the obligation to help run and execute the task of Bank Indonesia is getting higher.

Informant 2, has been working at Bank Indonesia for 27 years. She stated that empowerment process will be easy to do if the employees are competent. Each employee is given SOP or in other words they are given full access to information in Bank Indonesia such as knowledge about how to run the required tasks. The manager gives the freedom to the assistant manager to explore and be creative in their duties in accordance with the SOP. But the manager also runs the controlling function. Because Bank Indonesia has level of hierarchy, empowerment is also carried out in accordance with those levels. Empowerment must be done continuously in
order to facilitate good communication between employer and employee, increase the confidence among employees, and train employees to take bold decisions even with low risk. Employees who have superior competence is easy to be empowered because they have high confidence, able to quickly absorb both the education and training provided by the Bank Indonesia management, as well as increasing a sense of responsibility to perform their duties and obligations. When performance shows good results, Bank Indonesia gives rewards based on end of year assessment. She concluded the impact of empowerment on organizational commitment received by employee can be very good. They are passionate and sincere in carrying out the duties and obligations imposed by upholding the values applied by Bank Indonesia and they want to continue to be challenged with new things.

**Informant 3**, has been working at Bank Indonesia for 23 years. He concluded that the tight employee selection process conducted by Bank Indonesia can provide competent employees which will help the empowerment process is easy to do because the competent employees will more quickly grasp and understand their duties and responsibilities within the organization. Once appointed as an employee, training and education are given as well as placement in the central office and representative office. Bank Indonesia Management gives Standard Operating Procedure (SOP) or guidance in the form of duties and obligations to be performed by the employees as well as access to information completely. Empowerment of employee especially the assistant manager held by the manager, remains constrained by the authority of top management and follows the rules of the game means that managers need to do controlling function. Empowered employee can make decisions with the lower level of risk, and they are given wider opportunity to explore and be creative in doing their job, but of course still within the scope of SOP, respectively. This empowerment can increase the sense of trust among employees. For empowered employees can also increase their sense of responsibility towards the assigned task, improve the quality and skill as well as courage to further explore and be creative on their tasks without having to wait direction from the manager or leader in accordance with the SOP. The reward system can also motivate them to show their best abilities and also create a sense of justice among employees. Competencies and skills of Bank Indonesia employees are very good. They assist the implementation process of Bank Indonesia tasks and show their responsiveness when providing ideas or suggestions in the discussion. Barriers experienced in the process of employees empowerment is the employees themselves. There may be a sense of boredom they experienced with routine work. For that reason, Bank Indonesia holds a refreshing event every year in the hope of helping to balance between work and entertainment. He stated the impact of employee empowerment can increase their commitment to the institution of Bank Indonesia because commitment is also part of the duties of employees, which is a commitment to provide the best for BI institutions. Thus, employee empowerment goes hand in hand with their commitment to the organization and this commitment also goes hand in hand with employee satisfaction.

**Informant 4**, has been working at Bank Indonesia for 33 years. She stated that to improve the employees’ competence and skills, every year trainings and provision of knowledge are continuously held in accordance with the needs of the employee. Because Bank Indonesia always develops new systems, the employees must have ability to adapt with the development of the system. She also stated with given full access to information, freedom to explore and the authority given to the employees to work in accordance with the SOP would certainly increase the sense of responsibility and meaningfulness of the duties and obligations imposed. Communication that exists between employer and employee are very good, managers always give motivation and support to employees especially to assistant manager. There is always an open space of discussions and deliberations with the assistant manager where they can propose ideas or suggestions that can be used when they want to make a decision. It creates a feeling of trust between the employees and the leaders. The existence of the application of reward and punishment can provide its own motivation to every employee. Every year refreshing is held to increase the cohesiveness and teamwork as well as to increase the value that is applied in Bank Indonesia. With this refreshing, employees feel appreciated. Thus, the existing system in the Bank Indonesia not only provides benefits for the institutions but also for the employees. Because Bank Indonesia is a state institution, the employees work earnestly to help the institution achieve the vision-mission. As time goes by, with the employee empowerment, impact on organizational commitment is more increasing in terms of more responsible in performing duties and over time has formed an emotional attachment and made employees want to continue working in this institution.
Informant 5, has been working at Bank Indonesia for 31 years. He stated that employee at Bank Indonesia in carrying out his duties and obligations is given SOP. So, the process of employee empowerment runs in accordance with the SOP. The employees are given full access to information as well as certain powers in the line of duty. Freedom to explore in duties is given to employees as long as it is based on SOP. This increases the sense of ownership of the work and a sense of trust among employees and supervisors. There are many kinds of empowerment strategies conducted at Bank Indonesia, for example training and knowledge that is held continuously to improve the skills and competencies of employees in adapting to the changing environment and work systems. To create a sense of fairness among employees, Bank Indonesia enforces the principle of reward and punishment. Barrier of employee empowerment is the employees themselves, like the feeling of tired or bored. For that BI held refreshing each year to provide entertainment to all employees. He also stated the impact of employee empowerment on commitment to the Bank Indonesia institution is very good. Since appointed as new employee, the employees themselves had instilled a commitment to the Bank Indonesia institution and over time with continuous empowerment, commitment to this institution is increasing and creating an emotional attachment to stay in this institution.

