

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Every company has its own policy in doing its business. The company has its own identity, differentiation and strategies to compete with other companies in the industry. To keep the company as a qualified one, the company usually spends more money in advanced technology or even high-skilled employees. In the company, the attention of productivity is not only in the profit, but also in the Human Resource (HR) or employee that can run the company. The development of the company is not only because of the big amount of capital or productivity but also the qualified human resource that produce goods or service. Human Resource Management (HRM) practices and strategies have been identified as essential for organizational success (Wright, Gardner, Moynihan and Allen, 2005).

The human resource or employee is very important in the service industry. Employees deal directly with customers through the service. In the education institute, the teachers' satisfaction is taken into account by the company because from teachers' performance, the quality of an education institute can be seen and perceived by the students. The problem for a company nowadays is how to manage its employees to keep working in the company and mind about the goals of the company itself. According to Kaye and Jordan-Evans (2003), the challenge today is not just retaining talented people, but fully engaging, capturing employees' minds and hearts at each stage of employee's work live. In other words, the company should identify which factors that can affect the employee's satisfaction with the job in the company.

According to Saks (2006), one factor that influences job satisfaction is the engagement of the employee. There is a general belief that there is a connection between employee engagement as an individual level construct and the business results (Harter *et al.*, 2002). Therefore, there is reason to expect

employee engagement to be related to individuals' attitudes, intentions, and behaviors. Schaufeli et al. (2002) define engagement "as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption." Employee engagement is the key for the company to know the satisfaction level of the employee to the job.

Engaging employees is one of the top five most important challenges for management (Wah, 1999). International Survey Research (ISR) conducted a large cross-industry survey across a range of countries (ISR 2004). They concluded that engagement varies across the surveyed countries with developing countries and developed countries, Employee engagement behavior might different for various countries according to its habit. For example, Western (e.g. UK and the Netherlands) and Eastern cultures have been shown to differ significantly, particularly with respect to the need for organizational hierarchies, and a focus on individuals versus groups (Hofstede, 1980). It has been argued that these differences are likely to influence the way employees respond to the organizations and managers they work for, and the systems in place to manage their performance. This in turn is likely to have implications for their levels of engagement and the factors which influence this. The studies of Markos and Sridevi (2010) indicated that the engagement of employees do not give much importance to pay and benefits, because almost all the surveys were made in companies working in economically-well-to-do countries such as western countries. This might be different with other countries especially for developing countries in Asia.

Many authors have tried to identify the factors that can influence the employee engagement. Saks (2006) stated that job characteristics can influence the level of employee engagement. According to Kahn (1992), jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of the employees into the work or to be more engaged. Another study identified perceived organizational support from where the employee work can affect the employee engagement. Employees' who have higher Perceived

Organizational Support (POS) might become more engaged to the job and organization as part of the reciprocity norm of Social Exchange Theory (SET) in order to help the organization reach its objectives (Rhoades et al., 2001).

EF English First Education is the largest private education company in the world with ten subsidiaries and non-profit organization wholly engaged in language learning, educational travel and academic degree programs (www.englishfirst.co.id, retrieved on 10 Augusts 2012). As a company that engaged in course learning, EF has different job characteristics than other companies in the working hours. The rush hours for course company such as EF English First is start from afternoon until evening (after office hour). It is because the hours must be adaptable with the students' hour at school or normal office hour (from 8.00 am until 5.00 pm) for workers that want to take the course. The difference in the job characteristics especially for working hours may decrease job satisfaction of the job. Another characteristic from EF English First is it usually held expo education for students about the course learning as well as giving opportunity to the students by helping enrolled in study abroad programs. These job characteristics might be different from companies that not engaged in the education course learning. But according to the theory, if the employee has engagement to the job or the organization, the employee will feel satisfied with the job. In addition, if the employee gets organizational support, the more engaged and more satisfied with the job (Saks, 2006).

Based on the phenomenon and theoretical background that have been stated, the author conducted this research to know the influence between job characteristics and perceived organizational support to employee engagement which can result to job satisfaction in EF English First Surabaya.

1.2 Research Problems

This study investigates the following research problems:

1. What is the description of EF English First's employees?

2. Do job characteristics have significant effects on employee engagement at EF English First?
3. Does perceived organizational support significantly affect employee engagement at EF English First?
4. Does employee engagement significantly affect job satisfaction at EF English First?
5. Do job characteristics and perceived organizational support simultaneously and significantly affect employee engagement at EF English First?

1.3 Research Objectives

This study has the following objectives:

1. To describe the employee of EF English First.
2. To determine the significant effect of job characteristics on employee engagement at EF English First;
3. To determine the significant effect of perceived organizational support on employee engagement at EF English First;
4. To determine the significant effect of employee engagement on job satisfaction at EF English First; and
5. To determine the significant simultaneous effect of job characteristics and perceived organizational support on employee engagement at EF English First.

1.4 Research Contributions

This research expects to give benefits:

1.4.1 For The Company

This research can be a useful reference to enhance employee engagement to improve job satisfaction. This research can also help the manager in decision making related to the degree of organizational support to employees that can eventually lead to job satisfaction and better employee engagement.

1.4.2 For The Author

This research provides the author perspectives on the effects of job characteristics and organizational support that can affect job satisfaction through employee engagement.

1.4.3 For Similar Companies

This research can be a useful reference for similar companies in managing employees, especially to improve job satisfaction.

1.5 Research Limitations

This research limits the antecedents of employee engagement to job characteristics and perceived organizational support and uses job satisfaction as the consequence. The scope of this research will only conduct in EF English First Surabaya. The interviews and questionnaires distribution were conducted during August – October 2012. Furthermore, the number respondents who are actually filled the questionnaire are less than the total employees of the company because some of the employees were not present when the questionnaires being distributed or refused to accomplish the questionnaire.

1.6 Research Outline

CHAPTER I – INTRODUCTION

This chapter sets up the research problem for the reader. It also provides the backgrounds information defining the issue and important terms. It specifies the research objectives explored in greater detail to contribute to understanding the research problem.

CHAPTER II – REVIEW OF RELATED LITERATURE

This chapter summarizes the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of the theory that applies to the research problem, an explanation of why it is relevant, and how the modeling efforts address the hypothesis to be tested.

CHAPTER III – RESEARCH METHODOLOGY

This chapter explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of data.

CHAPTER IV – RESULTS AND DISCUSSION

This chapter explains the detailed of the results after calculation is conducted. It includes the company profile, description of survey respondents and variables, the pretest, classical assumption and hypotheses testing. This chapter also states the discussion about the result.

CHAPTER V – SUMMARY, CONCLUSIONS, AND RECOMMENDATION

This chapter summarizes the result for this study and gives the conclusions. It also explains the recommendation for the company and for the future research.