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The Role of Empowerment and Work Environment on Employee Performance Supported Over Organizational Commitment

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This study aims to examine the effect of empowerment and the work environment on employee performance supported over organizational commitment so that conducting this test will benefit the parties concerned. In this study was conducted at eight manufacturing companies of road markings in Indonesia with 200 sampling data from employees. Here, we obtain the sampling data come from 25 employees at 8 companies, respectively. By using Structural Equation Modeling (SEM) approach assisted by the Lisrel (Linear Structural Relationship) program 8.8, we analyze employee performance support over organizational commitment. We obtain data observation from distribution surveys with quantitative method questionnaires. The results showed empowerment and the work environment were positively related to organizational commitment and employee performance. In this case the organizational commitment as a supporter of the influence of empowerment and the work environment on employee performance. Here, research results should be used for the development of human resource management science. Furthermore, this research has a contribution to manufacturing companies who needs to empower employees by giving authority and involvement in decision making so that performance improves. Thus, companies also need to condition a work environment that is conducive and supportive in every process of carrying out employee work so that it will improve employee performance.

Keywords: Empowerment, Work environment, Organizational commitment, Employee performance.

1. INTRODUCTION

Manufacturing companies act as the main pillars of industrial development in a country [1]. The development of the manufacturing industry is in line with the company need for competent human resources because the manufacturing sector will not be able to face challenges if employees' performance is decreased. In this case, the company must meet the needs, demands, and expectations of customers to win the competition [2]. In this study, it's more focused on how the company achieves quality employee performance through empowerment and the creation of a work environment supported by organizational commitment. Empowerment is the elimination of conditions for the contribution of feeling helplessness that reinforces employees' sense of self-efficacy [3]. Empowerment is a major factor that leads to organizational commitment [3, 4]. Here, employee empowerment has play a role as an important contributor to organizational achievement and direct some things need to be considered, namely the conditions of the performance [5]. Apart from empowering employees with

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impact of organizational commitment and employee work environment related to the organizational climate of a particular company where employees carry out their duties [6]. In this case, the work environment is reacted at workplace condition that becomes a factor in the context of work-life balance [7]. Thus, the employees with a higher level of commitment to the organization are considered more productive and have better loyalty to improve their work also have higher responsibilities [8, 9]. In this study, the individual's ability to assess the level of accuracy, work knowledge, and creativity in carrying out a given role [10]. Over the past few years, a several research findings have presented a positive effect of empowerment on employee performance. Also, in previous studies the positive effect of empowerment is obtained on organizational commitment [11, 13]. Not only does empowerment affect employee performance and organizational commitment, but the work environment also has a positive effect on employee performance [14]. Apart from that, the work environment affects organizational commitment [14]. The relationship between work environment and performance is feel

employees comfortable with their work environment tend to work more effectively and enjoy the work process compared to those who feel uncomfortable [15, 16]. This research is a development from previous research. Previous research was generally limited to examining the direct effect of employee empowerment and work environment on employee performance [17, 18]. However, this study use a variable organizational commitment in measuring the indirect effect of employee empowerment and work environment on organizational commitment. Besides empowerment has a significant positive effect on employee performance [19]. However, other research states that empowerment does not have a significant relationship [20]. Based on the explanation above, the purpose of this study is to examine the effect of empowerment and the work environment on employee performance which is supported by organizational commitment so that doing this test will provide benefits for the parties involved.

2. METHODOLOGY

A. Relationship between Empowerment with Employee Performance

Empowerment gives employees a sense of self-worth and the ability to appreciate, which in turn increases their performance and reduces the turnover [21]. Employee empowerment is considered as an one of the best policies also considered the important think in developing employee interactive quality, teamwork attitude, innovative skills, self-confidence, and impartial thinking and can increase employee responsibilities. Employee empowerment creates a better work environment for employees which in turn improves employee performance. Based on previous research, employee empowerment is positively related to employee performance. The dimensions used to measure empowerment in this study consist of delegation of authority, participation and involvement with access to information, using the operationalization of 9 statement items [22].

B. Relationship between Work Environment with Employee Performance

Creating a work environment so that employees are productive is very important to increase profits for the organization. Companies will not grow well if the work environment around them is not conducive, a good work environment determines the level of employee performance. Environmental and psychosocial with both physical factors will lead to increased performance. There is an impact of job characteristics and working conditions on job performance in a manufacturing environment [23]. Several studies state that the work environment affects employee performance [24]. The dimensions of the work environment used in this study are physical and social; social support from colleagues and top management; a decentralized organizational structure, teamwork, parallel structures, and quality circles, and an ethical corporate

culture; hours of work, compensation and benefits; and physical, cognitive, emotional, and work-related resources, using an operationalization of 13 statement items [25].

