

PSYCHOLOGICAL CONTRACT, FINANCIAL INCENTIVE EMPLOYEE EMPOWERMENT IN ORGANIZATIONAL CITIZENSHIP BEHAVIOUR AND ITS IMPLICATIONS IN EMPLOYEE ENGAGEMENT IN PRIVATE EDUCATION IN BANDUNG CITY

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ABSTRACT

Education is an important factor in the development of human resources where the teacher influences the quality of the education process. The attachment that arises between the teacher and the school as an organization determines the achievement of the vision and mission of the school. There are still a number of teachers in private vocational schools in Bandung who do not have performance-based employment contracts, the number of teachers with honorary and non-civil servant status, uncertainty in career paths, and incentives/rewards inconsistently give rise to doubts about the commitment of schools as organizations thus determining the extent of engagement that arises between teachers and schools. In this study, researchers tested knowing how "Psychological Contracts, Financial Incentives, Employee Empowerment in Organizational Behavior and its implications in Employee Engagement in Private Schools in the City of Bandung. Testing in this study uses partial least square (PLS) data analysis with data processing using the help of the XLSTAT program. The population in this study was 1,198 honorary teachers of private vocational schools in Bandung with a total sample of 93 honorary teachers of private vocational teachers in Bandung, taking samples using a purposive sampling method with calculations using the Slovin formula. The results of the study indicate that psychological contracts have a positive and significant influence in forming employee empowerment and have positive implications on employee engagement while financial incentives have an insignificant influence on forming employee empowerment and have implications on employee engagement.

Keywords: Psychological Contract, Financial Incentive Employee Empowerment, Organizational Citizenship Behavior, Employee Engagement, Private Education.

INTRODUCTION

Education is an important sector in accelerating the development of a country, through education will increase human resources (HR) in terms of knowledge, skills skill), and attitude because they play a major role in efforts to raise the dignity and dignity of a nation. The existence of a National Education System can guarantee opportunities for equitable education in each region, improvement in quality as well as the relevance and efficiency of education management to face challenges in accordance with the changing demands of local, national and global life so that a renewal of education must be planned, directed and continuous. To improve the quality of education is very much determined by many parties, whether the government, the

community, schools, parents and students themselves. Ideally all instruments involved in education must work professionally.

Teachers are one of the main components that support the improvement of human resources through education. Teachers as a determinant of the high and low quality and quality of education, education is stated to be of high quality if the teacher works referring to the vision, mission, goals, targets, and educational targets that are prepared to respond to various changes by mobilizing all the potential resources that exist in an educational institution. Quality in the context of “*educational outcomes*” refers to the achievements achieved by educational institutions at any given time period. In Law no. 14 of 2005 concerning teachers and lecturers’ states that: Teachers are professional educators with the main task of educating, teaching, guiding, directing, training, evaluating, and evaluating students in early childhood education through formal education, basic education, and secondary education.

Education is not only product oriented, but is measured by the quality of the education process. When the teacher has high confidence in his organization, the teacher will do anything to advance his school because of his belief in his organization. The teacher's belief in reciprocity that will be received from the school gives an influence in the teacher's engagement with the school so that it can achieve the goals, vision and mission of the school as an educational institution. The authority and responsibilities of teacher work in learning planning, program evaluation in schools, curriculum management, personnel management, equipment and equipment management, financial management, student services, and school relations to the community have a very large role in the work relations that occur between schools as an organization and a teacher as an employee.

Perrin's Global Workforce Study (2003) defines employee engagement as the willingness and ability of individual employees to realize organizational success in achieving goals, by contributing thoughts and ongoing efforts. Based on the study stated that the attachment of individual employees with the organization formed by the emotional attachment and factors rationally related work experience and work environment

Market expansion does not mean that only big business subjects will be able to make a profit. Also, the analysis has shown that there is no correlation between a big market and success of big businesses.

