

# The Influence of Employee Participation and Employee Readiness to Employee Commitments against Corporate Strategy (Spin off) Through Organizational Support as a Moderating Variable on BPD Banks

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## ABSTRACT

PT. Bank of North Sumatra is the North Sumatra Regional Development Bank owned by the Government of North Sumatra Province together with the City / Regency Government. PT. Bank of North Sumatra was first established in Medan, North Sumatra under the name "PT. North Sumatra Regional Development Bank ". As its development there is a decrease in employee commitment due to concerns about organizational support caused by organizational changes related to spin off. The purpose of this study was to determine and analyze the effect of employee participation and employee readiness on employee commitment to facing corporate strategy (spin off) through organizational support as a moderating variable. This type of research is descriptive with a quantitative approach. The population of the study was 251 employees. Sampling using simple random sampling technique as many as 154 respondents. Data analysis uses moderation regression analysis. The results showed that the variables of employee participation and employee readiness had a positive and significant effect on employee commitment through organizational support as a moderating variable.

**Keywords:** Employee Participation, Employee Readiness, Organizational Support, Employee Commitment.

## INTRODUCTION

Discussion about changes in the organizational field is not something new. Lewin's ideas in Robbins and Judge (2017) describe a model that states that successful changes in organizations will follow 3 (three) steps, namely unfreezing (diluting the status quo), movement (moving in the desired direction) and refreezing (freezing again). Changes in various aspects of the organization's environment, such as social, political changes, changes in world economic order, to technological changes apparently take their respective roles in influencing changes in an organization (Cummings & Worley, 2013).

Maheswari & Vohra (2015) suggested that organizational change is something important so that organizations can continuously adapt through organizational strategies and policies and practices that align with the demands of environmental change so as to achieve sustainability and effectiveness of the organization. The sustainability of the organization is certainly in harmony with the desire to grow and develop the organization in a better direction from time to time. Changes must be faced because of the emergence of technological changes, new communication trends, new regulations

and environmental aspects as well as social aspects (Shah, 2010).

New regulations such as laws from the government or regulators can trigger changes in the organization. The corporate strategy undertaken by the organization or company to carry out the mandate of the law will create conditions for change in the organization. Wheelen & Hunger (2015) suggested that corporate strategy is primarily about choosing a company's overall direction and managing its business portfolio or products. The corporate strategy consists of 3 (three) general orientations (grand strategies), namely:

1. Growth strategies expand company activities,
2. The stability strategy does not change the company's current activities, and
3. A savings strategy reduces the level of company activity.

Organizations are required to adapt their corporate strategies to various forms of change in their environment, both internal and external. So that the situation requires the organization to change for the survival of the organization (Smither, 2012). Facing these conditions of change can create new situations that can trigger uncertainty, anxiety and stress for employees in the company (Shah, 2010). Even for many employees, change can create feelings of anxiety and tension, then as changes begin to form, members of the organization can feel a sense of uncertainty and confusion (Berneth, 2004)

Mangundjaya (2014) said that the success of organizational change is influenced by various things, including individual factors, especially the commitment to change. Employee commitment is a condition where an employee sides with a particular organization and has the goal and desire to maintain his membership in the organization (Robbins and Judge, 2017). Metria and Riana (2018) stated that employees who received support from their organizations were proven able to increase organizational commitment to work. Whereas research

conducted by Claudia (2018) found that organizational support did not positively influence their organizational commitment. In line with research Murniasih and Sudarma (2016) which states that organizational support is not a dominant variable affecting employee commitment.

According to Holt et al (2007), typical change management interventions are communication, participation and creating success. Change management requires employee participation to achieve the objectives of the intended change. Rahmi's research (2018) shows that the simultaneous test between employee involvement, organizational culture and transformational leadership has a significant effect on organizational commitment. While the results of hypothesis testing with path analysis conducted by Puspaatmaja and Satrya (2016) note that employee participation in decision making has no effect on job satisfaction and affective commitment of non-managerial employees.

