

ASSESSING EMPLOYEE ENGAGEMENT AND EMPLOYEE PERFORMANCE IN INDONESIAN STATE-OWNED ENTERPRISES DURING COVID-19 PANDEMIC**Adhietya Saputra^{1*}, Armendra², Iman Permana³**¹Binus University, adhietya.saputra@binus.ac.id²Binus University, armendra@binus.ac.id³President University, iman.permana@president.ac.id

ABSTRACT

The COVID-19 Pandemic has changed the way companies operate due to the implementation of working-from-home or remote-working policies. This shift in working conditions affects employees' psychological well-being and the level of uncertainty they experience, which can have an impact on their engagement and performance. A literature review reveals recent research that proposed the '5C model' (conciliation, cultivation, confidence, compensation, and communication) to improve employee engagement. However, no further research was found that demonstrates the validation of the 5C model by using a quantitative methodology approach. This study aims to investigate the main factors of employee engagement that can lead to employee performance during the COVID-19 Pandemic by using a quantitative technique to validate the 5C model. Research data were collected from 360 respondents who worked in State-owned Enterprises (SOEs), including SOEs' subsidiaries and affiliates. SMART PLS 3.3 was used to examine the research model based on the data received from the surveys. The result of this study reveals that conciliation, cultivation, confidence, and communication are the dimensions of employee engagement. The study also demonstrates that employee engagement is the direct antecedent of employee performance. The contribution of this research is two-fold. First, it demonstrates a quantitative technique to validate the 5C model for improving employee engagement. Second, from a managerial standpoint, it proposes action plans that can be taken to increase employee engagement and performance.

Keywords: *employee engagement, employee performance, 5C model, Covid-19*

1. Introduction

The current situation of the Covid-19 Pandemic poses challenges for the company in carrying out its business operation. The company must be able to adapt to the new protocol issued by the Government while protecting the physical and mental health of its employees. Based on a global crisis survey conducted by PwC (2021), the workforce is the most negatively affected organizational area due to the Covid-19 Pandemic. As a result, addressing workforce issues has proven to be more difficult than before the pandemic (De-La-calle-durán & Rodríguez-Sánchez, 2021).

According to Carnevale & Hatak (2020), there has been a change in how employees work due to policies and procedures for physical restrictions during the Covid-19 Pandemic. Remote working and working from home will become more adopted globally (Buomprisco, Ricci, Perri, & de Sio, 2021). In Indonesia, more companies implement remote working during the Covid-19 pandemic (PwC, 2021).

The effect of a remote working policy on the employees has been demonstrated by several studies. A study from Buomprisco, Ricci, Perri, & de Sio (2021) demonstrated that remote working improves employees' work-life balance, increases free time, and gives more flexibility. However, another study shows that remote working brings more stressful situations, including an increasing workload, longer working hours, and fewer rest periods (De-La-calle-durán & Rodríguez-Sánchez, 2021).

Several works of literature have provided insights on human capital management strategies to overcome challenges that arise during the Covid-19 Pandemic, including communication, humble leadership implementation (Nembhard, Burns, & Shortell, 2020), training, and incentives to motivate employees (Sulaiman,

Ahmed, & Shabbir, 2020). These efforts are made to maintain and increase employee engagement since it has become an important factor in determining employee performance amid the uncertainty of the situation in the workplace during the Covid-19 Pandemic.

Furthermore, a study from De-La-calle-durán & Rodríguez-Sánchez (2021) has provided a literature review on how to improve employee engagement during the Covid-19 Pandemic based on the 5C Model: conciliation, cultivation, confidence, compensation, and communication. However, no further research has demonstrated the validity of the 5C Model as the key driver of employee engagement by using a quantitative methodology approach.

The aim of this research is to investigate the key drivers that influence employee engagement in Indonesian State-owned Enterprises, including their subsidiaries, during the Covid-19 Pandemic. Furthermore, the impact of employee engagement on employee performance is examined in this study. Indonesian State-Owned Enterprises, including their subsidiaries, are chosen as the research focus since they are the driving force of the national economy, as stated in Law Number 19 of 2003 on State-owned Enterprises.

2. Literature Review

2.1 Theoretical Background

a. 5C Model

De-La-calle-durán & Rodríguez-Sánchez (2021) proposed the key main drivers of employee engagement during the Covid-19 Pandemic based on the 5C Model: conciliation, cultivation, confidence, compensation, and communication.

- Conciliation refers to how fair the company treats them when they are working from home or working remotely.
- Cultivation refers to the employees' development program given by the company
- Confidence refers to shared affection between employees and the company.
- Compensation refers to recognizing and compensating employees' efforts during the Covid-19 Pandemic.
- Communication refers to the interaction of employees, their co-workers, and their superiors during the Covid-19 Pandemic.

b. Employee Engagement

Personal engagement was defined by Kahn (1990) as a psychological condition in which individuals channel their complete personal selves into their job by spending physical, cognitive, and emotional energy, with the amount of energy spent resulting in significantly varied outcomes. Furthermore, Khan's theory was expanded upon by several researchers, who coined the term "work engagement," which is described as "a pleasant, gratifying, job-related state of mind marked by vitality, devotion, and immersion" (Kwon & Kim, 2020).