Although limited resources make small companies sensible to changes in external environment, through their activities-action plans and business strategy in risky situations, they are able to perform a significant impact on own performances and survival (Radović-Marković et al., 2019)

Engagement between teachers and the school as an organization has a very big role in shaping the work behavior expected by schools, teachers who show attachment high on the organization feels to be part of the organization, so they will work wholeheartedly with high awareness and ultimately will facilitate the achievement of the goals and vision and mission of the school. In accordance with the Teacher Code of Ethics article 6 point 4 namely the relationship of teachers with schools and peers where teachers maintain and improve school performance, achievement, and reputation. In addition, in job involvement, teachers must also have a deep understanding of school goals and know specific plans for achieving goals.

Direct compensation outside salary based on the performance received by the teacher becomes a motivation that can move the potential and ability of the teacher to engage in achievement of organizational goals. This direct compensation can be in the form of financial incentives based on certain conditions. As reported by Anggita Putri on page

<https://pontianak.tribunnews.com/dated> March 26, 2019, PLT Head of the Pontianak City Education and Culture Office, Syahdan Aziz said that they would provide incentives from the regional budget for non-PNS honorary teachers specifically for teachers in Private schools are given per semester and the incentives are given to teachers who teach in private schools that do not get certification provided that the teacher must have a Unique Number of Educators and Education Personnel (NUPTK). The fact is that the provision of incentives may not be on time because the incentive funds from the central government have not yet come down, lack of support from the school so that every teacher can have NUPTK which is a requirement for receiving incentives, lack of training and development of the abilities and skills possessed by schools.

Based on data obtained from the page <https://dapo.dikdasmen.kemdikbud.go.id/sp> Academic Year 2019/2020 that Private Vocational High Schools (SMK) in the city of Bandung currently number 110 schools which are divided in 5 (five) regions with a total of 2,046 private SMK teachers in the city of Bandung divided into adaptive teachers, normative teachers and productive teachers. Most of the teachers in several private vocational schools are still many teachers with non-PNS status where administratively there are no performance-based employment contracts, because the employment status is still honorarium so there are still those who do not have Unique Numbers of Educators and Educational Personnel (NUPTK) and there are problems others such as uncertainty over the career path of teachers with honorarium status being teachers with government employees (PNS) status.

With this phenomenon, it can raise doubts about individual beliefs in this case the teacher of the organizational promise of the school. Psychological Contract can be defined as an individual's belief will be reciprocal obligations that may be obtained employees, also including the hope or expectation of both parties that implicitly or explicitly been made (Rousseau, 1989 & 2001). Expectations which are usually included include reward, promotion, job security and other procedures. Psychological contract functions to reduce the uncertainty condition by paying attention to the written or unwritten tools needed in carrying out work practices in the organization. The existence of uncertainty in the organization will cause various serious problems, one of which is job insecurity which will have an impact on employee engagement with the organization in achieving organizational goals. Violations of psychological contracts can result in a decrease in employee productivity/performance, decreased commitment or loyalty to the company. Instead the fulfillment of psychological contracts will affect employee job satisfaction which is one of the indicators of employee engagement. Financial incentives given directly to teachers are one of the Empowerments given to teachers. Employee Empowerment means equipping employees with sufficient autonomy to enable employees to handle unexpected situations and if successful will produce employees who are responsible, the desire to learn continuously about work and the company, and especially seen from the performance of these employees who increasing.

Robinson et al. (2004) defines employee engagement as the positive attitude that employees have towards the organization where they work and the values held by the organization. Work engagement is loyalty and identification of a person with the organization where employees work. Eterikatan as an attitude that reflects employee loyalty to the organization and is an ongoing process whereby the members of the organization express their concern for the organization that continues to achieve success and prosperity. The use of the term attachment to work as employee engagement or work engagement is basically the same as the picture of the engagement or attachment which is owned by the employees, but the term

employee engagement refers to the relationship between employees of the organization (Schaufali et al., 2002)

An employee will appear the attachment between himself and his organization and said to be involved in his work if the employee can identify himself psychologically with his work and consider his performance is important for him, in addition to the organization. Without a psychological contract on expectations arising in the teacher and employee empowerment that is not consistently given it is feared that it will reduce teacher attachment in achieving the vision and mission of the school.

Salamzadeh et al. (2019) found that if more attention is paid to human resources management practices in University of Tehran, corporate entrepreneurship will be improved accordingly.