Employee commitment and trust in coworkers and management have more influence on their readiness to change (Samaranayake and Takemura, 2017). An individual's readiness to change is an important factor in the success of an organization making changes. In line with Ersoy (2014), Zulkarnain and Hadiyani (2014) which stated that organizational commitment and employee engagement are factors that influence employee readiness to change. However, other research conducted by Bianda and Fajrianti (2012) states that commitment only gives a very low influence on employee readiness to deal with change.

PT. Bank of North Sumatra is a conventional commercial bank which is one of the Regional Government-Owned Enterprises (BUMD) of North Sumatra Province. Previously PT. Bank of North Sumatra is known as the Regional Development Bank (BPD) of North Sumatra. The legal form of the BPDSU was changed to a limited liability company under the name of PT. Bank of North Sumatra in 1999 and obtained the status of

foreign exchange commercial bank since 2012 domiciled and headquartered in Jalan Imam Bonjol number 18 Medan, North Sumatra.

After the issuance of Law No.10 of 1998 providing an opportunity for conventional banks to establish Sharia Business Units (UUS), the North Sumatra Bank responded by establishing the North Sumatra Bank UUS in 2004 as a commitment to provide Islamic banking services in North Sumatra Province. In line with the long-term strategy of developing sharia banking in Indonesia, the existence of UUS in conventional banks is not permanent but only temporary. This is confirmed in Law No. 21 of 2008 concerning Sharia Banking, Article 68 paragraph 1 which reads "In the case of a Conventional Commercial Bank having UUS whose asset value has reached at least 50% (fifty percent) of the total value of the parent bank's assets or 15 (fifteen) years since the entry into force of This Law, the said Conventional Commercial Bank is required to spin off the UUS into a Sharia Commercial Bank ".

So according to Law No. 21 of 2008, the North Sumatra Bank must separate from its Sharia Business Unit no later than 2023. Based on that target, Sharia Business Unit still has approximately 4 (four) years to separate from its parent bank to later turn into a Sharia Commercial Bank (BUS). Spin off is a strategy of saving or restructuring the company. According to article 1 paragraph (12) of Law No. 40 of 2007 concerning Limited Liability Companies, the definition of spin-off is a legal act carried out by the Company to separate businesses that cause all of the Company's assets and liabilities to be transferred because the law to two or more Companies or a portion of the Company's assets and liabilities is transferred due to law to one Company or more.

In order to carry out the mandate of the law referred to, the Bank of North Sumatra has stated the separation (spin off) of the North Sumatra Bank UUS as a

corporate action in the North Sumatra Bank Business Plan for 2018-2020, that the Sharia Business Unit (UUS) of the Bank of North Sumatra will spin-off from PT. North Sumatra Bank. In accordance with the results of the 2017 North Sumatra Bank General Meeting of Shareholders (AGM) it was decided that the Sharia Commercial Bank (BUS) resulting from the spin-off was a subsidiary of Bank Sumut. The background of this decision is that the spin-off strategy is in compliance with the mandate of the law, Islamic banking has a competitive advantage, a broad syariah market in addition is a strategic decision from shareholders to improve the economy of North Sumatra through Islamic banking services that are very potential to front (Source: Roadmap / Blueprint Spin Off UUS North Sumatra Bank, 2017). This is reinforced by Hilman's (2017) opinion that viewed from the performance of BUS (Sharia Commercial Banks) in general is better than UUS, especially in terms of growth in business activities and operational aspects.

The spinoff is intended to facilitate the new legal entity (the result of separation) to be more agile in doing business and expanding. Through the formation and addition of new companies, will increase employment and healthy economic growth, increase company innovation as a result of spin offs, increase entrepreneurial potential, increase the potential for long-term growth, provide benefits to parent companies, increase regional competitiveness, and create a dynamic environment because of the interaction between technology, entrepreneurship, industrial clusters in different economic regions, it will have a positive impact on spin offers (Rifin et al, 2015). But spin offs like acquisitions also have the potential to cause harm to interested parties. The legal instrument will play an important role in providing protection for the interests of the parties concerned (Umam, 2009).

Since Law No. 21 of 2008, banks began to busy reviewing the issue of UUS separation from its parent company. There are two common ways by conventional banks to separate UUS, namely spin off (separation) or conversion (conventional banks as a whole become Islamic banks). Many banks are in fact still a dilemma in making decisions and are still unsure of their business prospects after separation. What if the spin off company loses money? Moreover, there are other options, namely conversion.