C. Relationship between Empowerment with Organizational Commitment

Empowerment aimed to giving strength and authority to employees through managers and share responsibilities with employees so that it will help empowered employees to improve their recognition and status in the matter of the job. Besides, empowerment can reduce the intention to move between employees. Thus, commitment from employees to the organization [26]. Employee empowerment is an important contributor to organizational success and has a direct influence on organizational commitment. Empowerment has a significant positive effect on organizational commitment. The dimensions used to measure organizational commitment are identification, loyalty, and involvement, with the operationalization of a statement consisting of 7 statement items [26].

D. Relationship between Work Environment with Organizational Commitment

The work environment is a key factor affecting employee satisfaction and commitment to an organization. The environment can influence whatever factors influence the behavior of employees in the organization. Environment plays an important role in influencing organizational commitment. In addition, the work environment is one of the main contributors to organizational commitment.

E. Relationship between Organizational Commitment with Employee Performance

Organizational commitment can be used as a measure of the strength of an employee's identity and involvement in the goals and values of the organization. Good commitment in an organization leads to employee self-esteem to improve performance whereas poor commitment in the organization causes distrust of employees to the workplace and has an impact on employee performance decline [27, 28]. The organizational commitment is positively related to employee performance (see Figure 1). Thus, we proposed four hypotheses in this research and conceptual framework model (see Figure 1).

H₁: Empowerment has a positive effect on employee performance

H₂: Work environment has a positive effect on employee performance

H₃: Empowerment has a positive effect on organizational commitment

H₄: The work environment has a positive effect on organizational commitment

H₅: Organizational commitment has a positive effect on employee performance

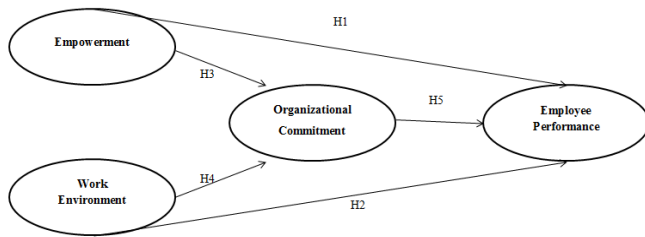


Figure 1. Conceptual Framework Model

3. RESULT AND DISCUSSION

In this study, we analyze using the Structural Equation Modeling (SEM) approach assisted by the Lisrel program (Linear Structural Relationship) 8.8. The research was conducted in eight manufacturing companies in the field of road marking paint in Indonesia. The indicators in this study consisted of 40 statements so that the number of samples in this study was 200 respondents. The sampling technique was 25 employees each in 8 companies. Data obtained from a survey by distributing a quantitative method questionnaire. Measurement of each variable uses a Likert scale of 1-5. After processing data, the test results can be presented in the research model as follows:

A. Relationship between Empowerment with Employee Performance

Test the goodness of this model using Lisrel 8.8 software. The results of the Goodness of Fit are shown in Table I while the estimation model is showed in Table II.

Table I. Goodness of Fit Index

Goodness of Fit	Cut – off Value	Model Result	Information
Chi-Square	Minimum Value	$\chi^2 = 4144.43$	<i>Poor Fit</i>
P	$p > 0.05$	(P = 0.0)	
NCP	Small value	3526.56	<i>Poor Fit</i>
Interval	Narrow interval	(3324.89 ; 3735.61)	
RMSEA	≤ 0.08	0.16	<i>Poor Fit</i>
		(0.15 ; 0.16)	
P-value for test of close fit	$p \geq 0.50$	0.00	<i>Poor Fit</i>
ECVI		M* = 22.27	
	Small value and close to ECVI Saturated	S* = 8.24	<i>Poor Fit</i>
		I* = 88.00	
AIC	Small value and close to AIC Saturated	M* = 4431.56	<i>Poor Fit</i>
		S* = 1640.00	
		I* = 17511.83	
CAIC	Small value and close to CAIC Saturated	M* = 4796.92	<i>Good Fit</i>
		S* = 5164.62	
		I* = 17683.76	
NFI	$NFI \geq 0.90$	0.76	<i>Poor Fit</i>
PNFI	0 - 1	0.72	<i>Good Fit</i>
NNFI	$NNFI \geq 0.90$	0.78	<i>Poor Fit</i>
CFI	$CFI \geq 0.90$	0.80	<i>Marginal Fit</i>

