

THE INFLUENCE OF EMPLOYEE READINESS AND ORGANIZATIONAL READINESS ON ORGANIZATIONAL TRANSFORMATION AND ITS IMPACT ON THE PERFORMANCE OF PT PLN (PERSERO) ACEH REGIONAL MAIN UNIT

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<http://doi.org/10.35409/IJBMER.2023.3474>

ABSTRACT

This research aims to test the organizational transformation mediation role in the employee readiness and organizational readiness effect on organizational performance. The population was all employees of PT PLN Aceh Regional Main Unit (PLN Aceh). The number of samples used was 277 people taken using the Slovin formula. Data was tested using a structural test (SEM-AMOS). The results show employee readiness affects organizational transformation, organizational readiness affects organizational transformation, employee readiness affects organizational performance, organizational readiness affects organizational performance, organizational transformation affects organizational performance, employee readiness affects organizational performance thru organizational transformation, and organizational readiness affects organizational performance thru organizational transformation. The organizational transformation in the model acts as a partial type of mediation, meaning organizational transformation can be involved in Employee Readiness and Organizational effect on Organizational Performance or not. These findings explain that the model of increasing Organizational Performance at PLN Aceh is a function of increasing employee readiness and organizational readiness as well as achieving organizational transformation success.

Keyword: Organizational performance, organizational transformation, employee readiness, and organizational readiness.

1. INTRODUCTION

PT PLN (Persero), often mentioned as PLN, is one of the companies under the auspices of the Ministry of BUMN (State Owned Enterprises), which focuses on providing electricity to illuminate all regions in Indonesia. PT PLN (Persero), has been established in the 19th century and until now still holds the title of a monopoly company in the electricity sector. In distributing electricity to all corners of the country, PLN divides the duties of the main unit into several units with their respective functions each based on the fields of generation, transmission, and distribution spread throughout Indonesia. Here is the performance of PT PLN (Persero) Aceh Regional Main Unit (mentioned as PLN Aceh) for the 2017-2020 period.

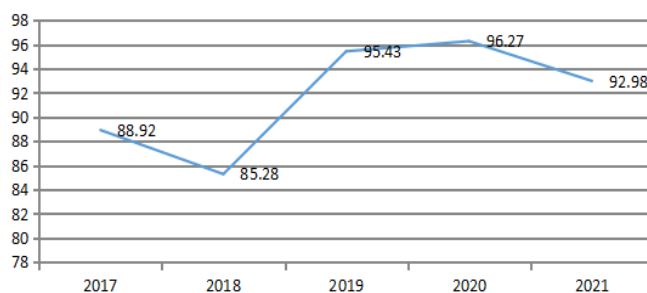


Figure 1 Performance of PLN Aceh 2017-2020

The performance of PLN Aceh in recent years has shown inconsistent figures. Performance PLN Aceh for the 2017-2021 period experienced fluctuations whereas in 2021 performance decreased by -3.42 percent from 2020. Performance in 2019 was better than in 2020. Thus the performance before the organizational transformation was better than after the organizational transformation. The PLN transformation that has been carried out so far is a change in the company's vision, PLN aspirations, and the PLN Culture program. PLN's previous vision "To become a world-class company that is growing, superior and trusted by relying on human potential" has now changed to "Becoming the Leading Electricity Company in Southeast Asia and #1 Customer Choice for Energy Solutions". PLN's previous transformation of aspirations from GCG (Good Corporate Governance; Excellent Service; Responsibility, Accountability, and Ownership; and Healthy Financial Performance) has now changed to Green; Innovative; Customer Focused; and Lean. With Green aspirations, PLN is trying to continuously improve the use of new renewable energy in generating eco-friendly electricity, learning to ensure a reliable, effective, efficient, and more optimal power supply. Innovative is determined to continue to innovate, is adaptive to change, creative in seizing opportunities and always looking for solutions. Customer Focused on reliable, integrated, and consolidated services so that it becomes the number one choice of customers and achieves 100 percent electrification. The four aspirations resulted in 20 *breakthroughs* in the transformation program, including Implementing the 2019-2024 company long-term planning (RJPP), Launching green boosters, Launching large-scale EBT, Billing and billing optimization, Fiber optics Rollout, Electric vehicle infrastructure, Captive power, Disturbance management, Relaunch of mobile PLN, Digitization of generators, Digital procurement, Excellent distribution with digitalization, Optimization of dispatch, Prioritization of investment, Optimization of primary energy, Anti blackout, Organizational structure, Simplification of subsidiary companies, Digitalized execution engine, and Regulation and structure of the electricity sector.