They also believe that establishing a statistical connection between entrepreneurship and the employment rate is not easy. Entrepreneurship cannot be measured directly because it is often hidden present is in the behaviour that represents entrepreneurship, even the way that entrepreneurship is emerging, is a subject that is constantly changing. Even If it is directly measurable in some cases, there will still be problems to establish such a connection.

The object of this study is the Vocational School teacher in a private school in the city of Bandung. Based on the background above, this study is intended to find out how "Psychological contract, Financial Incentive as Employee Empowerment in Organizational Behavior and its implications in Employee Engagement in Private Schools in Bandung.

LITERATURE REVIEW

Psychological Contract

Kotter (1973) in Conway & Briner (2005) Psychological contract is an implicit contract between an individual and his organization that specifies what each expects from each other to give and receive in an employment relationship (Rousseau & McLean Parks, 1993) in (Conway & Briner, 2005) suggests that psychological contracts are individual beliefs, formed from organizations, those beliefs refer to agreements between individuals and their organizations. The psychological contract scale in this study was prepared based on aspects of the psychological contract proposed by Whyte, namely: the

- (1) level of expectation, that the company would provide what was obtained in accordance with what was given by the employee's
- (2) perception of the employee, that the company had provided what obtained in accordance with what is given by employees
- (3) the similarity of perception, the assumption of the same perception of exchange; such as exchanging money and working time, exchanging work needs, exchanging social needs / a sense of security with hard work and loyalty, exchanging opportunities for self-actualization with creative endeavors to achieve company goals or other combinations.

Financial Incentives

Financial Incentive is performance-based compensation system (Dessler & Varrkey, 2005), "*Financial incentives are gifts or replies in the form of financial gifts given to employees whose production levels exceed predetermined standards*". Meanwhile, the incentive system links employee compensation and performance with paying according to the results of their work and not because of seniority or length of work. Meanwhile, as a means of motivation incentives

aim to direct and mobilize the strength and potential of employees so they are willing to work hard and enthusiastically in achieving optimal work, in order to realize the goals that have been determined. The existence of incentives that provide performance-based wages will increase employee motivation in efforts to achieve set goals.

Employee Empowerment

Employee Empowerment means equipping employees with sufficient autonomy to enable employees to handle unexpected situations. The success of employee empowerment will make employees feel responsible for the work they do, employees will have a willingness to learn continuously and share knowledge with other employees, and the most striking can be seen from the increasing employee performance.

Employee empowerment means enabling and giving opportunities to employees to plan, implement plans, and control work plans for which they are responsible or the group's responsibility. Whereas empowerment as the authority in making decisions in an area of work without requiring approval from others. Aspects in empowerment consist of work planning, work plan implementation, work plan evacuation. and Empowerment can be divided into two general perspectives: relational perspective (organizational empowerment) and psychological perspective (psychological empowerment). Relational empowerment believes that empowerment is created when higher levels in the corporate hierarchy divide their power to lower levels. Whereas psychological perspective focuses on the perception of empowerment owned by employees. Psychological empowerment is a variable that reflects or reflects the level of empowerment felt by employees (Spreitzer et al., 1997; Conger & Kanungo, 1988).

Employee Engagement

Employee engagement is a sense of emotional attachment to work and organization, motivated and able to provide their best ability to help succeed from a series of tangible benefits for organizations and individuals. Engagement is defined as a positive attitude, full of meaning, and motivation. The work engagement scale in this study was prepared based on the development of work engagement aspects, namely:

- (1) Spirit aspect (vigor), characterized by high levels of energy, resilience, the desire to try, and not giving up in facing challenges
- (2) Dedication aspects, characterized by feeling valuable, enthusiastic, inspiring, valuable and challenging
- (3) Aspects of absorption, are characterized by full concentration of a task

Theoretical Framework

Morrison & Robinson (1997) in Conway & Briner (2005) suggests that psychological contracts refer to employee beliefs about reciprocal obligations between employees and their organizations, where those obligations are based on perceived promises that exist in the organization. The level of expectation, the existence of perception and the similarity of perception are aspects that are measured from psychological contracts in this study. Financial incentives are a direct compensation beyond individual performance-based salary as a variable that has a significant influence provided by the organization (as an organizational strategy in employee empowerment. Employee Empowerment as variables moderating can influence as variables that strengthen or weaken the relationship between one variable to another variable that

is between the psychological contract and financial incentive to the attachment of employees (employee engagement) Utrecht Work Engagement Scale (Uwes) (Schaufeli et al., 2002). An employee who is classified as having ties to the job (work engagement) can be defined employee who did the job with full mind characterized by vigor, dedication and absorption in completing all assignments.