Table II. The Estimation models

Goodness of Fit	Cut – off Value	Model Result	Information
IFI	$IFI \geq 0.90$	0.80	<i>Marginal Fit</i>
RFI	$RFI \geq 0.90$	0.75	<i>Poor Fit</i>
CN	$CN > 200$	40.72	<i>Poor Fit</i>
RMR	≤ 0.05	0.17	<i>Poor Fit</i>
GFI	$GFI > 0.90$	0.48	<i>Poor Fit</i>
AGFI	$AGFI > 0.90$	0.42	<i>Poor Fit</i>

From several model feasibility tests in a research model is said to be feasible at least if one of the model's feasibility test methods is met [13]. If the sample is too large, it will be very sensitive so that it is difficult to get good goodness of fit measurements. With this in mind, the path model proposed in this study fulfills the Goodness of Fit assumption.

B. Validity test

A validity test is a test used to measure the validity of a questionnaire. The validity results can be seen in Table III.

Table II. Test the validity of the variables

Latent Variable	Indicator Variable	Loading Factor	Information
Empowerment	X1.1	0.85	Valid
	X1.2	0.51	Valid
	X1.3	0.60	Valid
	X1.4	0.56	Valid
	X1.5	0.54	Valid
	X1.6	0.84	Valid
	X1.7	0.66	Valid
	X1.8	0.64	Valid
	X2.1	0.74	Valid
	X2.2	0.99	Valid
Work Environment	X2.3	0.96	Valid
	X2.4	0.73	Valid
	X2.5	0.73	Valid
	X2.6	0.88	Valid
	X2.7	0.52	Valid
	X2.8	0.64	Valid
	X2.9	0.64	Valid
	X2.10	0.64	Valid
	X2.11	0.64	Valid
	X2.12	0.78	Valid
Organizational Commitment	X2.13	0.78	Valid
	Y1.1	0.65	Valid
	Y1.2	0.50	Valid
	Y1.3	0.67	Valid
	Y1.4	0.82	Valid
	Y1.5	0.87	Valid
Employee performance	Y1.6	0.77	Valid
	Z1.1	0.68	Valid
	Z1.2	0.77	Valid
	Z1.3	0.50	Valid
	Z1.4	0.53	Valid
	Z1.5	0.53	Valid
	Z1.6	0.74	Valid
	Z1.7	0.82	Valid
	Z1.8	0.79	Valid
	Z1.9	0.91	Valid
	Z1.10	0.82	Valid
Z1.11	0.85	Valid	

An indicator variable is said to be valid if it has a standardized loading factor that is more than the tolerable loading factor that is ≥ 0.5 [15]. Based on the results in

Table I it can be seen that the variable meets the validity requirements where the loading factor value is more than 0.5.

C. Reliability Test

The reliability test is intended to measure the level of consistency of research instruments. Good construct reliability is if the value of Construct Reliability (CR) ≥ 0.7 and Average Variance Extracted (AVE) ≥ 0.5, respectively. The following are the results of CR and AVE in this study (see Table IV).

Table IV. Results of Construct Reliability (CR) and Average Variance Extracted (AVE)

Variable	Construct Reliability (CR)	Average Variance Extracted (AVE)	Information
Empowerment	0.712	0.689	Reliable
Work Environment	0.821	0.633	Reliable
Organizational Commitment	0.853	0.726	Reliable
Employee performance	0.784	0.765	Reliable

The reliability test results show that the value of Construct Reliability (CR) and Average Variance Extracted (AVE) meet the reliability requirements, namely the value of CR ≥ 0.7 and AVE ≥ 0.5 Based on Table III, it can be seen that the empowerment, work environment, organizational commitment, and employee performance variables have values AVE which is more than 0.5 and has a CR value of more than 0.7, then the convergent validity of the latent construct is adequate i.e. between 0.712 to 0.853.

D. Coefficient of Determination (R²)

R square test is the coefficient of determination on endogenous variables (the variable the arrow is pointing at). R square value of 0.67 (strong), 0.33 (moderate) and 0.19 (weak). R-square value is used to assess the effect of independent variables on the dependent variable whether it has a substantive effect (see Table V).