Furthermore, Core Values are formed as an identity and work culture glue that supports sustainable performance improvement, namely AKHLAK (Trustful, Competent, Harmonious, Loyal, Adaptive, Collaborative) which is a guideline for the behavior of all BUMN employees, one of whom is a PLN employee. The implementation of the PLN transformation is carried out in all PLN units, attended by directors, management, and all company employees to strengthen company capabilities, improve company performance, increase employee competence and awareness, and various other aspects related to advancing the company. The initial survey reveals overall the organizational transformation of PLN Aceh is not good because the average value is 3.17 (less than 3.41). The results of the initial survey indicate that the dominant factor in the lack

of success of the organizational transformation is employee change which refers to changes in employee attitudes, skills, expectations, perceptions, and/or behavior that have not been successfully implemented.

Changes made by the company lead to increasing organizational effectiveness to improve the ability of the organization to adapt to environmental changes and changes in the behavior of members of the organization (Robbins and Judge, 2017). It can be made into a structure that includes strategies and systems, technology, physical arrangement, and human resources. This is in line with (Karlina, 2011) who concluded that organizational change affects employee performance. The initial survey result explains the overall readiness of employees from PLN Aceh is not good because the average value is 3.40 (less than 3.41). The results of the initial survey indicated that employees had no confidence that they would benefit if the changes were implemented.

Company employees are one of the most influential factors for the successful implementation of organizational transformation. This is because employees are elements that are directly involved in the process of change and participate in changes in terms of competence and capability so that they can drive the progress of the company. Successful change in the organization is highly dependent on employees taking personal responsibility for change through effective adaptation to changing conditions and proactive anticipation of new challenges (Ghitulescu, 2013). Thus, at this stage of change, it is necessary to begin by preparing all human resources to accept change because in essence humans are the subject and object of change and are resistant to change. This is supported by (Febrianty *et al.*, 2020) where human resources are a central factor in the organization or production for the success of an organizational change.

(Boughner *et al.*, 2008) in his research found that increased readiness for change would increase change implementation within the organization. This is due to feedback from increased job satisfaction when an employee is ready to face change. Another reason is reduced uncertainty with an increased readiness to change. According to (Weiner, 2009), organizational readiness to change refers to the commitment of organizational members to change and their confidence to implement organizational change. According to (Rafferty, Jimmieson and Armenakis, 2012), the readiness of work groups and organizations to change is the similarity of individual feelings in the organization because there is a process of social interaction that creates a unity of thought so that it has an impact on collective phenomena at a higher level. According to (Weiner, 2009), organizational readiness to change consists of change commitment and change efficacy. The initial survey result shows the overall organizational readiness of PLN Aceh is not good because the average value is 3.39 (less than 3.41). Preliminary survey results indicate that employees are not ready and aware to accept the changes made by the organization. Organizational transformation is thought to mediate the relationship between employee readiness and organizational readiness on organizational performance. Organizational transformation or organizational change is an act of changing organizational conditions to a new stage where this situation will be realized properly if employees and the organization are ready to do so. (Robbins, Coulter and Cenzo, 2019) argue that organizational change is any change related to people, structure, or technology.

2. LITERATURE

Organizational Performance

Organizational performance is the achievement that reflects the success of the organization.

Performance is the result achieved from the behavior of members of the organization (Meirina and Dewi, 2021). So it is the desired result of the organization from the behavior of the people in it. Muis et al. (2018) found that performance is a work result that can be achieved by a person or group, following their respective authorities and responsibilities, achieving the goals of the organization concerned legally, not violating the law, and following norms and ethics. (Dessler and Angelica, 2016) explains that performance is a standard that contains a series of goals that the organization hopes to achieve through its employees based on the main tasks and functions and responsibilities given. The measure of the level of performance of a public organization according to (Fachreza, Musnadi and Shabri, 2018) namely: productivity, Service quality, Responsiveness, and Accountability.

