

Why Do Outsourcing Employees Have High Engagement? An Evidence of the Cause and Its Consequences

Noviardi Ferzi, Johannes, Shofia Amin, Muazza
Jambi University, Indonesia

Abstract

Employee engagement is a positive behavior that has been proven to influence employee performance. However, the majority of previous studies have proven it to permanent employees in one company. The purpose of this study is to show competency factors, work culture and leadership behavior as causes of employee engagement on contract employees and their effects on performance. By distributing questionnaires to 258 outsourcing employees of the State Electricity Company (PLN) Jambi Area and using SEM AMOS in processing data, it was found that competence, work culture, leadership behavior and employee engagement had a significant positive effect on employee performance. Employee engagement acts as a full mediation in the relationship between competence, work culture and leadership behavior on performance. Work culture has the greatest influence on employee engagement. The managerial implication is to integrate the work culture of PLN and the outsourcing company so that outsourcing employees are more engaged in PLN

Keywords: Competency, Employee Engagement, Leadership Behaviour, Work Culture, PLN.

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS****I. PRELIMINARY**

Employee Engagement is an important behavior that an employee must have because it can significantly affect employee performance. Seppala and Moeller (2018) state that engagement is the key, both leaders and employees must strive to have smart engagement, leading to enthusiasm, motivation and productivity, without having to cause fatigue.

The State Electricity Company (PLN) Persero, in its operations it employs outsourcing employees from partners (vendors). Outsourcing system is done for the efficiency and effectiveness of the company. In the electricity sector, competence is an absolute requirement, this is because electrical work has a potential risk for the safety of employees, other people and the environment. The construction or operation of an electrical project must be carried out by employees who meet adequate qualification standards in accordance with the required competencies. Competence is important to research, because it affects performance, meaning that the better the competency, the more one's performance will be (Makawi, Normajatun, & Haliq, 2015; Zaim, Yasar, & Unal, 2013; Bagia, Yudiantmaja, & Yulianthini, 2015).

The implementation of the Outsourcing system at PLN creates a variety of work cultures in companies receiving work contracts, and this affects the performance of employees. Work culture is a key variable that can drive company success, in this case that a successful company has a strong work culture. For Denison (2003), and Kotter and Heskett (2002), a successful company does not only have a strong culture, but a strong culture must match its environment.

Apart from work culture, the issue of leadership behavior is a determining factor in the formation of Employee Engagement. Leadership behavior according to Hockey & Ley (2008) is one of the factors forming employee engagement, this is marked by a feeling of being valued and involved from a leader. So that employees can respond positively and produce better performance, have an emotional attachment (emotionally engaged) with their leaders, employees feel that their opinions are heard and feel confident that the leader cares about his development.

High Employee Engagement is able to bring an organization to success because the progress of today's organization depends on the creativity of its human resources. Baumruk and Gorman (2006) say that if employees have a sense of engaged in the company, they are able to increase (3S) Say (positive talk about the organization), Stay (stay in the organization), and Strive (motivated to work more seriously). Gallup Organization (2007) states that employees who have engagement values are employees who have full involvement and are enthusiastic about their work. May, et al., (2004) stated that the characteristics of engagement have 3 dimensions as a forming component, namely: a physical component in the form of energy used to carry out work, an emotional component in the form of dedication given to the work performed by employees, and a mind component, namely in the form of a situation where employees are absorbed in their work so that they spend things around them.

Research on Employee Engagement for Outsourcing employees has been conducted by previous researchers such as M. N. Danessa (2015), Wulandari (2017), A. Perdana (2014) who examined the differences in work engagement between permanent employees and outsourcing employees. In addition, E. Johanés (2016) who examines the impact of flexible working time in increasing Employee Engagement, F. Wijaya (2015) about communication strategies in fostering Employee Engagement.

From the various research results on Employee Engagement above, the authors see that there are no studies that make Employee Engagement a mediating variable between competence,

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

work culture and leadership behavior on employee performance. So that it is interesting to study further in a research plan. Based on the review of various theories and phenomena in the above background, several research questions can be formulated as follows: 1.) Does competency have a significant effect on employee performance ?, 2.) Does work culture has a significant influence on employee performance ?, 3.) Does leadership behavior have a significant influence on employee performance ?, 4.) Does Employee Engagement have a significant effect on employee performance ?, 5.) Does competence, work culture, leadership behavior have significant influence on employee performance through Employee Engagement?

II. LITERATURE REVIEW**A. Competence**

Kinkel et al., (2017) define competence as an individual's ability to act successfully and organized in dealing with unstructured, complex situations or tasks and being able to develop solutions to situations. Meanwhile, Kravetz (2007) defines competence as something that someone shows in their performance every day. The focus is on behavior at work, not personality traits or basic skills that exist outside the workplace or within the workplace. Thus competence is everything that a person has in the form of skills knowledge and other individual internal factors to be able to work optimally.

Research on the influence of competence on employee performance has been carried out, among others by Resti Hastari (2016), regarding the influence of the Outsourcing system and competence on the performance of Outsourcing employees, where the results of his research state that competence has a positive effect on the performance of Outsourcing employees, the more employees have quality competencies. employee performance also increases. Ilham Ataunur and Eny Ariyanto (2015), in their research stated that competence has a significant positive effect on performance. The degree of closeness of the relationship between competence and performance is strong. From the results of this study, it is found that the high competence of employees, which consists of dimensions of motive characteristics, traits, self-concept, knowledge and skills, will be able to improve employee performance.