Bank of North Sumatra as one of the BPDs that have UUS is also affected by these conditions where the UUS separation strategy requires planning, participation, readiness and commitment in terms of human resources and of course operational and technological support.

Some UUS employees seem to be worried about the uncertainty faced if there is a change in the North Sumatra Bank organization. Employees are also worried about the employment status if later UUS separates from the Bank of North Sumatra. Where initially they were employees of the Bank of North Sumatra (parent bank) who then migrated to employees of the Bank of North Sumatra Sharia (a subsidiary of Bank of North Sumatra). UUS spin-off results.

The results of the survey (2019) concluded that there were some employees who did not yet have the commitment to support the corporate spin off strategy. Including them in the third statement that I find it hard to leave the North Sumatra Bank. In this case there is a desire of employees to leave the Bank of North Sumatra to look for another job due to concerns in the process towards spin off. For example, the form of a BUS business entity resulting from the spin off is no longer a Regionally Owned Enterprise (BUMD) like the North Sumatra Bank but is a subsidiary of the North Sumatra Bank which is incorporated as a private company. Some employees also think that the UUS spin off strategy will be constrained because of the difficulty in fulfilling the minimum

capital of Rp. 500,000,000,000 (five hundred billion rupiah), so some employees expect another option chosen is the conversion of the North Sumatra Bank to a Sharia Commercial Bank such as the Aceh Syariah Bank and the NTB Syariah Bank.

Employees begin to feel the readiness to work loyal and fully support the company's strategy. Readiness of employees in the face of organizational change is also a separate consideration for UUS employees where changes that occur within the employee environment give mixed reactions from each individual. Some employees think that spin off is a corporate strategy that every member of the company must obey but some of them do not have strong beliefs.

The results of the survey (2019) show that there are still employees who are not ready for organizational change due to spin off. North Sumatra Bank UUS which was originally part of the North Sumatra Bank makes employees worried about not getting the same salary, benefits and bonuses if they have to become BUS employees resulting from the spin off. However, employee confidence is still dominant to get an appropriate position if the spin off is realized. Bank of North Sumatra needs to do careful planning and readiness in preparing work plans and preparing organizational support to be carried out so as to foster confidence and readiness for employees.

Organizational support is needed to support the success of the spin off strategy. This is an indication for UUS employees that can be seen in the results of the pre-survey regarding organizational support in facing the spin off.

The results of the survey (2019) regarding organizational support in facing a spin-off at the North Sumatra Bank UUS, of the 20 (twenty) employees there is a majority of employees who answered did not get support from the organization. This answer was given by employees because it was felt that North Sumatra Bank's support to UUS was still lacking and needed to be

improved again such as operational support, technology and human resources. This organizational support felt by employees is considered to be the certainty of the availability of assistance from the organization when needed to support the implementation of employee duties so that the business can run properly and to deal with difficult situations at the beginning of the spin-off that contains many pressures and challenges.

In essence, employee participation in an organization can give interest to other employees of the changes to be made by the company. Employee participation including Bank staff and officials in supporting UUS spin offs still needs to be increased.

Based on the pre-survey conducted by researchers at the North Sumatra Bank UUS that on every statement given there are still employees who answer no. Employees want the role of bank leaders who are willing to accept the aspirations conveyed by employees and provide clear direction in the UUS spin off process. Employees have not felt the initiative and participation of every level of leadership in the Bank of North Sumatra in arranging realistic organizational activities towards the UUS spin-off so that employee participation is also not maximized and seems to be only a form of compliance.

### **Hypothesis**

Based on the concept presented by the author, the research hypothesis can be formulated as follows:

1. Employee participation has a positive and significant effect on employee commitment at UUS Bank Sumut.
2. Employee readiness has a positive and significant effect on employee commitment at UUS Bank Sumut.
3. Organizational support is able to moderate the effect of employee participation on employee commitment at the North Sumatra Bank UUS.
4. Organizational support is able to moderate the effect of employee

readiness on employee commitment at North Sumatra Bank UUS.