Organizational Transformation

The organization is a process related to a series of planning changes that are systematically carried out continuously by the organization, these changes are especially related to organizational activities and assist them in responding to changes in environmental factors that have been determined. According to (Yuliana, Marginingsih and Susilawati, 2020) organizational change, namely the systematic application of behavioral science at various levels such as group, intergroup, and total organization to make changes in the quality of performance for the better. According to (Robbins and Judge, 2017), changes can be grouped into four categories:

1. Structure

The changing structure includes making internal changes in authority relations, job redesign, or similar structural variables. Organizational structure is defined as tasks that are formally divided, grouped, and coordinated. Changes can be made by changing one or more main elements in the design of an organization.

2. Technology

Changing technology includes modifications in the way work is processed and in the methods and equipment used. Technological change usually includes the introduction of new equipment, tools, or methods, automation, or computerization.

3. Physical arrangement

Changing the physical arrangement includes changing the space and layout settings in the work. For example, with walls and partitions removed with an open office design, it will be easy for employees to communicate with each other. Similarly, management can change the quantity and type of lighting, warm and cold levels, noise levels and types, and cleanliness of work areas, as well as interior design dimensions, such as furniture, decorations, and color charts.

4. Employee

Changing Employees refers to changes in attitudes, skills, expectations, perceptions, and or behavior of employees. Individual change exists to help individuals and groups within the organization to work together more effectively.

Employee Readiness

Readiness to change is a comprehensive attitude that is simultaneously influenced by content, process, context, and individuals involved in a change, reflecting the extent to which individual tendencies to agree, accept, and adopt specific plans that aim to change the current

situation (Susyanto, 2019). According to (Zaman *et al.*, 2020), readiness to change is something that needs to be reviewed before making organizational changes. Readiness is the employee's belief that they are capable of carrying out the proposed change, the proposed change is appropriate for the organization to undertake. From this statement, readiness to change will show the behavior of accepting, embracing, and adopting the change plan that is being made. (Holt *et al.*, 2007) conceptualized indicators of employee readiness to change as follows:

1. Appropriateness, describes aspects of individual beliefs that the changes proposed will be right for the organization and that the organization will benefit from implementing the changes. Individuals will believe there are logical reasons for change and the need for the proposed change and focus on the benefits of change for the company, the efficiency gained from the change, and the congruence of company goals with the goals of change.
2. Specific changes in efficacy, describe aspects of an individual's belief about his or her ability to implement the desired change. Where individuals feel they have the skills and can complete tasks and activities related to the implementation of the proposed changes. This indicator also explains the level of individual confidence to be able to succeed in the planned changes.
3. Management support, describes aspects of individual beliefs or perceptions that leaders will support and commit to the proposed changes. When an organization provides support to employees, employees will be ready to provide support to the organization, one of which is being ready to support change.
4. Personal valance, describes aspects of belief regarding the personal benefits that will be obtained if the change is implemented. That way, the employee feels that he or she will benefit from implementing the proposed changes.

Organizational Readiness

According to (Guamaradewi and Mangundjaya, 2018), organizational readiness for change is the shared determination of members of the organization to implement change (change commitment) and shared belief in their collective ability to make these changes. It is also a shared psychological state in which organizational members feel committed to implementing organizational changes and feel confident in the collective ability of organizational members to make these changes. PLN Aceh has implemented organizational readiness for change, known as OCR (Organization Capital Readiness) since 2019 and an evaluation has been carried out to measure the effectiveness of these activities, as well as improvements in both process measurement and outcome measurement. OCR measurement can be interpreted as a mapping of cultural readiness, leadership, alignment, teamwork, and harmonious industrial relations to strengthen the organizational climate change needed to implement the company's strategy. According to (Nurlinda and Fathimah, 2019), organizational readiness is influenced by several indicators, namely :

1. Availability of financial resources
2. Readiness to accept the risk
3. Leadership commitment
4. Awareness of accepting change
5. Development of information technology.

Hypothesis

Through the literature, the authors formulated the hypotheses below.