The results of previous research conducted by Alexandri (2018) with the title "*Employee Empowerment, Psychological Contract, Employee Engagement in University Lecturers*" showed that there was an influence of Employee Empowerment, Psychological Contracts on Employee Engagement with 15%. This shows that the Lecturer does not yet have Empowerment of employees and a strong Psychological Contract to produce a strong attachment to the University as an Organization.

In this study wanted to know how the effect of Psychological Contracts, Financial Incentives as the empowerment of employees (Employee Empowerment) as a moderating variable in the behavior of Organizational Behavior and its implications in the attachment employees (employee engagement). This can be illustrated in the research model below (Figure 1):

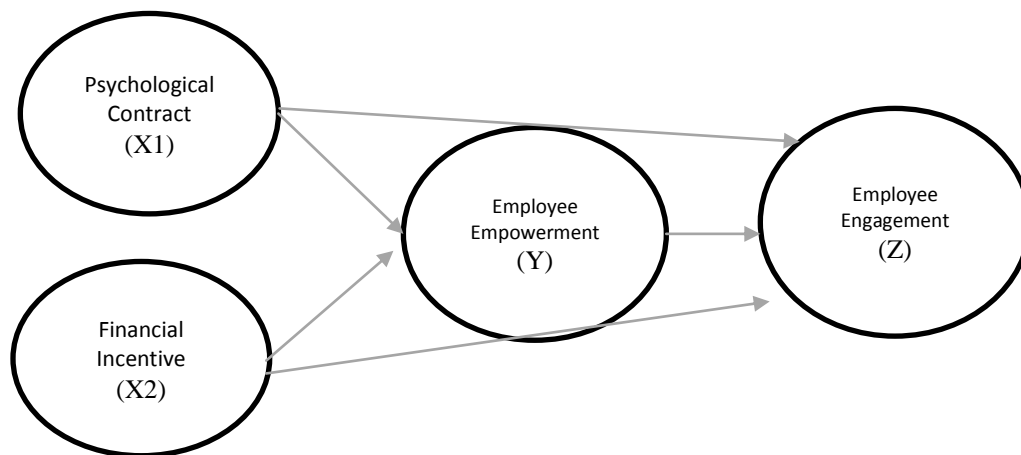


FIGURE 1
RESEARCH MODE

METHODOLOGY

In a study a researcher is required to use the right research approach. This is intended so that researchers can get a clear picture and results of the problems encountered and can know the steps in overcoming the problem.

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. From this explanation it can be concluded that the Quantitative Research Method is the most appropriate method for conducting this research. Testing in this study uses partial least square, data is processed using the help of the XLSTAT program. The population in this study was 1,198 honorary teachers of private vocational schools in Bandung. Samples were taken using a purposive sampling method with calculations using the Slovin formula. The samples in this study are as follows:

$$n = \frac{N}{N.d^2 + 1}$$

n = number of samples

N = total population = 1,198

d2 = precision (set at 5% and confidence level of 95%)