Employee or work engagement is a phrase used interchangeably to describe an overall construct made up of physical, cognitive, and emotional energy that manifests as a state of committing all of one's efforts to one's job in order to make a difference (Mackay, Allen, & Landis, 2017). Furthermore, Employee engagement can be defined as the capability to seize the mind, hearts, and souls of the employees to cultivate the desire and passion for excellence (Bedarkar & Pandita, 2014).

c. Employee Performance

Employee performance involves effective task performance, adaptive performance, and contextual performance (Pradhan & Jena, 2017). Task performance refers to work explicit behavior that includes job tasks assigned in the job description (Shoaib et al., 2022). Adaptive performance is defined as the capacity to acclimate to changing environments and adjust actions to changing work demands in high-stress scenarios (Ilgen & Pulakos, 1999). Contextual performance refers to the performance of unspoken prosocial or extra-role actions that are required but not explicitly indicated in the job description (Bateman and Organ, as cited in Shoaib et al. (2022). According to the references cited above, task performance was included as a dimension in the research framework of this study.

2.2 Research Framework and Hypotheses

Our research framework proposed that employee engagement during the Covid-19 Pandemic is influenced by conciliation, cultivation, confidence, compensation, and communication, Furthermore, employee engagement determines employee performance. The key components of the research framework can be seen in Figure 1.

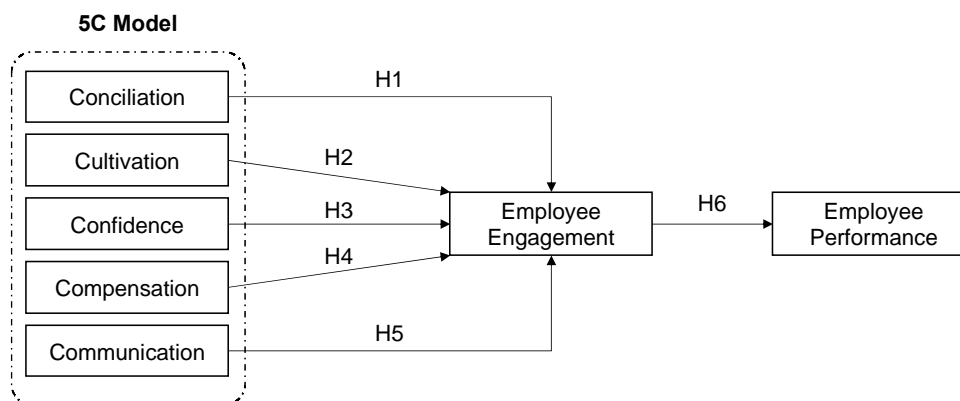


Figure 1. Research Framework

a. 5C Model and Employee Engagement

De-La-calle-durán & Rodríguez-Sánchez (2021) demonstrated that conciliation, cultivation, confidence, compensation, and communication, are the key drivers of employee engagement.

Remote working and working from a home policy have given the employee the ability to reconcile work and home life, which leads a more satisfaction (Purcalla Bonilla, as cited in (De-La-calle-durán & Rodríguez-Sánchez, 2021). However, since the boundaries between work and home life become blurred, the tasks from work will more likely interfere with home life (Marsh & Musson, 2008).

Throughout Covid-19 Pandemic, employees experienced an increase in working hours and have more confidence in their job security after the period post-pandemic (Weber et al., 2021). Hence, if the employees are treated fairly by the company during working from home or remote working policy, employee engagement more likely will increase (Nadiri & Tanova, 2010). Thus:

H1: Conciliation has a positive impact on employee engagement

The share of power and control between the company and its employees would increase the company's performance and productivity (Dansereau & Keller, 1995). A study from Vance (2006) stated that this condition would impact lower staff turnover, absenteeism, and resignations.

There is a strong relationship between employees' better opportunities for professional development and reducing the likelihood of leaving the job. A well-designed training program improves employees' attitudes, expectations, and motivation for their employment (Joo & Shim, 2010). Thus:

H2: Cultivation has a positive impact on employee engagement

During Covid-19 Pandemic, the role of management to ensure employees' mental health become an important issue, since they may be subjected to stress, anxiety, or sadness. Given that one of the most important issues for employees would be the safety of their job. As a result, employee engagement will improve if they believe that serious efforts are being taken to protect their health, including strict adherence to government regulation and even adopting further precautions (De-La-calle-durán & Rodríguez-Sánchez, 2021).

Both management and employees adopt a shared identity as a result of their overwhelming affection and complete unity of purpose, and each side may confidently represent the other's interest (De-La-calle-durán & Rodríguez-Sánchez, 2021). Furthermore, strong shared affection between employees and organization will bring a more positive influence on employee engagement and organizational citizenship behavior (Fu, Ye, & Law, 2014; Lee, Kim, Lee, & Li, 2012). Thus:

H3: Confidence has a positive impact on employee engagement

Employee compensation or remuneration is a method of rewarding service or task, or the person who does it, that usually involves monetary payment (Panteli & Sockalingam, 2005). In the current Covid-19 Pandemic, removing individual or team productivity bonuses or variable income would be a significant mistake, which will demotivate the employees. It is critical to design and carry out a target-based incentive scheme that adapts to the working from home and remote working policy. Lack of proper compensation and remuneration would generate a sense of unfairness to the employees, which will directly be related to job satisfaction, engagement, and wellbeing at work (Moliner, 2005).