### **MATERIAL AND METHODS**

This research uses descriptive research with a quantitative approach. Quantitative research methods, as stated by Sugiyono (2018: 14) namely: "Research methods based on the philosophy of positivism, are used to examine specific populations and samples, data collection using research instruments, quantitative / statistical data analysis, with the aim to test hypothesis set ". According to Sugiyono (2018: 56) descriptive research that is, research conducted to determine the value of an independent variable, either one variable or more (independent) without making comparisons, or connecting with other variables. This descriptive study is intended to get an overview and information about the responses of North Sumatra Bank UUS employees to the UUS spin off plan at the North Sumatra Bank on the variables studied.

Population is a generalization area consisting of: objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population in this study were all employees of the Sharia Business Unit (UUS) of the North Sumatra Bank, Sharia Branch Offices and Sharia Branch Offices of Bank Sumut as many as 251 (two hundred and fifty one) people. Sampling in this study with probability sampling techniques. According to Sugiyono (2018: 120), Probability sampling is a sampling technique that provides equal opportunities for each element (member) of the population to be elected as a sample member. The criteria used are simple random sampling and calculations using the Slovin formula. The reason for using the Slovin formula is because the most representative method of calculation provides equal opportunity to each member of the population. Sample calculation using slovin formula so that the number of

samples in this study amounted to 154 respondents.

The type of data collected is the type of qualitative and quantitative data sourced from primary and secondary data. Primary data, namely research data obtained directly from the original source (not through an intermediary source) and data collected specifically to answer research questions in accordance with the wishes of researchers (Indriatoro and Supomo, 2012: 129). While Secondary Data is data that is a source of research data obtained indirectly through intermediaries (obtained and recorded by other parties). Secondary data is generally in the form of evidence, notes, or historical reports that have been compiled in archives (documentary data) which are published and not published.

Data collection techniques in this study were carried out by making a list of questions namely this technique gives the responsibility to respondents to read and answer questions and researchers can provide an explanation of the purpose of the survey and questions that are not understood by respondents and responses to the questionnaire can be directly collected by researchers after filled in by the respondent. Personal questionnaires are used to obtain data about the dimensions of the constructs that are being developed in this study. Next Interview, which is the process of obtaining information for research purposes by means of question and answer. This interview was addressed directly to North Sumatra Bank UUS employees.

## **RESULTS AND DISCUSSION**

### **Employee Participation Has a Positive and Significant Impact on The Commitment of UUS Bank Sumut Employees.**

Based on the results of data analysis it is known that employee participation has a positive and significant effect on employee commitment which can be seen from the value of  $t_{count} > t_{table}$  with sig 0,000 < 0.05. This indicates that if the participation of UUS Bank Sumut

employees in supporting the spin off policy is increased, it can increase employee commitment to the company. Descriptive statistical analysis results indicate that the participation of UUS employees in the "high" category with an average value of 3.77 and it is known that the average value of respondents' answers to the employee commitment variable is 3.94.

The very dominant employee participation is in the dimension of participation contributing and participating in making decisions such as participating in company programs and participating in planning. The majority of employees basically agree strongly if they are involved in the company's program to support the vision and mission of the Bank of North Sumatra. However, employees are less willing to mobilize their resources by contributing in the spin off process and also less willing to cooperate in supporting the UUS Bank North Sumatra spin off activities.

The majority of employees then answered if their commitment was strong due to the sacrifices made by the Bank of North Sumatra so far. This illustrates that the majority of UUS employees are ready to contribute to supporting the vision and mission of the North Sumatra Bank as the UUS Bank North Sumatra spin off strategy because employees have an ongoing commitment to change.

According to the interview results, this condition is due to the spin off policy not being fully socialized to all UUS employees so that there are still employees who do not understand the purpose and objectives of the spin off as well as the benefits obtained by the employees after the spin off. Employees also believe that the spin off decision is at the top level and is the authority of certain parties such as the owner and management of the company (Local Government, Board of Directors and Commissioners).

Such conditions are not ideal in organizational change because of the implementation of corporate strategies such

as the UUS spin off. Achievement of the strategy will not take place without the cooperation of all parties so it is necessary to involve the thinking of employees, work units, and even all resources at the North Sumatra Bank. In line with the theory from Coch and French Jr., (1984) which states that participation is one of the tactics to overcome resistance to change by inviting all parties to make decisions, the leader only acts as a facilitator and motivator, let the members of the organization take the decision. Because of this, instructions from the leadership (Directors and Commissioners of the Bank of North Sumatra) regarding activities in supporting the spin off process are needed by employees to know their duties so that employees can be fully involved in the spin off process.