Table V. Results Coefficient of Determination (R²)

Variable	R-Square (R ²)
Organizational Commitment	0.858
Employee Performance	0.812

Based on Table IV obtained values R Square Employee performance 0.812 and Organizational Commitment 0.885. The higher the value R Square, the greater the ability of these exogenous variables can be explained by endogenous variables so that the better the structural equation. Employee performance has value R Square amounted to 0.812 which means 81.2% variants of endogenous variables can be explained by variables Employee performance while the rest is explained by other variables outside the research model.

Variable Organizational Commitment has value R Square of 0.858 means 85.8% of variants of endogenous variables can be explained by variables Organizational Commitment while the rest is explained by other variables outside the research model.

E. Hypothesis test

First, the test results with data analysis using the Structural Equation Modeling (SEM) approach assisted by the Lisrel (Linear Structural Relationship) program 8.8, namely empowerment are obtained towards employee performance obtained the estimated coefficient value of 0.33 and t arithmetic of 2.32 (t arithmetic > t table 1.972) it can be concluded that there is a positive and significant influence between empowerment towards employee performance. Test results for the intermediate parameter coefficients empowerment on organizational commitment show a positive and significant influence, this is based on a value estimated coefficient of 0.33 and t arithmetic amounting to 3.54 (t arithmetic > t table 1.972). Between the work environment towards organizational commitment it can be concluded that there is a significant positive effect because based on the test results obtained that the estimated coefficient value is 0.68 and t arithmetic is 4.33 (t arithmetic > t table 1.972). The relationship between organizational commitment and employee performance indicate a positive and sign if can't influence, this is seen from the value estimated coefficient of 0.01 and t arithmetic for 2.11 where t arithmetic > t table 1.972 (see Table VI).

Table VI. Test Results for Each Hypothesis

Variable	Estimate	T-Stat	Information	Results
Empowerment → Employee performance	0.33	2.32	Positive and Significant	H1 supported
Work Environment → Employee performance	0.53	2.01	Positive and Significant	H2 supported
Variable	Estimate	T-Stat	Information	Results
Empowerment → Organizational Commitment	0.33	3.54	Positive and Significant	H3 supported
Work Environment → Organizational Commitment	0.68	4.33	Positive and Significant	H4 supported
Organizational Commitment → Employee performance	0.01	2.11	Positive and Significant	H5 supported

T-table = 1.972

4. CONCLUSIONS

In this study, the relationship between empowerment, work environment, organizational commitment, and employee performance is explored. The results of the first test, employee empowerment has a positive effect on employee performance. It can be concluded that the better empowerment, the greater the level of employee performance. By empowering employees, each employee



will have the power to be innovative and ensure good performance. The second result states that the work environment has a positive and significant effect on employee performance. In this case, it means that the better the work environment, the better the employee's performance. If the work environment is conducive, employees feel safe and comfortable. With a supportive work environment, a pleasant working atmosphere, harmonious relationships with colleagues, the availability of adequate work facilities, and guaranteed security can support work processes and improve performance. In the third test results, employee empowerment has a positive and significant effect on organizational commitment. This means that the better the empowerment, the better the organizational commitment. With the empowerment of employees, these employees have more freedom to make decisions and feel they have extra responsibility given so that the level of commitment to the organization increases. The fourth result states that the work environment has a positive and significant effect on organizational commitment. This means that the better the work environment, the better the organizational commitment. In this case, the organization must design their work environment in such a way that they can increase the level of commitment. The fifth test concluded that organizational commitment has a positive and significant effect on employee performance. This means that the higher the level of organizational commitment, the higher the employee's performance. Good commitment in an organization leads to employee self-esteem to improve their performance whereas bad commitment in the organization causes distrust

In general, there are several limitations in this study that need to be considered, among others, the data collection method is still only using a questionnaire so that it is possible that the data obtained from respondents' answers are limited and not sufficient to examine more deeply and the number of variables used to predict employee performance is limited. In the empowerment variables, work environment, and organizational commitment, many other variables can contribute to employee performance. Suggestions for further research include adding an interview method in obtaining data, this is done so that the data better describes the real conditions and the status of respondents as permanent employees or contract employees needs to be considered. Also, the results of research should be used for the development of human resource management knowledge, and manufacturing companies, it is better if they pay more attention to their human resources and continue to be developed to maintain the survival of the company so that it can be achieved.

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