Employees' compensation could be in the form of non-monetary benefits. In the current situation, employees who are working from home, for example, may begin to feel alienated and develop an unseen barrier. This implies that recognizing objectives, targets, and successful outcomes, as well as participation in the firm's daily challenges, must be viewed as a tool that will significantly assist in bringing the employees closer to an environment that they feel is moving away from them. Employees' recognition from management could enhance engagement (Thornton, 2020). Thus:

H4: Compensation has a positive impact on employee engagement

During Covid-19 Pandemic, communication is essential since barriers are being built between the company and its employees due to the physical restriction and distance involved with working from home or remote working policy. Employees who have had good communication with their superiors feel more connected with the company, boosting their sense of commitment to it (Sostero, Milasi, Hurley, Fernandez-Macías, & Bisello, 2020). Thus:

H5: Communication has a positive impact on employee engagement

b. Employee Performance and Employee Engagement

It is believed that positive organizational behaviors can promote positive psychology in the workplace, hence improving performance (Atatsi, Stoffers, & Kil, 2019). Many researchers have demonstrated the relationship between employee engagement and organization citizenship behavior (Alshaabani, Naz, Magda, & Rudnák, 2021; Na-Nan, Kanthong, & Joungrakul, 2021; Rameshkumar, 2020). Furthermore, several studies have demonstrated that employee engagement is the direct antecedent of employee performance (Bedarkar & Pandita, 2014; J., 2014; Motyka, 2018). Thus:

H6: Employee engagement has a positive impact on employee performance

3. Research Method

3.1 Population, Sample, and Data Collection

The population of this research consisted of employees who worked in State-owned Enterprises (SOEs), including SOEs subsidiaries and affiliates. A total of 400 questionnaires were distributed through the convenience sampling technique, where the respondents were contacted via WhatsApp and Telegram applications. A total number of 384 questionnaires were received back with a response rate of 96 percent. After removing 24 invalid surveys, 360 questionnaires were retained for statistical analysis. The data was collected from 4 April 2022 to 14 April 2022.

3.2 Questionnaire Development

An online survey questionnaire was designed using a five-point Likert scale ranging from "1" meaning "strongly disagree" to "5" meaning "strongly agree", with a 35-item questionnaire composed of three different sections based on different scales of measurement. Employee engagement was measured using Gallup Q12 Employee Engagement Questionnaire. Koopmans, Bernaards, Hildebrandt, de Vet, & van der Beek (2014) created the individual task performance scale, which is used to assess employee performance.

The operationalization and measurement of study variables are summarized in Table 1.

Table 1. Operationalization and measurement of study variables

Variables	Indicator	Nature	Operationalization	Measure	Question No.
Demographic Factors	Gender	-	Users' gender	1 item, dichotomous	A.1
	Age	-	The age group of users	1 item, multiple-choice	A.2
	Domicile	-	Dwelling` of users	1 item, multiple-choice	A.3
	Education	-	Users' level of education	1 item, multiple-choice	A.4
	Occupation	-	Profession of users	1 item, multiple-choice	A.5
	Job Position Level	-	Users' Job Position	1 item, multiple-choice	A.6
	Company		The company where respondents work	1 item, open-ended question	A.7
5C Model	Conciliation	Independent Variable	The degree to which the company could give fair treatment to the employees in managing their work and home life	3 items, 5 points Likert scale	B.1 - B.3
	Cultivation	Independent Variable	The degree to which the company could provide development programs to their employees	2 items, 5 points Likert scale	B.4 - B.5
	Confidence	Independent Variable	The degree to which the company and employees share strong affection	2 items, 5 points Likert scale	B.6 - B.7
	Compensation	Independent Variable	The degree to which the employees are given compensation by the company	2 items, 5 points Likert scale	B.8 - B.9
	Communication	Independent Variable	The degree to which the employees interact with their colleagues and superiors	2 items, 5 points Likert scale	B.10 - B.11
Employee Engagement	Level of Engagement	Mediating Variable	The engagement of employees in the work given by the company	12 items, 5 points Likert scale	B.12 - B.23
Employee Performance	Employees' Perception of their Performance	Dependent Variable	The performance level is based on Employees' perception	5 items, 5 points Likert scale	B.24 - B.28

4. Results and Discussion

4.1 Research Results

a. Descriptive Statistics

With the initial target of 400 valid respondents, 384 questionnaires were returned. At the initial data pre-processing, 24 responses were removed, mostly due to invalid occupation data, which resulted in 96% valid responses. Table 2 summarizes demographic variables from the valid respondents. From 360 respondents, 66.9% were males and 33.1% were females. The largest respondents' sample is from the 27-40-year-old group (60.6%), followed by the 41-55-year-old group (30.8%). Most respondents were SOEs employees (62.5%), with the majority of educational background is undergraduate (70%). The position of respondents in the company is dominated by staff level (44.1%), followed by supervisor/manager level (38.1%).

