

CHAPTER I

INTRODUCTION

1.1. Research Background

Nowadays we are entering the era of globalization, disruptive technologies and the fourth industrial revolution, this pushes a lot of companies to transform itself so they can keep sustain and remain competitive in the market (Saad et al., 2018). Saad (2018) argued in the process of transformation, employee that highly engaged could be the most valuable asset for the organization to manage the change more effectively. High employee engagement is important for organizations to gain the competitive advantage over rival companies (Anita, 2014), especially organizations that are undergoing change really need engaged workforce. According to Gallup Management Study (2012) engaged employee are deeply committed to their organization, they are the person that lead the key improvement to the business outcomes, including reduction in absenteeism, product defects, turnover, safety incidents and shrinkage. Furthermore, Young et al. (2018) stated that having engaged workforce is important to make the organization run effectively. Previous studies proven that an engaged employee can increase sales, financial return and productivity (Lin et al., 2016; Marcey et al., 2009; Schneider et al., 2017; Xanthopoulou et al., 2009). Financial loss is one of the worst consequences of the low employee engagement: Disengaged employees can cost U.S. businesses up to \$550 billion annually in lost productivity (Ray et al., 2017). More than

that, in their assigned tasks engaged employee tend to perform better than the disengaged employees (Macey & Schneider, 2008a) and increased extra-role behaviors (Saks, 2006). Even there are many positive outcomes that can be created by the high employee engagement, it seems that the disengagement among employee around the world are still high. For example, 80-87% of the employees around the world were not highly engaged in their organization (Gallup, 2013). Blessing White Inc. (2008) surveyed 7,508 individuals from North America, China, Europe, New Zealand, India and Southeast Asia. The result showed that whereas a full third were disengaged and only 10% of individuals were fully engaged. Therefore, it is important for the organization to find a way to maximize employee engagement in the workplace, in order to increase organizational effectiveness.

To give a solution for the challenge managers face, researchers have found a number of intervention and ways to improve engagement such as health promotion (e.g., Imamura et al., 2015), leadership training (e.g., Biggs, Brough, & Barbour, 2014), and personal resource building (Ouweneel, Le Blanc, & Schaufeli, 2013). However, a recent research by Knight, Patterson and Dawson (2017) show that the overall impact of these intervention strategies for employee engagement appears to be relatively small. Although these researches are showing that engagement can be improve by intervention, many studies (Akhtar el al., 2015; Macey 2008b; Vosburgh, 2008) have suggested the potential of pre-employment strategies for effectively improving employee engagement, such as implement a personality test assessment into the

employee selection systems (Rothstein & Goffin, 2006). Although the personality test may be useful for identifying which candidates are more likely to be an engaged employee, researchers must identify first which personality traits are strongly related to employee engagement (Young et al., 2018). According to Macey and Schneider (2008) knowing the effect of personality on the employee engagement is an interesting research topic and can tell organization exactly what they need: people that tend to be engaged.

Let us understand what personality is first, according to Fincham and Rhodes (2005) personality is a relatively unchanging trait which makes a person unique and produces consistence thoughts and behavioral actions. Other scholars view personality as the inner psychological factors that control and reflect how a person react to a different situation. These inner psychological characteristics are those specific attributes, qualities, traits, mannerisms and factors that separate one person to the other (Schiffman & Kanuk, 2007)

More management scholars are interested in doing research with personality as one of the variable (Bell & Njoli, 2016). Researchers found that many aspects of the work have been found have a relationship with personality traits, such as training proficiency (Vasilopoulos et al., 2007), counterproductive work behavior (Penney et al., 2011), and so on. So, it is critical for managers to understand better about the influence of personality to the organization as people are the most valuable asset to an organization (Hong TM Bui, 2017).

Big five personality as one of the personality concepts recognized by academics was found to be linked with different employee job behaviors (Ozer & Benet-Martinez, 2006). For example, the big five factors were found to be significant predictors of organizational commitment, job satisfaction and job involvement (Mat et al., 2019). Big five factors also give a foundation to understanding the relationship between employee job personality and employee job behaviors (Komarraju et al., 2011). It shows how people respond in their work. The big five personality is an important concept that has been used extensively in the research on employee work behavior (McCrea & Costa, 2003; Ozer & Benet-Martinez, 2006; Mondak, 2010). This concept basically describes that personality can be condensed into five critical factors (Fincham & Rhodes, 2005). Each of the big five factors is openness to experience, conscientiousness, extraversion, agreeableness and neuroticism (Costa & McCrea, 1992). The big five personality does not mean that personality differences can be simply reduced to only five traits, but these five traits can represent the human personality at the broadest level, and each personality can summarize a large number of different, unique personality characteristics (John and Srivastava, 1999).

Although the definition of work engagement consists of energy and activation, it has been suggested that certain personality traits have a tendency to engage because of their behavioral characteristics (Xanthopoulou et al., 2009). Particularly, previous studies suggest that high openness, conscientiousness, agreeableness and extraversion, as well as low neuroticism are associated with high level of employee engagement (Akhtar et al., 2015). But the previous research result shows that the effect of

personality on employee engagement is not always the same in different location with different sample of people. It is interesting to make this research in an Indonesia City with local workers, so we can have better understanding about the effect of personality on employee engagement.

1.2. Formulation of The Problem

There are several studies on the affect of personality on employee engagement that have been conducted around the world. However, only a few researchers in Indonesia have conducted research on this topic. Study about how personality can influence the employee engagement need to be replicated in Indonesia. There for in this research want to seek the following questions:

1. Does openness to experience personality positively affect the employee engagement?
2. Does conscientiousness personality positively affect the employee engagement?
3. Does extraversion personality positively affect the employee engagement?
4. Does agreeableness personality positively affect the employee engagement?
5. Does neuroticism personality negatively affect the employee engagement?

1.3. Research Objectives

Based on the background and problem formulation above, then the purpose that want to be achieved by this research are:

1. To examine the positive influences of openness to experience to employee engagement.
2. To examine the positive influences of conscientiousness to employee engagement.
3. To examine the positive influences of extraversion to employee engagement.
4. To examine the positive influences of agreeableness to employee engagement.
5. To examine the negative influences of neuroticism to employee engagement.

1.4. Benefits of Research

For manager: to give manager a deeper understanding about the human personality, and act as a guild for selecting employee to the manager.

For academic: to have more study material about Indonesia employee personality and employee engagement.