Based on this formula, the following sample sizes are obtained:

$$n = \frac{1,198}{[1.198 (0.1)^2 + 1]}$$

$$n = 92.30 = 92$$

RESULTS AND DISCUSSION

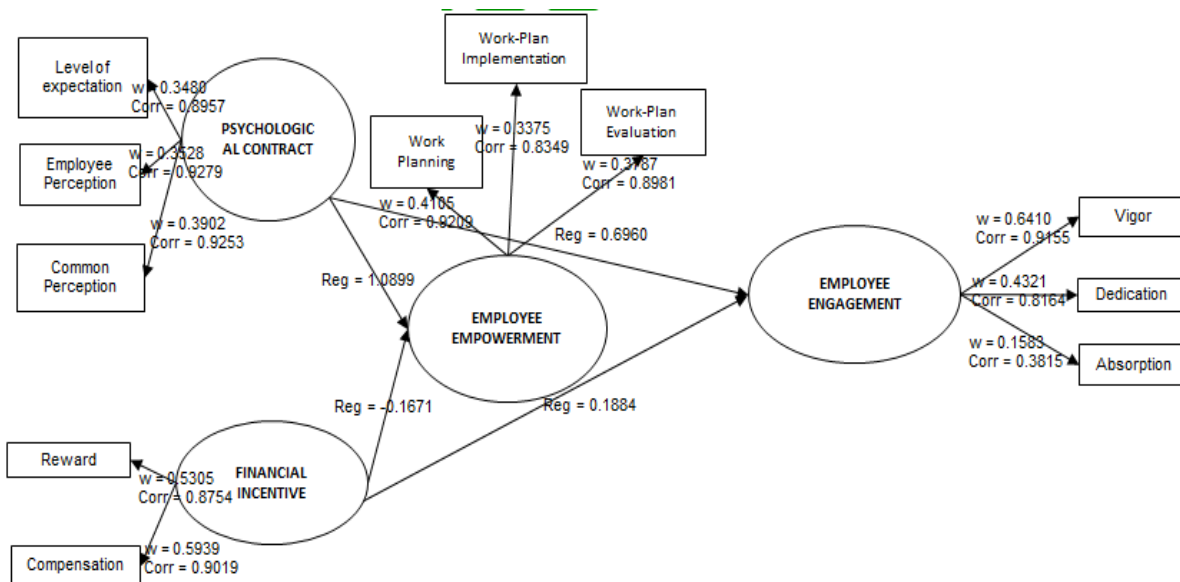


FIGURE 2
RESEARCH TEST RESULTS USING XLSTAT

Research data with a sample size of 93 honorary teachers in Private Vocational Schools in Bandung tested using the help of XLSTAT software, the validity results show the item is valid because it has a cross loading value greater than 0.5 (Figure 2). The expected value that each indicator has a higher loading for the measured construct compared to the value of loading into the other constructs, from Table 1 below it can be stated that each indicator of the construct is valid. Furthermore, composite reliability was tested to test reliability and AVE to test construct validity, the test results are explained in Tables 2 & 3 below.

Table 1 below illustrates the results of inner measurement validity indicating that each item variable is valid because it has a cross loading value greater than the value loading to another construct.

Table 1
CROSS LOADING TEST RESULTS

	Psychological contract	Financial incentive	Employee empowerment	Employee engagement
Level of expectation	0.8957	0.9005	0.8379	0.7420
Employee Perception	0.9019	0.7965	0.8053	0.9279
Common Perception	0.8055	0.9209	0.8506	0.9253
Reward	0.8754	0.7365	0.6944	0.7441
Compensation	0.9019	0.7965	0.8053	0.9279
Work Planning	0.8055	0.9209	0.8506	0.9253
Work-Plan Implementation	0.7093	0.8349	0.7137	0.6785
Work-Plan Evaluation	0.8215	0.7753	0.8981	0.6768
Vigor	0.9097	0.8619	0.8398	0.9155
Dedication	0.6026	0.5914	0.6172	0.8164
Absorption	0.1937	0.2438	0.1863	0.3815

Source: Research data processed with XLSTAT 2020.

Table 2 below illustrates the reliability value for each variable having Cron value. Alpha and DG rho above 0.7, meaning that all variables are said to be reliable and can be tested for hypothesis testing or path analysis.