Table 2. Respondents' Demographic Data

Aspects	Category	Frequency	Percentage
Gender	Male	241	66.9%
	Female	119	33.1%
Age	22 - 26 yrs	24	6.7%
	27 - 40 yrs	218	60.6%
	41 - 55 yrs	111	30.8%
	> 55 yrs	7	1.9%
Domicile	Java Region	276	76.7%
	Sumatra Region	52	14.4%
	Bali Region	32	8.9%
Occupation	SOEs Employees	135	37.5%
	SOEs subsidiaries/ affiliates employees	225	62.5%
Education	Undergraduate	252	70%
	Post Graduate	69	19.2%
	Others	39	10.8%
Position at the Company	Staff	159	44.1%
	Supervisor/Manager	137	38.1%
	VP/SVP/General Manager	49	13.6%
	Others	15	4.2%

b. Measurement Model

The indicator loadings of all items were greater than 0.6, which satisfy the minimum requirement (Afthanorhan, Awang, & Aimran, 2020). The results of construct validity and reliability assessment are shown in Table 3. The structure's Composite Reliability (CR) is used to assess for variable consistency, and Cronbach's alpha was used to determine the questionnaire's reliability. The Cronbach's alpha values in this study were in the range of 0.59 – 0.93, which is described as satisfactory (Taber, 2018). All of the CR values in this study were ranged from 0.83 to 0.94, which was considered from satisfactory to good (Hair, Risher, Sarstedt, & Ringle, 2019).

The convergent effectiveness was determined by examining the following circumstance: the average variance extracted (AVE) value was above 0.5 (Fornell & Larcker, 1981). In this study, all of the needed requirements were satisfied, suggesting satisfactory convergent validity.

Table 3. Measurement Items of the Construct's Analysis Results

Construct	Item	Loading	Cronbach's Alpha	rho_A	CR	AVE
Conciliation			0.594	0.658	0.826	0.704
	CON_1	0.904				
	CON_2	0.769				
Cultivation			0.812	0.822	0.914	0.841
	CUL_1	0.906				
	CUL_2	0.928				
Confidence			0.775	0.777	0.899	0.816
	CFD_1	0.897				
	CFD_2	0.909				
Compensation			0.780	0.793	0.900	0.819
	CMP_1	0.889				
	CMP_2	0.920				
Communication			0.692	0.704	0.866	0.763
	COM_1	0.895				
	COM_2	0.852				
Employee Engagement			0.926	0.927	0.936	0.552
	ENG_1	0.699				
	ENG_2	0.684				
	ENG_3	0.734				
	ENG_4	0.760				
	ENG_5	0.774				
	ENG_6	0.805				
	ENG_7	0.769				
	ENG_8	0.771				
	ENG_9	0.774				
	ENG_10	0.684				
	ENG_11	0.728				
ENG_12	0.719					
Employee Performance			0.878	0.894	0.911	0.675
	EP_1	0.866				
	EP_2	0.840				
	EP_3	0.863				
	EP_4	0.849				
	EP_5	0.673				

Table 4 shows that the root sign value of AVE was bigger than the other relevant variables, indicating that the measurement model had considerable discriminant validity.

Table 4. Discriminant Validity Result

Constructs	CON	CUL	CFD	CMP	COM	ENG	EP
Conciliation (CON)	0.839						
Cultivation (CUL)	0.352	0.917					
Confidence (CFD)	0.360	0.371	0.903				
Compensation (CMP)	0.336	0.419	0.551	0.905			
Communication (COM)	0.431	0.576	0.504	0.678	0.874		
Employee Engagement (ENG)	0.454	0.598	0.527	0.560	0.702	0.743	
Employee Performance (EP)	0.405	0.381	0.497	0.441	0.588	0.727	0.821

c. Path Analysis

Table 5 summarizes the hypotheses testing results. The results revealed a significant positive impact of conciliation ($\beta = 0.121$, $t = 2.662$, $p < 0.01$), cultivation ($\beta = 0.247$, $t = 4.559$, $p < 0.001$), confidence ($\beta = 0.163$, $t = 3.007$, $p < 0.01$) on employee engagement. Hence, H1, H2, and H3, were supported respectively. However, the results showed that there is no positive and significant impact of compensation on employee engagement ($\beta = 0.070$, $t = 1.173$, $p > 0.05$), therefore H4 was rejected.

Furthermore, the results revealed that communication has a significant positive impact on employee engagement ($\beta = 0.377$, $t = 5.475$, $p < 0.001$). Hence, H5 was supported. Lastly, the results showed that employee engagement has a significant positive impact on employee performance ($\beta = 0.728$, $t = 20.644$, $p < 0.001$).

Table 5. Hypotheses Testing Results

	Path	Path Coefficient	t values	p-value	Decision
H1	Conciliation -> Engagement	0.121	2.662	0.008	Supported
H2	Cultivation -> Engagement	0.247	4.559	0.000	Supported
H3	Confidence -> Engagement	0.163	3.007	0.003	Supported
H4	Compensation -> Engagement	0.070	1.173	0.241	Rejected
H5	Communication -> Engagement	0.377	5.475	0.000	Supported
H6	Engagement -> Performance	0.728	20.644	0.000	Supported

Figure 2 illustrates the structural equation modeling, with H1, H2, H3, H5, and H6 are supported, while H4 is rejected.