Participation is the involvement of employees in the activities of the Bank of North Sumatra. Involvement can be in the form of mental and emotional as well as physical involvement in using all the capabilities they have (taking the initiative) in all activities carried out and responsible in supporting the achievement of company goals. Employee participation in spin-off activities such as optimizing ideas and participating in planning and evaluating the success of spin-offs (corporate strategy) is part of the attitude of supporting the vision and mission of the North Sumatra Bank. So that the role of the Bank of North Sumatra to increase employee participation will increase employee confidence and commitment to continue to participate in facing changes in the spin off process.

This is in line with research conducted by Verawati and Utomo (2011) and Appelbaum et al, (2013) that participation can increase employee commitment. Participation is also able to increase the empowerment of everyone involved directly or indirectly in a company program by involving them in decision making and subsequent activities and for the longer term. However, research conducted by Apriansyah, Zirman and Rusli (2014)

gives different results that employee participation does not have a significant effect on employee commitment. The rejection of this hypothesis shows that cooperation or participation between organizational levels in the preparation of the budget is not carried out properly, causing low managerial performance.

### **Employee Readiness Has a Positive and Significant Impact on The Commitment of UUS Bank Sumut Employees.**

Based on the results of data analysis it is known that employee readiness has a positive and significant effect on employee commitment which can be seen from the value of  $t_{count} > t_{table}$  with  $sig < 0,000 < 0.05$ . This indicates that if the readiness of North Sumatra Bank UUS employees in supporting the spin off policy is increased it will increase employee commitment. Descriptive statistical analysis results indicate that the readiness of UUS in the "high" category with an average value of 3.88 and the average value of the employee commitment variable is 3.94.

The majority of employees answered that they would be ready to face change if management gave support to employees towards the UUS spin off process. The readiness of employees is very dominant in the dimensions of management support and personal benefits such as welfare, position and management commitment. As explained in section 4.8.1 that UUS employees have an ongoing commitment to change and are looking forward to support from management. An individual's readiness to change can be said to be the extent to which the individual is mentally, psychologically, or physically ready to participate in organizational development activities.

The explanation above indicates the importance of implementing change management led directly by the Director of Bank Sumut as the highest management. Sule and Priansa (2018; 376) state that change management is a structured approach to help organizations and people to transition slowly from the present to the

desired state. Organizational leaders are actually agents of change because they are closely related to the transformation that occurs in an organization. Its main function is to act as a catalyst for change rather than as a change controller.

Organizational change in UUS begins with preparing all human resources to accept the spin off policy because in essence humans are the subject and object of organizational change and are resistant to change. In this case employees will experience changes in rules, organizational structure, career that is not necessarily the same as the previous organization. So with a mature employee readiness is able to make employees more loyal and increase employee commitment to the company. Furthermore, employees choose to continue to face changes in the spin off process and not resign or find a new job that is considered better.

The results of this study are in line with Zulkarnain and Hadiyani (2014) which shows that organizational commitment and employee engagement are factors that influence employee readiness to change. Mangundjaya and Gandakusuma (2013) state that many studies that show an important variable in terms of the success of organizational change are individuals, because without individual support, no matter how well the organizational change program is developed, the change program cannot be achieved successfully.

While research conducted by Umaroh, Imawati, Purwaningrum (2014) results that employee readiness contributes very little to employee commitment so that employee readiness is not the most dominant variable in influencing employee commitment. Management should help their employees to see clearly their role in doing something to build commitment so that they are ready to change (Susanto, 2008). This shows that the readiness of employees to change is something that must be considered by company leaders in efforts to change the organization.

### **Organizational Support is Able to Moderate the Influence of Employee Participation on The Commitment of UUS Bank Sumut Employees.**

Based on the results of data analysis, it is known that the significant value of 0.019 is far below 0.05. This finding shows that organizational support variables are significant in moderating the effect of employee participation on employee commitment. So in this case the support of the Bank of North Sumatra to UUS employees is able to increase employee participation and have an impact on the growth of UUS employee commitment to remain part of the corporate spin off strategy.