Informant 6, has been working at Bank Indonesia for 9 years. She stated that employee empowerment at Bank Indonesia cannot be separated from training and education. The employees are given training and knowledge continuously not only about technical or hard skill but soft skill as well. The employees often communicate with manager about task or job description. Employees are given freedom in performing the work in accordance with SOP and it increases sense of responsibility toward jobs. The assistant manager are given opportunity to provide ideas and suggestion related with tasks. With SOP, it also can increase the sense of trust between employee and leader/manager. At Bank Indonesia, principle of reward and punishment is applied as benchmark to assess performance of employee. Since each employee already has a job description and has been empowered, we committed to carrying out job duties with earnestly. She concluded that employee has an obligation to work better in order to achieve the vision and mission of the institution of Bank Indonesia. With the salary earned in a timely and never too late also with earned reward, it is unfortunate if the employees do not work as well as possible.

Informant 7, has been working at Bank Indonesia for 5 years. She stated that employee began empowered after appointed as employee and being placed in the office or work units respectively. Each employee is given full access to information to perform the task, the assistant manager also often makes own decisions regarding the duties and responsibilities that fit in the corridor SOP. Communication with senior employees and both fellow managers and assistant managers is conducted intensively. With a system of education and excellent training, employee empowerment will be easier to do. The employees feel more empowered and have the authority with SOP. With this authority, trained employees dare in taking the initiative or decisions relating to the tasks according to SOP. It also increases their sense of responsibility to complete the task. Especially with the lack of employees, the employees have significant and crucial role to complete the tasks in each working unit. Bank Indonesia applies the principle of reward and punishment. She also stated that the beginning when employees are appointed and sworn in, the commitment has to be attached. Commitment should be given to the state because Bank Indonesia is a state institution. Employees have obligation to work together with Bank Indonesia to achieve the vision and mission. With the training and given autonomy, greater responsibility and commitment to the Bank Indonesia institution increased.

Informant 8, has been working at Bank Indonesia for 1 year and 5 months. He stated that the process of empowerment begins when being appointed as an employee. Long time ago, Bank Indonesia had a strong bureaucracy, but now Bank Indonesia has begun to be an open institution. The manager opens the discussion space so that the assistant manager can give you ideas and proposed actions as well as not hesitate to ask about the tasks that are poorly understood. The manager gives good response, two-way communication goes smoothly. The assistant managers are given the freedom and authority in carrying out their duties without the pressure of the leader in accordance with the SOP. By granting this freedom and authority, indirectly our sense of responsibility is increasing. With the high expectation from manager, increases our confidence that we are able to run the required tasks. They as assistant manager perform our duties with full sincerity in accordance with SOP. With the lack of personnel, they have significant and important role in helping managers complete the tasks assigned to each unit. Of course, our sense of responsibility also increased along with the increasing
workload. As a new employee, a sense of trust to fellow employees and the employer is not maximized. So is the distribution of rewards, the young employees feel like they get the different reward with the senior employees, however he feel the rewards are currently obtained still matching with his performance. The impact of employee empowerment is more increasing the commitment of employees to the Bank Indonesia institution. With the clear SOP, comfortable in the job, smooth communication and a good salary, a commitment that should be mandatory duties in order to achieve the vision and mission of the institution also increasing and certainly employees want to stay in the institution to give the best for Bank Indonesia institution.

Discussion

Process of employee empowerment at Bank Indonesia mostly occur in middle level management and easy to do toward competent employees. The employees are given training for hard and soft skill as well as education like knowledge by Bank Indonesia management. The employee empowerment is done continuously for each employee so he or she capable to adapt with system changing at Bank Indonesia and manager also can help the assistant manager in motivating and supporting. This adequate and constant training as well as education are really crucial in order to support empowerment process. This perspective supported by Randolph (2003) in Dizgah et al. (2011) that believes people should be helpful with knowledge and internal motivation. Also Yoon (2001) and House (1988) stated that in empowerment an individual requires enough training, and empowerment could be achieved through training programs. After being placed in each work units, management of Bank Indonesia gives Standard Operating Procedure (SOP) which is a guidance about task and authority that should be done by employees as well as access toward information related with Bank Indonesia tasks as stated by Yoon (2001) individuals require credit and information in order that they can be responsible for the decisions they have made.