B. Work Culture

Work culture is formed by systems, procedures, and organizational structures (Al Habshi (2005), where all three must be in tune with and in line with the values held by individuals in the organization. Work culture is derived from organizational culture. Organizational culture itself is a value system. which contains organizational ideals as an internal system and an external social system. be in an organization.

The importance of work culture is one of them conveyed by Barnes and Collier (2013) who say that work culture has an influence on company effectiveness, especially in companies that have a culture that is in accordance with the strategy and can increase employee commitment to the company. This is in line with research that shows the influence of work culture on employee performance. (Sinha et al., 2010), (Nempung, 2013), and (Ehimen, Mordi, & Ituma, 2014) in their research findings, suggest that work culture shows a significant positive influence on employee job motivation. Another finding that supports this research is conducted (Kausar, 2014; Oredein & Akinriolu, 2013; Raverkar, 2016), which reveals that work culture has a significant positive effect on employee work.

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS****C. Leadership Behavior**

Leadership behavior is the core of an organization that plays a very important role, because the leader is the main person who determines the black and white of the organization under him, while leadership behavior involves an influence on the achievement of goals. Because effective leaders must focus on individual, group, and organizational goals. Hemphill and Coons (2016) define leadership behavior as individual behavior that directs group activities to achieve common goals, while Gary Yukl (2015) is an influencing process to facilitate collective performance.

Leadership behavior is measured by the achievement of one or more combinations of these goals. Individuals can view their leaders as effective or not, based on the satisfaction they get from the overall work experience. In fact, accepting the leader's direction or request is largely dependent on the expectation of followers that an appropriate response can lead to an attractive outcome.

The effectiveness of leadership behavior in achieving goals is proven by research by Sakti et al., (2018), Naguib & Naiem (2018), Zuraik & Kelly (2019). Transformational leadership has a positive and significant impact on innovative work behavior. This means that the more positive the superior's leadership practices are, the better the employee's innovative work behavior will be. This finding is in line with the research of Afsar & Masood (2017), Afsar & Umrani (2019), Farahnak et al., (2019), Bednall et al., (2018), Suifan, Abdallah & Al Janini (2018), Tse et al. ., (2017), Setbihe (2018), Sethibe & Steyn (2018) who both state the influence of leadership behavior on employee performance and organizational goals.

D. Employee Engagement

Employee Engagement is a condition or situation where employees are passionate, passionate, energetic, and committed to their work (Maylett & Winner, 2014). Saks, (2006) defines engagement as a psychological involvement that involves attention and absorption. Attention refers to the availability of cognitive and total time spent by an employee in thinking about and carrying out his role, while Absorption is interpreting the role and refers to the intensity of an employee's focus on the role in the organization.

As a very important variable for an organization. Employee engagement can make employees more motivated to provide maximum performance. If employees feel that they have an attachment to the organization where they work, the employees will voluntarily provide the best work results.

Mehrzi et al., (2016) stated that Employee Engagement Intervention is very necessary in order to retain employees, the same thing was stated by Smith, Umit S Bititci, (2017), Laraa et al., (2017) which stated organization, employee engagement and involvement employees that understanding the proper organizational context will increase employee ambidexterity. Furthermore, Anitha (2013) states that employee engagement has a significant effect on employee performance.

E. Performance

Performance becomes a central framework that triggers the achievement of organizational goals and is a sign of the success of the organization and the people in the organization, for that performance needs to be done collaboratively and cooperatively. Mitchell (2013), which states that performance is the result of a person's work during a certain period compared to various

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

possibilities, for example work standards, targets or targets that have been predetermined and mutually agreed upon.

Bernardin and Russel (2010) state that performance is a record of success resulting from the function of a particular job during a certain period. In terms of employee performance as a result of work in terms of quality and quantity at work, employee performance is defined as the employee's ability to perform certain skills.

Employee performance is one of the consequences of creating high Employee Engagement. A number of studies show that an important way to improve employee performance is to focus on developing Employee Engagement. Such as research (Christian et al., 2011; Fleming and Asplund, 2007; Kaya et al., 2010; Richman, 2006; Macey and Schneider, 2008. This reinforces what Litle (2006) argues that employees who have a strong relationship with The company will improve its performance in its work, so that the employee's performance is very important to know the extent of the employee's ability to carry out the tasks assigned to him.

III. METHOD

This study uses a quantitative descriptive method where the population size is 287 units, spread over eight (8) companies in five (5) municipalities in Jambi province. The sampling selection used Cluster Random Sampling and to obtain the sample size the Slovin formula was used with an error rate of 2%. Thus, the sample size is 258 units. , A total of five (5) variable dimensions were used in this study, namely the dimensions of competency variables as follows: 1.) Motives, 2.) Traits, 3.) Self-Concept, 4.) Knowledge, and 5.) Skills. The dimensions of Work Culture variables are as follows: 1.) Clan Culture, 2.) Adhocracy Culture, 3.) Market Culture, and 4.) Hierarchical Culture. The variable dimensions of Leadership Behavior are as follows: 1.) Task-oriented, 2.) Relationship-oriented, 3.) Change-oriented, and 3.) External (external)). Employee Engagement variable dimensions are as follows: 1.) Basic Needs to Contribute, 2.) Employee Contribution, 3.) Employee Pride, and 4.) Employee Development. Dimensions of performance variables are as follows: 1.) Quantity of Work, 2.) Quality of Work, 3.) Job Knowledge, 4.) Creativity (Creativeness), 5.) Cooperation (Corporation), 6.) Dependability, 7.) Initiative (Initiative), and 8.) Personal Quality (Personal Qualities).