Latent variable	Dimensions	Cronbach's alpha	DG rho (PCA)
Psychological contract	3	0.9046	0.9403
Financial incentive	22	0.7348	0.8829
Employee empowerment	33	0.8617	0.9159
Employee engagement	33	0.5863	0.9403 validated

Source: Research Data

	Psychological contract	Financial incentive	Employee empowerment	Employee engagement	Mean communalities (AVE)
Psychological Contract	0.8945	0.8683	0.7642	0.8398	1
Financial Incentive	0.7460	1	0.7168	0.7899	0.8945
Employee Empowerment	0.7460	0.6964	1	0.7839	0.8683
Employee Engagement	0.7168	0.6964	0.5501	1	0.7642
Mean Communalities	0.8398	0.7899	0.7839	0.5501 (AVE)	0

Source: Research data processed with XLSTAT 2020.

AVE value in Table 4 already has a value of more than 0.5 and below 1 means that the variable passes the validity test by outer measurement, after testing the next step is the test of direct and indirect influence of the three variables. The results below (Table 5) indicate that there is a significant influence between Psychological Contracts on Employee Engagement of Private Vocational School Honorary Teachers in Bandung while Financial Incentives are not proven to

significantly influence Employee Engagement of Private Vocational School Honorary Teachers in Bandung, the role of Employee Empowerment as a moderator variable proven to be able to increase the role of Psychological Contracts and Financial Incentives in Employee Engagement.

Latent variable	Value	Standard error	t	Pr> t	f ²
Psychological contract	0.6960	0.1572	4.4265	0.0000	0.2202
Financial incentive	1.1981 0.2341 0.0161	0.1572			0.1884

Source: Research data that is processed by XLSTAT 2020

Equation of the Models

$$\text{EMPLOYEE EMPOWERMENT} = 1.08989 * 0.16710 * \text{PSYCHOLOGICAL CONTRACT-FINANCIAL INCENTIVE}$$

If we comparing this study results to others, we will find some results as follow:

No	Other Study	This Study
1	More attention is paid human resources management practices in University of Tehran, corporate entrepreneurship will be improved accordingly Salamzadeh et al. (2019)	Human Resources especially engagement between teachers and the school as an organization has a very big role in shaping the work behavior expected by schools, teachers who show attachment high on the organization feels to be part of the organization, so they will work wholeheartedly with high awareness and ultimately will facilitate the achievement of the goals and vision and mission of the school
2	Today's dynamic environment requires organizations to be agile in their processes, with the issue being even more critical in knowledge-based organizations such as virtual universities (Salamzadeh et al., 2014; Salamzadeh, 2020).	Dynamic Environment such as of Employee Empowerment provides a positive influence in increasing the role of Psychological Contracts and Financial Incentives through Work Planning, Work-Plan Implementation, Work-Plan Evaluation of Employee Engagement of Teacher in schools or universities.
3	Although limited resources make small companies sensible to changes in external environment, through their activities-action plans and business strategy in risky situations, they are able to perform a significant impact on own performances and survival (Radović-Marković et al., 2019)	Performance of companies or universities such as Financial Incentive (FC) gives insignificant influence in forming employees, not only rewards and compensation needed by teachers to form a strong attachment to the school as an organization

CONCLUSIONS

1. Psychological Contract (PC) provides a very good and significant influence, especially in forming employee empowerment through the level of expectations, perceptions of teachers (employees) and the similarity of perceptions that will have good implications for employees' engagement.
2. Financial Incentive (FC) gives insignificant influence in forming employee empowerment so it does not have major implications on employee engagement, in this case not only rewards and compensation needed by teachers to form a strong attachment to the school as an organization.
3. The role of Employee Empowerment as a moderator variable that provides a positive influence in increasing the role of Psychological Contracts and Financial Incentives through Work Planning, Work-

Plan Implementation, Work-Plan Evaluation of Employee Engagement Teacher with schools. The suitability of employee empowerment provided by schools with the needs needed by teachers in supporting performance improvement will have good implications for employee engagement.

Recommendation

1. Psychological Contract (PC), Financial Incentive (FC) will become more important variables which improve Employee Empowerment (EE) and Employee Engagement (EE) in organization.
2. Other variables such as gender or age of employees, will also influence for Employee Empowerment (EE) and Employee Engagement (EE) in organization.
3. Today's dynamic environment requires organizations to be agile in their processes, with the issue being even more critical in knowledge-based organizations such as virtual universities (Salamzadeh, 2020).

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