



THE EFFECT OF EMPLOYEE SHARE PRICE EXPECTATIONS AND EMPLOYEE SHARE OWNERSHIP SATISFACTION ON EMPLOYEE ORGANIZATIONAL COMMITMENT AT PT. TELKOMUNICATIONS INDONESIA, TBK

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Abstract

The employee stock ownership program known as ESOP is one of the efforts for companies to retain their best employees as well as to increase their work commitment which is a form of employee organizational commitment. As owners of company shares, of course, employees have expectations of the stock price so that they can benefit from the share ownership while increasing satisfaction with employee stock ownership. This research was conducted on employees at PT. Telekomunikasi Indonesia, Tbk, as one of the largest telecommunications operators in Indonesia, implemented the ESOP policy in June 2013. This study aims to examine the effect of employee stock price expectations on employee stock ownership satisfaction and examine the effect of these two variables on employee organizational commitment. The analytical method used is descriptive analysis, correlation analysis and path analysis. The results showed that the expectation of employee stock price had a significant positive effect on employee stock ownership satisfaction, employee share ownership satisfaction and employee stock price expectations had a significant positive effect on employee organizational commitment.

Keywords: *Stock price expectations, share ownership satisfaction, organizational commitment*

A. INTRODUCTION

In the course of an employee's career, there is generally a period of decreased commitment to work. Employees who are not committed to work will have a negative impact on their performance. Likewise what happened to some employees at PT. Telekomunikasi Indonesia, Tbk or commonly abbreviated as Telkom. Based on observations, there are some employees who show signs of decreased commitment to work. The signs in question include violating work time discipline, not enthusiastic about work, pessimistic about the future of the company and desire to retire early. The cause of the symptoms of decreased work commitment among Telkom employees is the large number of employees whose careers have stalled.

Another cause is that some employees feel that their competence is no longer suitable for the field of work at Telkom. Currently, with rapid changes in the field of information and technology services, employees are required to always adapt to

advances in telecommunication technology as well as the complexity of types of services. Telkom has provided a guidance and counseling system for its employees who experience symptoms or signs of behavior that are no longer committed.

The policy of increasing employee salaries is certainly not an easy choice because companies must set aside financial resources in the form of cash. The HR structure transformation policy that provides more opportunities for employees to fill higher positions may be a solution to overcome the problem of employee work commitment. One alternative to increase employee commitment is to provide opportunities for employees to own shares of the company where they work every day.

The development of the economy and the business world in Indonesia shows that the progress of a company does not only depend on government support, but also depends on the quality of its employees. Therefore, building a mechanism that can attract and retain the best employees is an important issue and is of concern to company leaders. In the 21st century, which is considered the era of knowledge-based economy, company leaders tend to be more aware of the importance of human resources. The best employees can effectively become role models or can promote the values (values) that are upheld by the company.

The management leadership or board of directors who manage human resources (HR), in the latest organizational structure at Telkom is called the Director of Human Capital Management (HCM). Thus Telkom as a company that is in an industry full of competition will be able to compete and survive in a competitive global business environment. One real program that is being actively implemented is the Global Talent Program (GTP), which is an apprenticeship program for talented employees to work abroad. . Currently, Telkom through its subsidiary Telkom International (Telin) has expanded its business to various countries and has representative offices in these countries including Singapore, Hong Kong, Australia, Malaysia, Myanmar and Timor Leste.

Klein's research (1987) states that there is a positive and significant correlation between employee stock ownership satisfaction and organizational commitment. Furthermore, Klein-Hall (1988) based on the same survey data as Klein (1987), clarifies the indicators related to employee stock ownership satisfaction. The results of Klein-Hall's (1988) study stated that employee stock ownership satisfaction has a positive and significant correlation with organizational commitment.

Based on previous studies and taking into account the latest conditions in the field related to the implementation of the employee share ownership policy program at Telkom, and with full confidence that the results of this research will be of benefit to the researchers themselves, their alma mater and especially to Telkom, this research will be carried out with the title: "The Effect of Employee Stock Price Expectations and Employee Share Ownership Satisfaction on Employee Organizational Commitment at PT. Telecommunications Indonesia, Tbk"

B. METHODS

1. Research sites

Location This research was conducted at Telecommunications Indonesia, Tbk or Telkom with the working areas of Sulawesi, Maluku, Papua, Bali, Nusa Tenggara and Java. These areas cover about 70% of Telkom's area in Indonesia.