Data analysis techniques are carried out as according to the opinion of A. Ong and F. Puteh (2017), through planning, processing, reduction, presentation, and drawing conclusions. Also, the questionnaire was tested for validity and reliability, to explain the extent of the measuring instrument using SEM-AMOS software. (Putra and F. Samopa, 2018).

IV. RESEARCH RESULT

The State Electricity Company (PLN) as a State-Owned Enterprise (BUMN) whose business lines are building and operating power plants, transmitting to carrying out network maintenance and installations. In this case, the challenges faced by PLN are balancing and harmonizing the interactions of technical employees in order to provide electricity needs in the country. The characteristics of the respondents are as follows:

Tabel 1
Karakteristik Responden Perusahaan *Outsourcing* PLN Jambi Tahun 2020

No	Karakteristik Responden	Frekuensi	Persentase	
1.	Usia Responden	27 – 31 Tahun	70	27,1
		32 – 36 Tahun	85	32,9
		37 – 41 Tahun	59	22,9
		42 – 46 Tahun	18	7,0
		47 – 51 Tahun	14	5,4
		52 – 56 Tahun	12	4,7
2.	Jenis Kelamin	Laki – Laki	219	84,9
		Perempuan	39	15,1
3.	Unit Kerja	Rayon Kota Jambi	31	12
		Rayon Tanjab Timur	48	18,6
		Rayon Tanjab Barat	57	22,1
		Rayon Batanghari	49	19
		Rayon Muaro Jambi	73	28,3
4.	Bidang Keahlian yang Dimiliki	Pembangkit Tenaga Listrik	58	22,5
		Transmisi Tenaga Listrik	53	20,5
		Distribusi Tenaga Listrik	46	17,8
		Pemanfaatan Tenaga Listrik	39	15,1
		Elektronika Telekomunikasi	28	10,9
		Transmisi Tenaga Listrik	4	1,6
		Distribusi Tenaga Listrik	2	0,8
		Pemanfaatan Tenaga Listrik	1	0,4
		Elektronika Telekomunikasi	1	0,4
		Transmisi Distribusi Tenaga Listrik	23	8,9
		Transmisi Pemanfaatan Tenaga Listrik	1	0,4
		Distribusi Pemanfaatan Tenaga Listrik	1	0,4
		Transmisi, Distribusi Listrik, Elektronika Telekomunikasi	1	0,4

Sumber : Olah Data Responden, 2020

Table 1
Characteristics of Respondents from the PLN Jambi Outsourcing Company in 2020

No	Characteristics of Respondents	Frequency	Percentage	
1.	Age of Respondents	27 – 31 Years	70	27,1
		32 – 36 Years	85	32,9
		37 – 41 Years	59	22,9
		42 – 46 Years	18	7,0
		47 – 51 Years	14	5,4

	52 – 56 Years	12	4,7
2. Gender	Male	219	84,9
	Girl	39	15,1
3. Work unit	Rayon City of Jambi	31	12
	Rayon East Tanjab	48	18,6
	Rayon Tanjab Barat	57	22,1
	Rayon Batanghari	49	19
	Rayon Muaro Jambi	73	28,3
4. Expertise Field	Power plant	58	22,5
Owned	Electric Power Transmission	53	20,5
	Electric Power Distribution	46	17,8
	Electricity Utilization	39	15,1
	Telecommunications Electronics	28	10,9
	Electric Power Transmission	4	1,6
	Electric Power Distribution	2	0,8
	Electricity Utilization	1	0,4
	Telecommunications Electronics	1	0,4
	Electric Power Distribution	23	8,9
	Transmission		
	Electric Power Utilization	1	0,4
	Transmission		
	Electricity Utilization Distribution	1	0,4
	Transmission, Electricity	1	0,4
	Distribution, Telecommunications		
	Electronics		

Source: Respondent Data Processing, 2020

Sebelum dilakukan uji statistik, dilakukan uji validitas dan uji reliabilitas, hasil uji validitas menunjukkan bahwa semua variabel adalah *valid* dan *reliabel*, hal ini sebagaimana tercantum pada tabel 2 dibawah ini:

Tabel 2
 Uji Validitas Variabel

No	Variabel	Indikator		<i>Loading Factor</i>	Keterangan
1.	Kompetensi (KP)	Motif	(X1.1)	0,748	<i>Valid</i>
		Sifat	(X1.2)	0,633	<i>Valid</i>
		Konsep Diri	(X1.3)	0,761	<i>Valid</i>
		Pengetahuan	(X1.4)	0,538	<i>Valid</i>
		Keterampilan	(X1.5)	0,613	<i>Valid</i>
2.	Budaya Kerja (BK)	Budaya Kelompok	(X2.1)	0,748	<i>Valid</i>
		Budaya Adhocracy Culture	(X2.2)	0,802	<i>Valid</i>
		Budaya Pasar	(X2.3)	0,763	<i>Valid</i>
		Budaya Hierarki	(X2.4)	0,795	<i>Valid</i>
3.	Perilaku Kepemimpinan (PK)	Berorientasi tugas	(X3.1)	0,514	<i>Valid</i>
		Berorientasi Hubungan	(X3.2)	0,764	<i>Valid</i>
		Berorientasi perubahan	(X3.3)	0,701	<i>Valid</i>
		Eksternal	(X3.4)	0,674	<i>Valid</i>
4.	<i>Employee Engagement</i> (EE)	Kebutuhan Dasar	(Y1)	0,506	<i>Valid</i>
		Kontribusi	(Y2)	0,573	<i>Valid</i>
		Kebanggaan	(Y3)	0,563	<i>Valid</i>
		Pengembangan	(Y4)	0,649	<i>Valid</i>
5.	Kinerja (Kin)	Kuantitas Kerja	Z1	0,576	<i>Valid</i>
		Kualitas Kerja	Z2	0,784	<i>Valid</i>
		Pengetahuan Kerja	Z3	0,519	<i>Valid</i>
		Kreatifitas	Z4	0,593	<i>Valid</i>
		Kerjasama	Z5	0,559	<i>Valid</i>
		Dapat Dihandalkan	Z6	0,674	<i>Valid</i>
		Inisiatif	Z7	0,518	<i>Valid</i>
		Kualitas Personal	Z8	0,797	<i>Valid</i>

Sumber : Olah Data, 2020.

Table 2
Variable Validity Test

No	Variable	Indicator		<i>Loading Factor</i>	Description
1.	Competence (KP)	Motif	(X1.1)	0,748	<i>Valid</i>
		Character	(X1.2)	0,633	<i>Valid</i>
		Self concept	(X1.3)	0,761	<i>Valid</i>
		Knowledge	(X1.4)	0,538	<i>Valid</i>
		Skills	(X1.5)	0,613	<i>Valid</i>
2.	Work Culture (BK)	Group Culture	(X2.1)	0,748	<i>Valid</i>
		Adhocracy Culture	(X2.2)	0,802	<i>Valid</i>
		Market Culture	(X2.3)	0,763	<i>Valid</i>
		Hierarchical Culture	(X2.4)	0,795	<i>Valid</i>
3.	Leadership Behavior (PK)	Task oriented	(X3.1)	0,514	<i>Valid</i>
		Relationship Oriented	(X3.2)	0,764	<i>Valid</i>
		Change oriented	(X3.3)	0,701	<i>Valid</i>
		External	(X3.4)	0,674	<i>Valid</i>
4.	Employee Engagement (EE)	Basic needs	(Y1)	0,506	<i>Valid</i>
		Contribution	(Y2)	0,573	<i>Valid</i>
		Pride	(Y3)	0,563	<i>Valid</i>
		Development	(Y4)	0,649	<i>Valid</i>
5.	Performance (Kin)	Work Quantity	Z1	0,576	<i>Valid</i>
		Work quality	Z2	0,784	<i>Valid</i>
		Work Knowledge	Z3	0,519	<i>Valid</i>
		Creativity	Z4	0,593	<i>Valid</i>
		Cooperation	Z5	0,559	<i>Valid</i>
		Reliable	Z6	0,674	<i>Valid</i>
		Initiative	Z7	0,518	<i>Valid</i>
		Personal Quality	Z8	0,797	<i>Valid</i>

Source: Data Processing, 2020.

3rd International Conference On Research In
MANAGEMENT AND ECONOMICS

The reliability test shows the extent to which a measuring instrument can provide relatively the same results when re-measurement is carried out on the same subject. The acceptable level is 0.70. To prove the reliability value of the data from this study, it will be displayed in the reliability tab of the data that has been received, namely in table 3 below:

Tabel 3

Uji Reliabilitas

No	Indikator	<i>Construct Reliability</i>	Keterangan
1.	Kompetensi	0,809	<i>Reliabel</i>
2.	Budaya Kerja	0,60	<i>Reliabel</i>
3.	Perilaku Kepemimpinan	0,773	<i>Reliabel</i>
4.	<i>Employee Engagement</i>	0,706	<i>Reliabel</i>
5.	Kinerja	0,882	<i>Reliabel</i>

Sumber : Olah Data, 2020

Table 3

Reliability Test

No	Indicator	<i>Construct Reliability</i>	Description
1.	Competence	0,809	<i>Reliabel</i>
2.	Work Culture	0,60	<i>Reliabel</i>
3.	Leadership Behavior	0,773	<i>Reliabel</i>
4.	Employee Engagement	0,706	<i>Reliabel</i>
5.	The performance	0,882	<i>Reliabel</i>

Source: Data Processing, 2020

From table 3 above is the result of calculating the reliability of the data distribution used based on all research variables, so that it is obtained that all variables are declared reliable. Obtained reliable, it can be stated that the data is good to use for the model that has been compiled.

V. HYPOTHESIS TESTING

Hypothesis testing of this model is to prove the model used previously so that the results of the model can be used. Basic model of a study aims to explain the path diagram of the research structure model and also explain the measurement model.