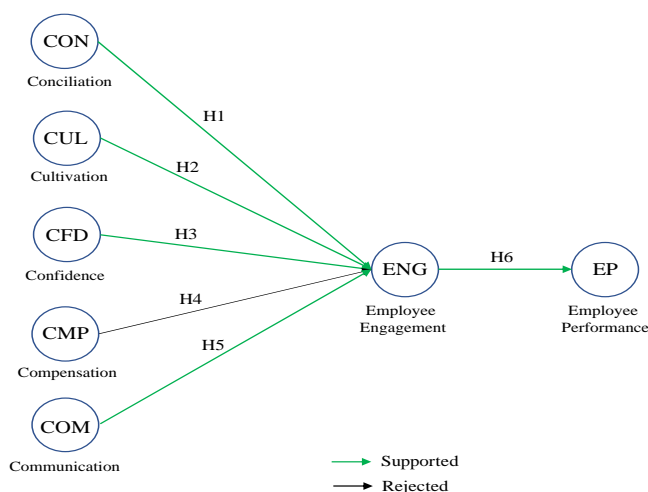


Figure 2. Structure Equation Modelling

The R² estimates of 0.19, 0.33, and 0.67 are considered weak, moderate, and substantial, respectively (Chin, 1998). In this study, the R² values were above 0.33 (table 6), considered as a moderate impact.

Table 6. R² and R² Adjusted

	R ²	R ² Adjusted
Employee Engagement	0.593	0.587
Employee Performance	0.528	0.527

4.2 Discussion

The objective of this research is to investigate the key drivers that influence employee engagement in Indonesian State-owned Enterprises, including their subsidiaries and affiliates during the Covid-19 Pandemic. This research also looks at the effect of employee engagement on employee performance.

Our examination on hypothesis 1 supports the previous studies that stated conciliation has a positive influence on employee engagement (De-La-calle-durán & Rodríguez-Sánchez, 2021; Vargas, Gómez, & Ortiza, 2015). Companies that implement policy to reconcile work and family life could improve employee engagement, lower absenteeism, lower staff turnover, and minimize stress faced by employees who are unable to balance their work and private life. The findings also corroborate Fredrickson's broaden-and-build theory (BBT), which stated that positive emotions (such as enjoyment, curiosity, and anticipation) extend one's consciousness and inspire fresh, exploratory thought and activities. BBT implies that nurturing and developing individuals in a work environment that is psychologically secure and satisfies the individual's psychological requirements, will result in personal thriving and organizational productivity (Timms et al., 2015).

On hypothesis 2, we find that cultivation has a significant positive impact on employee engagement. This result is aligned with previous studies that support the influence of cultivation on employee engagement (De-La-calle-durán & Rodríguez-Sánchez, 2021; Kohntopp & McCann, 2020; Saks, 2021). Companies with engaged employees were more likely to provide chances for training and development. These firms often prioritized employee development and talent development (Kohntopp & McCann, 2020). Organizations demonstrate to employees that they value their contributions, growth, and development by offering chances for learning through training and development. Furthermore, a system of caring HRM practices, i.e training & development and career development will result in a higher level of employee engagement (Saks, 2021). This result supports the resources theory proposed by Foa & Foa (2012). According to the theory, individuals trade six different resources with others: love, status, knowledge, products, services, and money. The theory's central premise is that people trade resources that are similar to those they get. Based on resource theory, Cooper-Thomas, Xu, & M. Saks (2018) predicted that the "love" resources would be the biggest determinant of employee engagement. They discovered that two of the three resources most closely connected with love (learning & development and vision & purpose) were the biggest predictors of employee engagement, which supports resource theory. In other words, the resources closest to love, compassion, and warmth had the strongest correlation with employee engagement.

On hypothesis 3, the result reveals that confidence has a significant positive influence on employee engagement. Several studies have shown that forming a psychological tie with the firm may boost employee engagement (De-La-calle-durán & Rodríguez-Sánchez, 2021; Fu et al., 2014; Lee et al., 2012). By giving more effort to ensure the employees' safety during work from home or remote working from home policy, greater levels of trust between firms and employees may emerge. According to Dietz & den Hartog (2006), a high-level trust is derived from shared affection or converged interest. Because of the overwhelming devotion and utter unity of purpose, both sides assume the same identity, and each side may confidently represent the interests of the other (De-La-calle-durán & Rodríguez-Sánchez, 2021).