The interview result shows the employees are given freedom in doing their job to explore and be creative without having pressure as well as given job autonomy like work locus of control and make their own decision in accordance with SOP. This result supported by Kouzes and Posner (1988) and Littrell (2007) stated that empowerment enables workers to set their own work-related goals and control over some or all aspects of the task, make decisions and solve problems within their spheres of responsibility and authority. Process of Employee Empowerment at Bank Indonesia appointed to level of hierarchy but not bureaucracy. Manager empowers the assistant manager and manager empowered by leader. This supported by Block (1987) stated that giving employees autonomy from bureaucratic constraints is a part of empowerment strategies.

The empowerment strategy causes self-determination of employees in terms of their sense of responsibility is increasing to complete the tasks in accordance with SOP because of given autonomy and authority. This also increase the sense of trust between fellow employee and toward manager especially for senior employees. Competency that the employee owned in terms of knowledge, hard and soft skill make them confident to carry out the task or in other words improving their self efficacy. They are really responsive in finishing assigned task, they put extra effort in working that showed their task is meaningful to them. They also feel important because they are often involved in discussion to propose ideas and suggestions to manager. This indicated that Bank Indonesia starts to be more open and avoid the bureaucracy atmosphere. The manager and assistant manager also have important and significant role in their work units because sometimes they need to do another task as the consequence of the lack of employees. This supports the theory provided by Thomas and Velthouse (1990) about psychological empowerment that consists of four dimensions which are self determination, competency, meaningfulness, and impact. Later, they added dimension of trust.

Every year the employees are given assessment about their performance and also as strategy to support empowerment process transframed into reward form like Oldham (1976) suggested performance-based reward systems as one of way to empower employee. With given reward, they feel empowered because their effort and performance are recognized. To decrease the sense of boredom and saturation that sometimes become barriers to empower employee, management of Bank Indonesia held refreshing or gathering each year hoping it can give benefit to increase their satisfaction and performance in working. Because in the research pointed out by Doughty (2004), there is a positive link between empowerment, satisfaction also performance. It means, when they have a great performance, empowerment will be easier to do and when empowerment is done successfully
they will feel satisfaction and can help to increase their commitment toward Bank Indonesia institution. Hence, the implementation of empowerment at Bank Indonesia is excellent.

Commitment to the Bank Indonesia institution has been implanted when appointed as employees that their work here is not for management but for the state. This refers to the normative commitment which is one of the three commitment dimensions by Allen and Meyer (1997). When employees are empowered continuously, their normative commitment will increase. Employee with strong of normative commitment will remain a member of that organization because they ought to. They have to help and participate in process of implementation of Bank Indonesia task to achieve vision and mission in accordance with value embedded by Bank Indonesia. Although in interview result all employees pointed out normative commitment, but there are two employees that mentioned they are happy with the good and on time salary. This refers to continuance commitment dimension. Those who have strong continuance commitment will remain members of that organization because they need to. There are some of senior employees also that stated that they have already attached emotionally with the institution and they want to stay in there. This refers to affective commitment dimension that they will remain members of that organization because they want to. This supported by Ugboro (2006), Borghei et al. (2010) and Chegini and Kheradmand (2013) that stated “with increasing employee empowerment would be expected to increase the individual organizational commitment”.

The result discussed above shows there are several points that can be concluded from the research about the process of empowerment which are employee empowerment process begins with the provision of training, education, motivation and support continuously carried out, employees are given the Standard Operating Procedure (SOP) and access to information in performing tasks, employees are also given job-autonomy and employees feel empowered in psychological way. Management of Bank Indonesia gives reward and holds refreshing to employee in order to support and facilitate empowerment strategy.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

There are several results based on question of research problem:

1. Employee empowerment at Bank Indonesia has a significant impact on three dimensions of organizational commitment. And the dimension that has the most influential impact is normative commitment. This is indicated by the increasing sense of responsibility and obligation of employees to complete the tasks as well as possible in order to achieve the goals.
2. There are several empowered employees willing to stay in the institution because of their affective and continuance commitment.

Recommendations

There are several recommendations suggested to the institution:

1. The empowerment strategy causes employee should be more responsible. Therefore, continuous training and education should be an inseparable part from empowerment process. Based on that reason, to maintain empowerment strategy, leader and manager should improve the existence of open atmosphere toward assistant of managers which always allows them to develop or upgrade themselves and more participate in the work.
2. Management of Bank Indonesia should more concern towards employees’ feel with continuously give motivation and support in order to increase employee commitment to the institution especially in dimension of affective commitment.
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