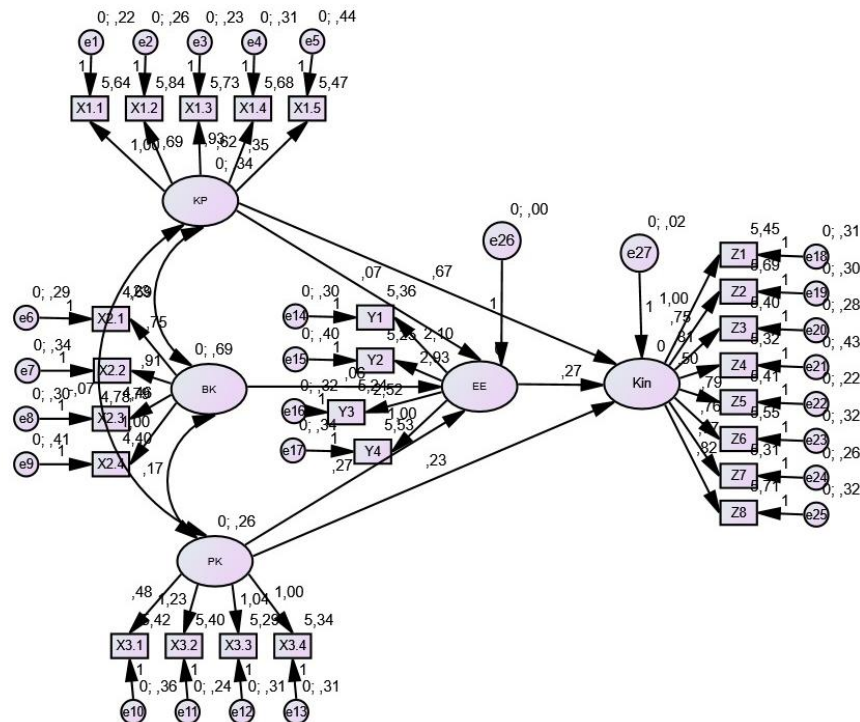


Figure 1: Output model of employee competency construct, work culture, leadership behavior, Employee Engagement and performance

From the research model above in Figure 1 that there are exogenous variables (independent and influencing), namely work competence (KP), work culture (BK), leadership behavior (PK) where these variables will affect endogenous variables (dependent and influenced), namely variables Employee Engagement (EE) and performance (Kin). From the structure of the research construct from the outer results that are removed from the model, the Fit Model elements can be tabulated, then the following is shown below:

Tabel 4
Goodness Of Fit Model

ALAT UJI	Standar	Hasil	
Chi-Square		Value	Information
Chi-Square	Diharapkan nilai kecil	5,738	Good Fit
Significance Probability	$P > 0,05$	0,521	Good Fit
CMIN/DF	< 2	1,972	Good Fit
<i>Absolute Fit Measure</i>			
GFI	$\geq 0,90$	0,941	Good Fit
AGFI	0 - 1	0,912	Good Fit
RMSEA	$\leq 0,08$	0,050	Good Fit
<i>Incremental Fit Indices</i>			
NFI	$> 0,90$	0,942	Good Fit
NNFI / TLI	$> 0,90$	0,930	Good Fit

PNFI	> 0,90	0,914	Good Fit
PGFI	0-1	0,929	Good Fit

Sumber : Hasil Olah Data, 2020.

Table 4
Goodness Of Fit Model

TEST TOOL	Standard	Results	
<i>Chi-Square</i>		Value	Information
Chi-Square	Small value expected	5,738	Good Fit
Significance Probability	P > 0,05	0,521	Good Fit
CMIN/DF	< 2	1,972	Good Fit
<i>Absolute Fit Measure</i>			
GFI	≥ 0,90	0,941	Good Fit
AGFI	0 -1	0,912	Good Fit
RMSEA	≤ 0,08	0,050	Good Fit
<i>Incremental Fit Indices</i>			
NFI	> 0,90	0,942	Good Fit
NNFI / TLI	> 0,90	0,930	Good Fit
PNFI	> 0,90	0,914	Good Fit
PGFI	0-1	0,929	Good Fit

Source: Data Processing Results, 2020.

The tabulation of the value of the research model mentioned above illustrates that the model used is declared good fit or it is stated that the model used is of small value, and can be used. The hypothesis that has been stated in the previous chapter will be tested with the significance value of each exogenous variable towards endogenous either directly or indirectly. So to obtain this proof is displayed in the tabulation of hypothesis testing, in table 5 below.

Tabel 5
Signifikansi Variabel

No	Hipotesis	Estimasi	Probability	Keterangan
1	KP → EE	0,093	0,015	Signifikan
2	BK → EE	0,825	***	Highly Signifikan
3	PK → EE	0,725	***	Highly Signifikan
4	KP → Kin	0,553	***	Highly Signifikan
5	BK → Kin	0,039	0,019	Signifikan
6	PK → Kin	0,485	0,031	Signifikan

7	EE → Kin	0,337	0,046	Signifikan
8	KP → EE → Kin	1,513	0,042	Signifikan
9	BK → EE → Kin	1,619	0,050	Signifikan
10	PK → EE → Kin	1,609	0,050	Signifikan