On hypothesis 4, we find that compensation does not have an impact on employee engagement. This result does not support previous studies that proposed the positive impact of compensation on employee engagement (De-La-calle-durán & Rodríguez-Sánchez, 2021; Moliner, 2005). Nevertheless, another study from Chamorro-Premuzic (2013) demonstrates that employee engagement is not affected by compensation. A competitive salary would attract and retain employees in the first place, but once their basic needs are met, employees' happiness and engagement are driven by non-financial factors. Furthermore, according to Cho & Perry (2012), employee engagement levels were three times more strongly connected with intrinsic motives than extrinsic motives, but both motives tend to cancel each other out. In other words, when employees have limited interest in extrinsic rewards, their intrinsic drive has a significant influence on their engagement levels. When employees are focused on external incentives, the impacts of intrinsic motivations on engagement are greatly reduced. This reflects that the employees who are intrinsically driven are three times more engaged than those who are extrinsically motivated (i.e. by compensation). Employees are more likely to love their jobs when they are focused on their work, and less likely to enjoy them when they are focused on money.

Our result on hypothesis 4 is also supported by Motivation-hygiene Theory (Herzberg, 1964). Herzberg's study confirmed that employees are impacted by both motivational factors (success, intrinsic motive in the work, responsibility, and progress) and hygienic factors (company policy, administrative practices, supervision, relationships, working conditions, and salary). Motivational factors impact how well employees perform at work. When employees are inspired, they put out the extra effort and become emotionally involved in the organization's success. Companies frequently assume that money is the most important motivator for employees, yet compensation (i.e. salary) is a hygiene factor, not a motivator. Improving hygienic factors beyond a certain extent will not result in greater employee motivation. Employees want to be adequately compensated, but no amount of money can compensate for terrible working conditions, strained relationships, or unfair administrative practices.

On hypothesis 5, the result reveals that communication has a significant positive impact on employee engagement. Several studies have demonstrated that employees who have had strong communication with their supervisors feel more linked to the organization, which increases their dedication to it (De-La-calle-durán & Rodríguez-Sánchez, 2021; Karanges, Johnston, Beatson, & Lings, 2014; Sostero et al., 2020). The findings of this study are supported by social exchange theory (Cropanzano & Mitchell, 2005), which states that when the companies and superiors provide resources, such as internal communication, in a way that is perceived to be beneficial, employees will recognize the connection positively and respond with positive and useful cognitions, emotions, and actions like as engagement.

Lastly, on hypothesis 6, the results demonstrate that employee engagement has a significant positive impact on employee performance, which is supported by previous studies (Bedarkar & Pandita, 2014; J., 2014; Motyka, 2018). According to Mone and London (2022), organizations may achieve and maintain high levels of employee engagement, and hence greater levels of performance, through strengthening performance management. The energy and attention that come with work engagement enable individuals to bring their full potential to the workplace, which improves the quality of their performance (J., 2014).

5. Conclusion and Implication

A substantial quantity of research has been published on human capital management strategies for employee engagement and performance during the Covid-19 Pandemic (Alshaabani et al., 2021; De-La-calle-durán & Rodríguez-Sánchez, 2021; Shoaib et al., 2022; Sostero et al., 2020). The current research is aimed to investigate the key factors that influence employee engagement in Indonesian State-owned Enterprises including their subsidiaries and affiliates during the Covid-19 Pandemic. Moreover, this study also examines the effect of employee engagement on employee performance.

The result of this study reveals that conciliation, cultivation, confidence, and communication are the key drivers of employee engagement. The study also demonstrates that employee engagement is the predictor of employee performance. This study validates the influence of conciliation, cultivation, confidence, and communication on employee engagement by using a quantitative technique. Nevertheless, the study results find that compensation does not influence employee engagement. It confirms the Motivation-hygiene Theory by Herzberg (1964), which states that compensation is a hygiene factor, not a motivational factor that will affect the engagement of employees in their work.

From a managerial perspective, this study offers implications to the state-owned enterprises that during the Covid-19 Pandemic, the employee engagement could be improved by giving flexibility to the employees in managing their work and home life, providing training and development, ensuring the employees' safety and health, and building strong communication. The companies should also avoid focusing too much on offering more remuneration above what is required since this will have little influence on employee engagement.

The limitations of this work point to future research directions. First, on the employee performance context, this study only investigates the effect of employee engagement on employee task performance. Further studies could address the impact of employee engagement on other dimensions of employee performance, i.e adaptive performance, and contextual performance. Second, this study addresses the impact of conciliation, cultivation, confidence, compensation, and communication on employee engagement which can lead to employee performance improvement. Further studies could investigate the influence of employee engagement on organizational citizenship behavior. Moreover, the impact of leadership behavior on employee engagement could be explored in further studies.

References

- Afthanorhan, A., Awang, Z., & Aimran, N. (2020). An extensive comparison of cb-sem and pls-sem for reliability and validity. *International Journal of Data and Network Science*, 4(4), 357–364. <https://doi.org/10.5267/j.ijdns.2020.9.003>
- Alshaabani, A., Naz, F., Magda, R., & Rudnák, I. (2021). Impact of perceived organizational support on ocb in the time of covid-19 pandemic in hungary: Employee engagement and affective commitment as mediators. *Sustainability (Switzerland)*, 13(14). <https://doi.org/10.3390/su13147800>