Respondents' answers that were the least of the employee participation variables were in the dimension of participation in contributing to the indicator of maximum mobilization of its resources and the dimension of participation in sharing activities namely the indicators of sharing activities carried out. This result explains that UUS employees still do not contribute and cooperate in supporting the spin off process. This condition is a reality that must be corrected by the Bank because of the answers in the organizational support variable, the dominant employee answered that the North Sumatra Bank was not considered to protect employees and the Bank's leadership was considered to not provide clear direction towards spin off.

According to the results of respondents' answers, company support that is most able to strengthen the effect of employee participation so as to increase employee commitment is in the dimensions of superior support, which is an indicator of support in providing welfare and technological support. Furthermore, the dimensions of organizational rewards were also widely agreed upon by respondents such as independence and training.

Organizational support carried out by the North Sumatra Bank since the spin off will make employees more confident with the clarity of the future of their work.

Organizational support through participatory leadership is able to increase the organizational commitment of employees in the organization because they feel an attachment to the leaders where they work (Sule and Priansa, 2018; 93).

Although in this condition employees are still not contributing and cooperating in supporting the spin off process, basically they believe that the company will reward their commitment as evidenced by the majority of respondents appreciating the sacrifice made by the Bank of North Sumatra and loving their current work.

The consequence of the spin off is the transfer of employees from the Bank of North Sumatra to the BUS resulting from the spin off. Therefore, company support for employees is needed to increase employee participation so that it impacts on the growth of UUS employee commitment to continue to participate in the spin off strategy. This is in line with research conducted by Puspaatmaja and Satrya (2014), employees who are emotionally committed to their organizations will show high work performance and reduce the level of absenteeism and a low likelihood of quitting work with the attention and support of the company.

In a changing environment, the role of a leader is very important to inspire people to support and participate in change initiatives (Susanto, 2008). Support needed by employees in the form of fair treatment, support from superiors and awards. These awards can be in the form of guarantees to keep working, large benefits and salary increases.

The results of this study are in line with Park (2015) which states that organizational support mediates the relationship between employee participation and organizational commitment, and that the practice of participation is more strongly related to organizational support and organizational commitment in companies with prospector or analyzer strategies than in companies with a survival strategy.

However, research conducted by Puspaatmaja and Satrya (2014) provides different results that employee participation in decision making does not affect job satisfaction and affective commitment of non-managerial employees. These results provide a picture of conditions in the field that by always involving employees in several meetings or projects, making the work intensity even greater. Not only that, the factor that affects employee job satisfaction lies in the benefits and the employees themselves. For employees, get job satisfaction if the benefits received are in accordance with what they expect. In addition, there are also factors that come from the employees themselves in assessing job satisfaction itself, for example if their intrinsic needs are met.

### **Organizational Support Is Able to Moderate the Effect of Employee Readiness on the Commitment of UUS Bank Sumut Employees.**

Based on the results of data analysis, it is known that the significant value of 0.002 is far below 0.05. This finding shows that organizational support variables are significant in moderating the effect of employee readiness on employee commitment. So in this case, the support of the Bank of North Sumatra to UUS employees can increase employee readiness and have an impact on the growth of UUS employee commitment to remain committed to being part of the corporate strategy towards spin off.

Organizational support such as welfare, fair treatment, support from superiors, independence and training for employees will prepare employees to face changes due to the implementation of corporate strategies such as spin offs.

Respondents' answers that were the least of the employee's readiness variables were in the appropriateness dimension, namely indicators believing logical reasons. These results explain that some UUS employees are not sure if the UUS decision to spin off from the North Sumatra Bank is a logical

reason for the company's progress so that there is no readiness in themselves to participate in the spin off process. Some employees expressed the option of converting the Bank of North Sumatra to a Sharia Bank is better in terms of capital and profitability compared to spin off.