Sumber : Olah Data SEM-AMOS, 2020

Table 5
Significance of Variables

No	Hypothesis	Estimate	Probability	Description
1	KP → EE	0,093	0,015	Signifikan
2	BK → EE	0,825	***	Highly Signifikan
3	PK → EE	0,725	***	Highly Signifikan
4	KP → Kin	0,553	***	Highly Signifikan
5	BK → Kin	0,039	0,019	Signifikan
6	PK → Kin	0,485	0,031	Signifikan
7	EE → Kin	0,337	0,046	Signifikan
8	KP → EE → Kin	1,513	0,042	Signifikan
9	BK → EE → Kin	1,619	0,050	Signifikan
10	PK → EE → Kin	1,609	0,050	Signifikan

Source: SEM-AMOS Data Processing, 2020

VI. DISCUSSION

The results showed that the competencies possessed by the employees of Outsourcing PT. PLN Jambi Area directly has a significant effect on performance with a value of 0.093 and a significant value of 0.015. The findings are in line with the results of research conducted by Al-Ahbabi, S., et al., (2017) in the International Journal of Knowledge Management Studies, which concludes that knowledge becomes a management framework for improving employee performance, furthermore Al Mehrzi, N. and Singh, SK (2016) also stated that competence is a factor that affects employee performance.

This research is in line with Dhir, S. and Shukla, A. (2018) regarding the influence of personal and organizational characteristics on employee engagement and performance. Furthermore, Ilham Ataunur and Eny Ariyanto (2015), in their research the influence of competence and training on the performance of employees of PT. Adaro Energy Tbk stated that competence has a significant positive effect on performance. These findings reinforce the concept of Spencer (1993) where competence is based on continuous motives to pursue both work and target targets in employees as well as high motivation for self-achievement to produce work from within both soft skills and hard skills that employees have at PT. PLN, through its outsourcing company, carries out work tasks.

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

The performance dimension is influenced by the culture implemented in a company where employees work to produce work according to the company's wishes and the company's efforts have an impact on the existing work system. From the calculations made in the above subsection shows that culture affects the performance of employees of the Outsourcing company by 0.039 with a high significant level (0.019). The increased performance of work culture is influenced by the existence of a group culture, namely a committed work team, which is characteristic of the company implementing formal and informal communication well and maximally for the company and employees. This is in line with the opinion expressed by Albdour, A.A., Altarawneh, I.I. (2014) which states that committed employees become an element of work culture that affects performance.

Leadership behavior directly affects performance. The impact on the effect received is 0.485 with a very high significance (0.031), that the leadership in the outsourcing company is task-oriented towards employees with a pattern of discussing the work done, planning the work, monitoring work. In addition, there is also assistance from the leadership to solve work problems that arise.

Furthermore, performance is significantly influenced by the existence of Employee Engagement in the employees of Outsourcing PT. PLN itself with an influence value of 0.337, a significant level of 0.046. The emergence of employee involvement in carrying out their duties occurs because of recognition of good work by superiors. Where this is in line with research by Akhtar, et al., (2016) which states that Employee Engagement significantly affects employee performance. So it can be concluded that employee involvement is formed because of Employee Engagement, which is marked by employees participating in the success of the company's mission for work as something that is very important to be carried out, besides that employees are also committed to completing the work that has been received through the collaboration of the Outsourcing company to be carried out at every existing work units at PT. PLN Jambi Area.

The influence of competence, work culture and leadership behavior on performance is indirectly through Employee Engagement. This can be seen from the findings of research which states that Employee Engagement has an influence on performance and makes employees have high loyalty to work and the company. Each of the variables obtained a value, namely competence of 1.513 (0.002), work culture of 1.619 (0.050), leadership behavior of 1.609 (0.050). With the high loyalty of employees of Outsourcing PT. PLN Jambi Area, can boost competency factors, work culture and leadership behavior towards performance. So this supports the research of Ali, M., et al., (2018), which states that managerial coaching from leaders affects employee performance and is able to increase work involvement, quality, communication of superiors and subordinates, job satisfaction, and the desire to leave.

VII. NOVELTY

In this study there are two novelties that emerge as follows: 1.) Employee Engagement is a variable that mediates between the Competency, Work Culture, Leadership Behavior on Outsourcing Employee Performance, 2.) Employee Engagement Research on Outsourcing

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

employees, where previously the Outsourcing research was only conducted permanent employees.

VIII. CONCLUSION

The results of the above research answer the question why people should be engaged (engaged) with one company, this is influenced by the business structure of PT. PLN who really needs employee competence, so PT. PLN is considered by employees as a means of channeling their commitments and abilities as an electric power engineer. The more competent an employee is, the more competent he is with the company.

Furthermore, based on the calculation of data processing and analysis, this research is concluded as follows: 1.) Competencies possessed by outsourcing employees can directly affect performance and provide significant value, 2.) The work culture used and applied by the company to Outsourcing employees affects performance employees in carrying out and completing tasks in the field related to electricity in each work unit of PT. PLN Jambi Area and obtained a significant influence, 3.) Leadership behavior that exists in the Outsourcing company directly has a significant influence and has an impact on employee behavior to improve performance with the problems faced and experienced by employees while carrying out electrical duties at the work unit of PT . PLN Jambi Area, 4.) Employee Engagement is a reinforcing element in a company where employees are included and involved in electricity in work units and work positions capable of empowering to improve employee work according to the goals achieved and significantly affecting employee performance, 5.) Indirect influence on employee performance, found that employee competence, work culture and leadership behavior significantly affect the performance of employees of the outsourcing contractor company PT. PLN Jambi Area.