- Atatsi, E. A., Stoffers, J., & Kil, A. (2019, July 11). Factors affecting employee performance: a systematic literature review. *Journal of Advances in Management Research*, Vol. 16, pp. 329–351. Emerald Group Holdings Ltd. <https://doi.org/10.1108/JAMR-06-2018-0052>
- Bedarkar, M., & Pandita, D. (2014). A Study on the Drivers of Employee Engagement Impacting Employee Performance. *Procedia - Social and Behavioral Sciences*, 133, 106–115. <https://doi.org/10.1016/j.sbspro.2014.04.174>
- Buomprisco, G., Ricci, S., Perri, R., & de Sio, S. (2021). Health and Telework: New Challenges after COVID-19 Pandemic. *European Journal of Environment and Public Health*, 5(2), em0073. <https://doi.org/10.21601/ejeph/9705>
- Carnevale, J. B., & Hatak, I. (2020). Employee adjustment and well-being in the era of COVID-19: Implications for human resource management. *Journal of Business Research*, 116, 183–187. <https://doi.org/10.1016/j.jbusres.2020.05.037>
- Chamorro-Premuzic, T. (2013). *Does Money Really Affect Motivation? A Review of the Research*.
- Cho, Y. J., & Perry, J. L. (2012). Intrinsic Motivation and Employee Attitudes: Role of Managerial Trustworthiness, Goal Directedness, and Extrinsic Reward Expectancy. *Review of Public Personnel Administration*, 32(4), 382–406. <https://doi.org/10.1177/0734371X11421495>
- Cooper-Thomas, H. D., Xu, J., & M. Saks, A. (2018). The differential value of resources in predicting employee engagement. *Journal of Managerial Psychology*, 33(4–5), 326–344. <https://doi.org/10.1108/JMP-12-2017-0449>
- Cropanzano, R., & Mitchell, M. S. (2005, December). Social exchange theory: An Interdisciplinary review. *Journal of Management*, Vol. 31, pp. 874–900. <https://doi.org/10.1177/0149206305279602>
- Dansereau, F., & Keller, T. (1995). Leadership and Empowerment: A Social Exchange Perspective. *Human Relations*, 48.
- De-La-calle-durán, M. C., & Rodríguez-Sánchez, J. L. (2021). Employee engagement and wellbeing in times of covid-19: A proposal of the 5cs model. *International Journal of Environmental Research and Public Health*, 18(10). <https://doi.org/10.3390/ijerph18105470>
- Dietz, G., & den Hartog, D. N. (2006). Measuring trust inside organisations. *Personnel Review*, 35(5), 557–588. <https://doi.org/10.1108/00483480610682299>
- Foa, E. B., & Foa, U. G. (2012). *Resource Theory of Social Exchange*. https://doi.org/10.1007/978-1-4614-4175-5_2
- Fornell, C., & Larcker, D. F. (1981). *Evaluating Structural Equation Models with Unobservable Variables and Measurement Error*.
- Fu, H., Ye, B. H., & Law, R. (2014). You do well and I do well? The behavioral consequences of corporate social responsibility. *International Journal of Hospitality Management*, 40, 62–70. <https://doi.org/10.1016/j.ijhm.2014.03.004>
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019, January 14). When to use and how to report the results of PLS-SEM. *European Business Review*, Vol. 31, pp. 2–24. Emerald Group Publishing Ltd. <https://doi.org/10.1108/EBR-11-2018-0203>
- J., A. (2014). Determinants of employee engagement and their impact on employee performance. *International Journal of Productivity and Performance Management*, 63(3), 308–323. <https://doi.org/10.1108/IJPPM-01-2013-0008>
- Joo, B. K. (Brian), & Shim, J. H. (2010). Psychological empowerment and organizational commitment: The moderating effect of organizational learning culture. *Human Resource Development International*, 13(4), 425–441. <https://doi.org/10.1080/13678868.2010.501963>
- Kahn, W. A. (1990). *PSYCHOLOGICAL CONDITIONS OF PERSONAL ENGAGEMENT AND DISENGAGEMENT AT WORK* (Vol. 33).
- Karanges, E., Johnston, K., Beatson, A., & Lings, I. (2014). The influence of internal communication on employee engagement: A pilot study. *Public Relations Review*, 41(1), 129–131. <https://doi.org/10.1016/j.pubrev.2014.12.003>
- Kohntopp, T., & McCann, J. (2020). Leadership in Virtual Organizations: Influence on Workplace Engagement. In *The Palgrave Handbook of Workplace Well-Being* (pp. 1–26). Springer International Publishing. https://doi.org/10.1007/978-3-030-02470-3_12-1
- Koopmans, L., Bernaards, C. M., Hildebrandt, V. H., de Vet, H. C. W., & van der Beek, A. J. (2014). Construct validity of the individual work performance questionnaire. *Journal of Occupational and Environmental Medicine*, 56(3), 331–337. <https://doi.org/10.1097/JOM.0000000000000113>
- Kwon, K., & Kim, T. (2020). An integrative literature review of employee engagement and innovative behavior: Revisiting the JD-R model. *Human Resource Management Review*, 30(2). <https://doi.org/10.1016/j.hrmmr.2019.100704>