2. Population and Sample

The population in this study were Telkom employees who took part in the share ownership program in June 2013. This population is estimated to be 60% of the total Telkom employees or around 9000 employees. Based on the Slovin formula, namely:

$$n = N / (1 + N \times e^2)$$

where n = sample size, N = population and e = error rate, then with an error rate of 5%, then for a population of 9000, the sample size is 383. Meanwhile, according to Sekaran (2006; 159) with a population of 9000 people, the minimum sample size is 368 people. Therefore, the data collection for this study was planned to be between 368 and 383 people.

3. Method of collecting data

Data can be obtained from primary or secondary sources. Primary data refers to information obtained first-hand by researchers, for example through interviews or questionnaires. Secondary data refers to information gathered from existing sources, such as literature surveys. The level of researcher intervention in the workplace is related to whether the study is causal or correlational. In causal studies, the level of researcher intervention is usually greater than in correlational studies. In studies that determine cause-and-effect relationships, researchers try to manipulate certain variables to study the effects of these manipulations on the dependent variable being studied (Uma Sekaran, 2009).

In the frame of mind that has been prepared, it is stated that the variable used in this study is the implementation of the share ownership policy for Telkom employees. As mentioned in Chapter 1 regarding the background of the problem, the implementation of the share ownership policy for Telkom employees was carried out in May 2013 so that it can be said that the researcher did not carry out any intervention on this variable. Researchers will only conduct interviews and distribute questionnaires to employees so that it can be said that the researcher's intervention in employee work routines is minimal. In minimal intervention, the researcher does not do any conditioning to the work system at Telkom.

The primary data collection method was carried out using a questionnaire without any intervention or special treatment. All respondents will fill out the same questionnaire questions. The primary data source through this questionnaire will be the material for statistical analysis so that a description of the respondents, regression correlation between research variables is obtained.

4. Data analysis method

The questionnaire is intended as far as possible to form indicators to measure the concept of each variable. This research is quantitative in nature and uses statistical techniques with the help of the SPSS software application.

C. OPERATIONAL DEFINITION

1. Employee Stock Price Expectation Variable Indicator.

The first variable is employee stock price expectations (EHSK), this abbreviation will be used in subsequent paragraphs, especially for tables where the columns are limited for complete writing. The operational definition of employee stock price expectations is an employee's awareness or perception of the development of Telkom's stock price in the future. The employee stock price expectation variable in this study has four indicators, namely stock split, business expansion, telecom industry and macroeconomics.

2. Variable Indicator Employee Share Ownership Satisfaction

The operational definition of employee stock ownership satisfaction is the level of satisfaction felt by employees with the employee stock ownership program implemented at Telkom. The employee stock ownership satisfaction variable in this study has 10 indicators, namely the percentage of ownership, company contribution, share distribution, voting rights, communication, deadlines, policy reasons, meaning of ownership, sales mechanism and rate of return.

Good communication between management and employees regarding shares owned by employees is very important so that misunderstandings do not occur between the two parties which can disrupt industrial relations in the company. However, the problem of share ownership in the end will be related to financial issues that are prone to conflict if there is a misunderstanding. Therefore it is necessary to examine how the level of satisfaction of employees (respondents) with this communication about stocks.

3. Variable Indicator Employee Organizational Commitment

The variables of employee organizational commitment in this study have 7 indicators, namely target commitment, involvement commitment, process commitment, quality commitment, long term commitment, respect commitment, value commitment.

Target commitment is a commitment from employees to achieve above average performance or exceed the set targets. This commitment is in accordance with the TTW 135 work culture, namely stretch the goal. This commitment is also in accordance with the dimensions of organizational commitment from Newstrom-Davis (2002).

D. RESEARCH RESULT

1. Employee expectations of rising stock prices are influenced by the telco industry growth potential indicator with the highest response. Employees consider the potential for growth in the telco industry to remain high, which is marked by high demand and a lack of teledensity in several areas. While the indicator of business expansion carried out by the company received the lowest response.
2. The meaning of ownership (intrinsic satisfaction) gets the highest response among the indicators of employee stock ownership satisfaction. The results of this study are different from the results of previous studies by Klein (1987) and Buchko (1992). While the indicator with the lowest response is the distribution of shares based on rank. Employees want a more even distribution of shares.
3. Employee expectations of rising stock prices have a significant positive effect on employee satisfaction with the stock ownership program they participate in. Both of these, namely expectations about rising stock prices and employee satisfaction with the share ownership program that they participate in have a significant positive effect on employee commitment to the organization (company) which is manifested by increased employee commitment to work.

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