IX. SUGGESTION

In connection with the findings of this study, especially in the aspect of employee Work Culture, PT. PLN Jambi Area needs to integrate their culture with the existing work culture in the outsourcing company, this integration is important so that employees can be integrated with the performance indicators of PT. PLN, so that in the end Outsourcing employee engagement was built even better than before.

Bibliography

- Afsar, B. and Masood, M. *Transformational leadership, creative self-efficacy, trust in supervisor, uncertainty avoidance, and innovative work behavior of nurses*. The Journal of Applied Behavioral Science. 2017 ; 54 (1) 36-61. <https://doi.org/10.1177/0021886317711891>
- Afsar, B. and Umrani, W. *Transformational Leadership and Innovative Work Behavior*. European Journal of Innovation Management. 2019. <https://doi.org/10.1108/EJIM-12-20180257>
- Akhtar, A., Nawaz, M.K., Mahmood, Z., Shahid, M.S. (2016), *Impact of high performance work practices on employees' performance in Pakistan: Examining the mediating role of*

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

- Employee Engagement, *Pakistan Journal of Commerce Social Sciences*, Vol. 10, No. 3, pp. 708–724.
- Al habshi, Syed Othman. (2005). *Mengamalkan Budaya Kerja Berpasukan yang Komited dan Bermotivasi*. www.geocities.com/nikzafri/lo.htm/
- Al Mehrzi, N. and Singh, S.K. (2016), “*Competing through Employee Engagement: a proposed framework*”, *International Journal of Productivity and Performance Management*, Vol. 65 No. 6, pp. 831-843.
- Al-Ahbab, S., Singh, S.K., Gaur, S.S. and Balasubramanian, S. (2017), “*A knowledge management framework for enhancing public sector performance*”, *International Journal of Knowledge Management Studies*, Vol. 8 Nos 3-4, pp. 329-350.
- Albdour, A.A., Altarawneh, I.I. (2014), *Employee Engagement and organizational commitment: Evidence from Jordan*, *International Journal of Business*, Vol. 19, No. 2, pp. 192–212.
- Ali, M., Lodhi, S.A., Raza, B., Ali, W. (2018), *Examining the impact of managerial coaching on employee job performance: Mediating role of work engagement, leader-member-exchange quality, job satisfaction, and turnover intentions*, *Pakistan Journal of Commerce Social Sciences*, Vol. 12, No. 1, pp. 253–282.
- Anitha J. 2014. *Determinants of Employee Engagement and their impact on employee performance*. *International Journal Of Productivity And Performance Management*, 63 (3), 308-323.
- Ataunur., I. & Ariyanto., E (2015). *Pengaruh Kompetensi dan Pelatihan Terhadap Kinerja Karyawan PT. Adaro Energi Tbk*. *Jurnal telaah bisnis* vol. 16. No. 2. Hal. 146
- Bagia, I. W., Yudiaatmaja, F. & Yulianthini, N. N. (2015). *Model konseptual kinerja individual pegawai pemerintah daerah kabupaten yang berbasis kompetensi, komitmen organisasi, dan motivasi kerja*. *Jurnal Ilmu Sosial dan Humaniora*, 4(1), 509-522. doi: 10.23887/jishundiksha.v4i1.4919
- Bailey, C., Madden, A., Alfes, K., Fletcher, L. (2017), *The meaning, antecedents and outcomes of Employee Engagement: A narrative synthesis*, *International Journal of Management Reviews*, Vol. 19, No. 1, pp. 31–53.
- Barnes, D.C. & Collier, J.E. 2013. *Investigating work engagement in the service environment*. *Journal of Services Marketing*, 27, 6, 485–499. DOI 10.1108/JSM-01-2012-0021.
- Baumruk, R. 2006. *Strategic HR Review. Why managers are crucial to increasing engagement: Identifying steps managers can take to engage their workforce*, Vol. 5 Issue: 2, pp.24-27.
- Bednall, T.C. et al. *Innovative Behaviour: How Much Transformational Leadership Do You Need?*. *British Journal of Management*. 2018; 29(4): 796-816. <https://doi.org/10.1111/1467-8551.12275>