- H1 : employee readiness affects organizational transformation
- H2 : organizational readiness affects organizational transformation
- H3 : employee readiness affects organizational performance
- H4 : organizational readiness affects organizational performance
- H5 : organizational transformation affects organizational performance
- H6 : employee readiness affects organizational performance thru organizational transformation
- H7 : organizational readiness affects organizational performance thru organizational transformation

3. METHOD

The population was all employees at PLN Aceh, totaling 900 people. The sample taken was 277 employees. The number of samples met the requirements with the minimum number of Structural Equation Modeling (SEM) analysis requirements, which was 10 times the number of indicators, totaling 17 indicators used (Ferdinand, 2014), so it was 170 samples. Data consisted of primary data, collected using a questionnaire. Data were analyzed using SEM-AMOS, for the direct effect model tests (H1 to H5), and the Sobel calculator for the indirect effect model test (H6 and H7). SEM consisted of a measurement test for the first using Confirmatory Factor Analysis (CFA) to fit the model and after that the structural test for the second to see the significance and the size effect.

4. RESULT

After the CFA test, the structural test was used to see the significance and the effect size of the direct effect models.

Table 1. Regression Weight

	Influence	Estimates	SE	CR	P
Transformation	<--- Employee Readiness	0.611	0.124	4,950	0.000
Transformation	<--- Organizational Readiness	0.426	0.093	4,581	0.000
Performance	<--- Employee Readiness	0.423	0.103	4.109	0.000
Performance	<--- Organizational Readiness	0.170	0.074	2,298	0.022
Performance	<--- Transformation	0.336	0.088	3,845	0.000

Source: Primary Data Processed, (2022)

H1 : Employee Readiness towards Organizational Transformation

Testing Employee Readiness on Organizational Transformation obtains CR 4.950 with p 0.000. The Critical Ratio value > 1.971 and a significance value < 0.05 proves Ha₁ is acceptable. This figures Employee Readiness affects Organizational Transformation. The coefficient of employee readiness on organizational transformation is 0.611, showing that every increase of 1 unit of employee readiness will increase organizational transformation by 0.611. This means the

better Employee Readiness, the better Organizational Transformation.

H2 : Organizational Readiness towards Organizational Transformation

Testing Organizational Readiness on Organizational Transformation obtains CR 4.581 with $p < 0.000$. The Critical Ratio value > 1.971 and a significance value < 0.05 proves H_{a2} is acceptable. This describes Organizational Readiness affects Organizational Transformation. The coefficient of organizational readiness on organizational transformation is 0.426, showing that every 1 unit increase in organizational readiness will increase organizational transformation by 0.426. This explains the better Organizational Readiness, the better Organizational Transformation.

H3 : Employee Readiness on Organizational Performance

Testing Employee Readiness on Performance obtains CR 4.109 with $p < 0.000$. The Critical Ratio value > 1.971 and a significance value < 0.05 proves H_{a3} is acceptable. This proves Employee Readiness influences Organizational Performance. The coefficient of employee readiness on performance is 0.423, showing that every increase of 1 unit of employee readiness will increase organizational performance by 0.423. This figures the better Employee Readiness will enhance Organizational Performance.

H4 : Organizational Readiness on Organizational Performance

Testing Organizational Readiness on Performance obtains CR 2.298 with $p < 0.022$. A critical Ratio value > 1.971 and a significance value < 0.05 proves H_{a4} can be accepted. This reveals Organizational Readiness influences Performance because the significance value obtained is < 0.05 . The coefficient of Organizational Readiness on Organizational Performance is 0.170, showing that every increase of 1 unit of organizational readiness will increase organizational performance by 0.170. This explains the better Organizational Readiness, the better the Organizational Performance will be.

H5 : Transformation Organization on Organizational Performance

Testing Organizational Transformation on Organizational Performance obtains CR 3.845 $p < 0.000$. The Critical Ratio value > 1.971 and a significance value < 0.05 proves H_{a5} is acceptable. This reveals Organizational Transformation affects Organizational Performance. The coefficient of Transformation on Performance is 0.336, showing that every 1 unit increase in organizational transformation will increase organizational performance by 0.336. This proves the better Organizational Transformation will enhance Organizational Performance.