Commitment of employees who are less dominant is in the dimension of normative commitment to change, which is the indicator of loyalty to the company. This result explains that some UUS employees are not willing to join the migration to become BUS employees as a result of the UUS spin off. The thought of some employees is that the BUS resulting from the spin-off is a company with capital and small business scale, so companies will find it difficult to compete in the technology era. Employees are worried that BUS will be burdened by large operational costs at the beginning of the year of establishment so that it will impact on employee welfare.

Further information is that the majority of UUS employees disagree if the Bank of North Sumatra is considered to have had justice in providing benefits to UUS employees in the spin off process. This is the answer from the respondent on the variable of company support in the justice dimension, which is a fair indicator in providing benefits. This indicates that UUS employees feel that they are prioritized compared to conventional North Sumatra Bank employees in terms of fairness in employment support both quality and quantity.

This condition would be of concern to the management of the North Sumatra Bank to provide organizational support to employees so as to increase employee readiness and have an impact on the growth of employee commitment following the spin off process. Management needs to build support and commitment, when the fear and anxiety of employees is high then counseling and therapy is carried out, training new skills for employee readiness. Therefore preparing employees and emphasizing their commitment to the

organization as a whole can help them personally commit to change (Robbins and Judge, 2017)

The Financial Services Authority (OJK) has issued OJK Regulation No. 28/2019 dated 14 November 2019 concerning Banking Synergy in One Ownership for the Development of Islamic Banking. This is an attempt by the government to improve the efficiency of the sharia banking industry through optimizing the resources of commercial banks by Islamic commercial banks (BUS) that have ownership relations. Banking synergy here is a collaboration between BUS and commercial banks that have ownership relationships through optimizing human resources, information technology and office networks of banks to support the implementation of BUS activities after the spin off.

The synergy formed between the parent bank and the BUS is a form of organizational support that will prepare employees so as to grow employee commitment. Individuals who are committed to the organization have behaviors such as presenting new ideas in their work, being enthusiastic about their work, taking the initiative, actively developing themselves, and are more likely to stay in the company higher than individuals who are less committed. Behavior of employees as above is very necessary in the process of spin off.

In order to ensure the readiness of employees to remain committed as part of the spin off strategy, the following steps can be taken:

1. Organizing a Gathering to all employees of the North Sumatra Bank UUS attended by the Board of Commissioners, Directors, Sharia Supervisory Board, Committees, Division Leaders, Branch Managers and Field Leaders.
2. Ensuring that employee welfare will not be reduced from the rights / facilities that have been received at this time if

the Sharia Business Unit spin offs to become the North Sumatra Sharia Bank.

3. Providing equal training and opportunities to all levels of North Sumatra Bank employees (Muslim and non-Muslim) who have good integrity and competence for a career in the North Sumatran Bank.

The availability of support from the organization will strengthen the readiness of UUS employees to remain committed to being part of the corporate strategy towards spin off. This is in line with research conducted by Sanjee and Takemura (2017) stating that employee commitment and the trust of colleagues and organizations positively influence their readiness to change. In line with Abraham, et al (2016) which states that organizational support has a positive effect on employee commitment, Sandra and Zulkarnain's (2015) research shows that positive perceptions of organizational support are in the same direction as employee commitment to organizations which is also high.

However, research from Dharmawan and Nurtjahjanti (2017) results that organizational support does not contribute highly in influencing employee performance so that employee commitment is difficult to form. This is because employees still need higher confidence to deal with changes that occur within an organization so that employee readiness becomes more optimal.

## CONCLUSIONS AND RECOMMENDATIONS

### CONCLUSIONS

The conclusions in this study are:

1. Employee participation has a positive and significant effect on employee commitment at UUS Bank Sumut.
2. Employee readiness has a positive and significant effect on employee commitment at UUS Bank Sumut.
3. Organizational support is significant in moderating the effect of employee participation on employee commitment at North Sumatra Bank UUS and is strengthening.

4. Organizational support is significant in moderating the effect of employee readiness on employee commitment at North Sumatra Bank UUS and is strengthening.