- Lee, Y. K., Kim, Y. S., Lee, K. H., & Li, D. X. (2012). The impact of CSR on relationship quality and relationship outcomes: A perspective of service employees. *International Journal of Hospitality Management*, 31(3), 745–756. <https://doi.org/10.1016/j.ijhm.2011.09.011>
- Mackay, M. M., Allen, J. A., & Landis, R. S. (2017). Investigating the incremental validity of employee engagement in the prediction of employee effectiveness: A meta-analytic path analysis. *Human Resource Management Review*, 27(1), 108–120. <https://doi.org/10.1016/j.hrmr.2016.03.002>
- Marsh, K., & Musson, G. (2008). Men at work and at home: Managing emotion in telework. *Gender, Work and Organization*, 15(1), 31–48. <https://doi.org/10.1111/j.1468-0432.2007.00353.x>
- Moliner, C. (2005). LINKING ORGANIZATIONAL JUSTICE TO BURNOUT: ARE MEN AND WOMEN DIFFERENT? . In *O Psychological Reports* (Vol. 96).
- Motyka, B. (2018). Employee engagement and performance: a systematic literature review. *International Journal of Management and Economics*, 54(3), 227–244. <https://doi.org/10.2478/ijme-2018-0018>
- Nadiri, H., & Tanova, C. (2010). An investigation of the role of justice in turnover intentions, job satisfaction, and organizational citizenship behavior in hospitality industry. *International Journal of Hospitality Management*, 29(1), 33–41. <https://doi.org/10.1016/j.ijhm.2009.05.001>
- Na-Nan, K., Kanthong, S., & Joungrakul, J. (2021). An empirical study on the model of self-efficacy and organizational citizenship behavior transmitted through employee engagement, organizational commitment and job satisfaction in the Thai automobile parts manufacturing industry. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(3). <https://doi.org/10.3390/joitmc7030170>
- Nembhard, I. M., Burns, L. R., & Shortell, S. M. (2020). *Responding to Covid-19: Lessons from Management Research*. <https://doi.org/10.1056/CAT.20.0111>
- Panteli, N., & Sockalingam, S. (2005). Trust and conflict within virtual inter-organizational alliances: A framework for facilitating knowledge sharing. *Decision Support Systems*, 39(4), 599–617. <https://doi.org/10.1016/j.dss.2004.03.003>
- Pradhan, R. K., & Jena, L. K. (2017). Employee Performance at Workplace: Conceptual Model and Empirical Validation. *Business Perspectives and Research*, 5(1), 69–85. <https://doi.org/10.1177/2278533716671630>
- Rameshkumar, M. (2020). Employee engagement as an antecedent of organizational commitment – A study on Indian seafaring officers. *Asian Journal of Shipping and Logistics*, 36(3), 105–112. <https://doi.org/10.1016/j.ajsl.2019.11.003>
- Saks, A. M. (2021). Caring human resources management and employee engagement. *Human Resource Management Review*. <https://doi.org/10.1016/j.hrmr.2021.100835>
- Shoab, M., Nawal, A., Korsakienė, R., Zámečník, R., Rehman, A. U., & Raišienė, A. G. (2022). Performance of Academic Staff during COVID-19 Pandemic-Induced Work Transformations: An IPO Model for Stress Management. *Economies*, 10(2), 51. <https://doi.org/10.3390/economies10020051>
- Sostero, M., Milasi, S., Hurley, J., Fernandez-Macías, E., & Bisello, M. (2020). *Teleworkability and the COVID-19 crisis: a new digital divide? A Joint European Commission-Eurofound Report*. Retrieved from <https://ec.europa.eu/jrc>
- Sulaiman, M. A. B. A., Ahmed, M. N., & Shabbir, M. S. (2020). Covid-19 challenges and human resource management in organized retail operations. *Utopia y Praxis Latinoamericana*, 25(Extra12), 81–92. <https://doi.org/10.5281/zenodo.4280092>
- Taber, K. S. (2018). The Use of Cronbach's Alpha When Developing and Reporting Research Instruments in Science Education. *Research in Science Education*, 48(6), 1273–1296. <https://doi.org/10.1007/s11165-016-9602-2>
- Timms, C., Brough, P., O'Driscoll, M., Kalliath, T., Siu, O. L., Sit, C., & Lo, D. (2015). Positive pathways to engaging workers: Work-family enrichment as a predictor of work engagement. *Asia Pacific Journal of Human Resources*, 53(4), 490–510. <https://doi.org/10.1111/1744-7941.12066>
- Vance, R. J. (2006). Employee Engagement and Commitment A guide to understanding, measuring and increasing engagement in your organization. *SHRM Foundation*. Retrieved from www.shrm.org/foundation.
- Vargas, O. L. P., Gómez, S. P., & Ortiza, C. L. S. (2015). From Conciliation to Work-family Enrichment in Educational Institutions. *Procedia - Social and Behavioral Sciences*, 191, 1148–1151. <https://doi.org/10.1016/j.sbspro.2015.04.503>
- Weber, T., Hurley, J., Adăscăliței, D., Foti, K., Mandl, I., Patrini, V., & Vacas-Soriano, C. (2021). COVID-19: Implications for employment and working life. *Publications Office of the European Union*. <https://doi.org/10.2806/024770>