H6 : Employee Readiness on Organizational Performance Thru Organizational Transformation

Sobel calculator produces the result for Sobel value is 2.937 and $p < 0.003$. meaning Organizational Transformation mediates Employee Readiness on Organizational Performance, the H_6 is acceptable. Besides, H_3 resulted in Employee Readiness significantly affecting Organizational Performance (directly), so in the H_6 model, we can conclude the Organizational Transformation role in the H_6 model is as a partial mediator. Partial mediator means Employee Readiness significantly can affect Organizational Performance directly or thru Organizational

Transformation.

Table 2 Organizational Transformation Mediation Test of H6 Model

Input:	Test statistic:	Std. Error:	p-value:
a 0.479	Sobel test: 2.93733321	0.06490309	0.00331048
b 0.398	Aroian test: 2.89667847	0.065814	0.00377136
s _a 0.124	Goodman test: 2.97974922	0.06397921	0.00288484
s _b 0.088	Reset all	Calculate	

H7 : Organizational Readiness on Organizational Performance Thru Organizational Transformation

Sobel calculator produces the result for Sobel value is 3.244 and p is 0.001, meaning Organizational Transformation mediates Organizational Readiness on Organizational Performance, the Ha7 is acceptable. Besides, H4 resulted in Organizational Readiness significantly affecting Organizational Performance (directly), so in the H7 model, we can conclude the Organizational Transformation role in the H7 model is as a partial mediator. Partial mediator means the Organizational Readiness significantly can affect Organizational Performance directly or thru Organizational Transformation.

Table 3 Organizational Transformation Mediation Test of H7 Model

Input:	Test statistic:	Std. Error:	p-value:
a 0.433	Sobel test: 3.24411494	0.05312204	0.00117816
b 0.398	Aroian test: 3.20628811	0.05374876	0.00134459
s _a 0.093	Goodman test: 3.28331297	0.05248784	0.00102595
s _b 0.088	Reset all	Calculate	

5. CONCLUSION

The result concludes as follows.

- 1) Employee Readiness has an effect of 62.1% on Organizational Transformation at PLN Aceh, which means that better Employee Readiness will have a positive influence on increasing Organizational Transformation.
- 2) Organizational Readiness has an effect of 42.6% on Organizational Transformation at PLN Aceh, which means that the better Organizational Readiness, the better Organizational Transformation will be.
- 3) Employee Readiness has an effect of 42.3% on Organizational Performance at PLN Aceh, which means that the better Employee Readiness, the Organizational Performance will further improve.
- 4) Organizational Readiness has an effect of 17% on Organizational Performance at PLN Aceh, which means that the better the Organizational Readiness, the better Organizational Performance will be.

- 5) Organizational Transformation has an effect of 33.6% on Organizational Performance at PLN Aceh, which means the better Organizational Transformation, the higher Organizational Performance.
- 6) Organizational Transformation of PLN Aceh can mediate Employee Readiness effect on Organizational Performance. The type is partial mediator, meaning organizational transformation can be involved in the Employee Readiness effect on Organizational Performance or not.
- 7) Organizational Transformation of PLN Aceh can mediate Organizational Readiness effect on Organizational Performance. The type is partial mediator, meaning organizational transformation can be involved in the Organizational Readiness effect on Organizational Performance or not.

These findings explain that the model of increasing Organizational Performance at PLN Aceh is a function of increasing employee readiness and organizational readiness as well as achieving organizational transformation success. This tested model becomes a new premise that can be used academically in theoretical explanations, and then can also be developed in further research by utilizing other variables related to organizational performance. Practically, this model can also be a reference for practitioners in implementing organizational performance models.

- 1) From the survey results, several recommendations were successfully mapped for the research subject, namely PLN Aceh, as follows. The organizational transformation of PLN Aceh which has been carried out is quite good and these changes are still ongoing today. Therefore, the organization needs to evaluate and monitor the implementation of the transformation, so that it can run according to the schedule and instructions set by the organization's leadership.
- 2) PLN Aceh is expected to be able to guide and provide motivation and regular direction to employees so that they can complete the work properly and on schedule in facing organizational transformation.

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