### RECOMMENDATIONS

The suggestions in this study are:

1. Employee participation can be increased if:
  - a. The Bank provides official and comprehensive information on the basis and objectives of the implementation of the spin off policy to all employees, while inviting all Bank employees (conventional and sharia) to work together to support the UUS spin off process.
  - b. The Bank engages employees in focus group discussion (FGD) activities as a means of contributing to the UUS spin-off process as well as hearing responses from employees. This will strengthen the indicators to move the employee's resources.
  - c. The Bank's management issues internal regulations and forms a project management officer (PMO) while also appointing an agent of change who provides guidance on what employees should do during the spin-off process. This will strengthen the indicator of sharing activities carried out among employees.
2. Employee readiness can be increased if:
  - a. The Bank assures employees that the corporate strategy of spin offs is not only to comply with banking regulations but also for the progress of the company. This will strengthen the indicator employees believe that the spin off has a logical reason.
  - b. The Bank provides support to UUS to improve its financial performance such as increasing assets and improving the quality of financing so that it is feasible and meets the

- requirements of OJK for a spin off. This will strengthen management indicators supporting change.
- c. The bank provides accurate information about the employee's future, about what will be obtained during the spin off process and after the spin off. The current condition is that employees are still worried about their future after the spin off, especially related to employee facilities and welfare. This will strengthen the dimensions of personal benefits for employees.
3. Organizational Support the Bank can do is:
- a. Providing organizational support to employees in the form of technical service agreement (TSA) between the parent Bank and BUS resulting from spin offs in the form of a joint agreement on human resource support in the form of payroll and other appropriate employee facilities after spin off so that employees become more enthusiastic in the early years of independence Post-separated BUS from the Parent Bank. This will strengthen the dimension of justice.
  - b. Banks still prioritize UUS employees for migration to become BUS employees as a result of spin offs. BUS employees are still dominated by Bank employees assigned to UUS, for example with a composition of 95% are Bank employees assigned to UUS, the rest are recruited from outside, both for fresh graduates (recently graduated) and pro-hire (professional workers). This will also strengthen the dimension of justice.
  - c. The spin off BUS will still receive operational support from the parent Bank, for example, it can be done with the first 5 (five) year scheme. Furthermore, the BUS will gradually become independent year after year until the financial performance of
- the BUS grows in accordance with financial projections and generates profits on an ongoing basis. This will strengthen the dimensions of superiors' support.
- d. Organizational support carried out by the Parent Bank to BUS spin-off results can guide POJK No. 28 / POJK.03 / 2019 dated 19 November 2019 concerning Banking Synergy in One Ownership for the Development of Sharia Banking, namely cooperation between BUS and Commercial Banks that have a ownership relationship through optimizing the resources of the Bank to support the implementation of BUS activities that will provide added value for both parties.
  - e. The Bank provides training to employees on Islamic banking both general and specifically related to spin offs so as to increase employee confidence. This will strengthen the dimension of organizational appreciation.
4. Employee Commitments can be increased if:
- a. The Shareholders, Board of Commissioners and Directors of the Bank have an agreement on the reasons, objectives, when to execute, business and financial projections, UUS business scale and capital that will be deposited to UUS during the spin off. This will strengthen the dimensions of affective commitment so that they are willing to participate in change.
  - b. The Shareholders, Board of Commissioners and Board of Directors of the Bank have a high commitment to realize BUS spin-off results that are financially sound and able to generate profits and dividends for shareholders. This will strengthen the dimension of normative commitment to change.
  - c. The bank retains (retains) its best employees if the employee wants to

leave the company. The bank can offer additional compensation and submit a clear career path to the person concerned. This will strengthen the dimension of ongoing commitment to participate in change.

5. For the banking industry, this research can be used as a reference for banks that will spin UUS.
6. For further researchers
  - a. It is possible to continue the concept or theory that supports knowledge that is still a limitation in this study regarding employee participation, employee readiness, organizational support and employee commitment.
  - b. Should examine variables outside this research such as employee satisfaction, job descriptions and leadership styles that can provide a strong relationship to employee commitment.

The implementation of this research has been made as much as possible in accordance with the aims and objectives of the study. However, it is still felt the limitations and weaknesses caused by time, energy and costs so that this research is only carried out in a small scope, namely in one banking company only.

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How to cite this article: Valeri M, Matondang AR, Siahaan E. The influence of employee participation and employee readiness to employee commitments against corporate strategy (spin off) through organizational support as a moderating variable on BPD banks. *International Journal of Research and Review*. 2020; 7(2): 56-71.

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