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

- Christian, M.S., Garza, A.S. & Slaughter, J.E. 2011. *Work engagement : A quantitative review and test of its relations with task and contextual performance*. Personnel Psychology, 64, 89–136.
- Danessa. M. N. (2015). *Studi Deskriptif Mengenai Work Engagement Pada Karyawan Outsourcing Divisi Kartu Kredit PT. Bank Rakyat Indonesia Persero Tbk*. Repository.unpad.ac.id.
- Denison. (2003). *Corporate Culture and Organizational Effectiveness*. Organization science vol. 6 No. 2. Institute for operation resource and the management science.
- Dhir, S. and Shukla, A. (2018), “*The influence of personal and organisational characteristics on Employee Engagement and performance*”, International Journal of Management Concepts and Philosophy, Vol. 11 No. 2, pp. 117-131.
- Ehimen, U., Mordi, C., & Ituma, A. (2014). *Culture influence on senior staff motivation and performance in The Nigerian Polytechnic Education Sector*. JORIND, 11(2), 20–26.
- Farahnak, L.R. et al. *The Influence of Transformational Leadership and Leader Attitudes on Subordinate Attitudes and Implementation Success*. Journal of Leadership & Organizational Studies. 2019: 1-14. <https://doi.org/10.1177/1548051818824529>
- Fleming., dan Asplund. (2007). *Human Sigma. Managing The Employee Customer-Encounter*, Newyork: Gallup, Inc.
- Hastari., R 2016. *Pengaruh Sistem Outsourcing Dan Kompetensi Terhadap kinerja Karyawan Outsourcing PT. Sentinel Garda Semesta Perwakilan Bangka Belitung*. Naskah Publikasi. Fakultas Ekonomi Universitas Bangka Belitung.
- Hockey & Ley (2008). *Work Environments and Performance*. In N. Chmiel (Ed.), *Work and Organizational Psychology: A European Perspective* (pp.206-230). Oxford, UK: Basil Blackwell.
- Hemphill, J.K. & Coons, A.E. 2016. *Development of The Leader Behavior Description Questionnaire*. In R.M. Stogdill & A.E. Coons (Eds), *Leader Behavior: Its Description and Measurement*. Columbus: Bureau of Business Research, Ohio State University, pp. 6 – 38.
- Johanes., Elfie. (2016). *Dampak Waktu Kerja Fleksibel Dalam Meningkatkan Employee Engagement (Studi pada perusahaan layanan jasa konstruksi di Indonesia*. Jurnal Manajemen dan Bisnis Indonesia 3 (2). p.279-290.fmi.or.id.
- Kausar, S. (2014). *Impact of quality culture on employees' motivation: a research on education sector of Pakistan*. Middle-East Journal of Scientific Research, 22(7), 1082–1089.
- Kinkel, S., Schemmann, B., & Lichtner, R. (2017). *Critical competencies for the innovativeness of value creation champions: Identifying challenges and work-integrated solutions*. Procedia Manufacturing, 9, 323-330.

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

- Kravetz, J. 2007. *Human Resource Management*. Boston : McGraw-Hill
- Kotter J.P., & Heskett J.L.. (2002). *Corporate Culture and Performance*, The Free Press, New York.
- Macey, W.H., Schneider, B., Barbera, K.M & Young, S.A. 2008. *Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage*. USA: John Wiley & Sons.
- Makawi, U., Normajatun, & Haliq, A. (2015). *Analisis pengaruh kompetensi terhadap kinerja pegawai dinas perindustrian dan perdagangan kota Banjarmasin*. *Al-Ulum Ilmu Sosial dan Humaniora*, 1(1), 16-26. doi: 10.31602/alsh.v1i1.307
- May, D.R., Gilson, R.L. & Harter, L.M. 2004. *The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work*. *Journal of Occupational and Organizational Psychology*, 77, 1, 11–37.
- Maylett., & Winner. (2014). *The Employee Experience: An Interview With Authors Tracy. JD., P.H.R. About Their New Book*.
- Mehrzi Al Nada, Singh Kumar Sanjay,. 2016. "Competing through employee engagement: a proposed framework", *International Journal of Productivity and Performance anagement*, Vol. 65 Issue: 6, pp.831-843.
- Mitchell. 2013, *Selecting The Best Theory To Implement Planned Change*. Nursing Management. Harrow London England : 1994.
- Naguib, H.M. and Naem, A.H.M. Impact of Transformational Leadership on the Organizational Innovation. *The International Journal of Social Sciences and Humanities Invention*. 2018; 5(1):4337-4343. <https://doi.org/10.18535/ijsshi/v5i1.15>
- Nempung, T. (2013). *The influence of budaya kerja, empowerment and motivasi kerja on work ability and farming productivity (aresearch of paper farmers at South Konawe,Souteast Sulawesi)*. *IOSR Journal of Business and Management*, 8(3), 23–33.
- Oredein, A., & Akinriolu, J. (2013). *Team work, mot ivat ion, and leadership skill as predictor of healthy budaya kerja in public middle schools in Iwo Local Government, Osun State*. *Journal of Capital Development in Behavioral Science*, 2(1 & 2), 1–18.
- Perdana. Azra (2014) *Perbedaan Work Engagement Antara Karyawan Tetap Dan Karyawan Outsourcing Pada Karyawan PT. Sakti Bangun Kencana Rayeuk*. Repository.uin-suska.ac.id
- Raverkar, D. (2016). *Correlat ion between budaya kerja and employee satisfaction*. *International Journal of Mult if aceted and Multilingual Studies*, 3(1), 1–8.
- Richman. 2006. Baumruk. 2004. Shaw. 2005. *The missing link : The role of Employee Engagement in business success*. *Workspan*, 47,48-52.

**3rd International Conference On Research In
MANAGEMENT AND ECONOMICS**

- Robinson et al., Little. (2006). *The Drivers of Employee Engagement*. Brighton: Institute for Employment Studies. p.113.
- Sakti, A.S. et al., *Transformational Leadership, Organizational Climate and Individual Creativity from a Military Culture Perspective*. Indian Journal of Public Health Research & Development. 2018; 9(11): 447-451. doi: 10.5958/09765506.2018.01496.1
- Satria, R. O. & Kuswara, A. (2013). *Pengaruh motivasi dan pelatihan terhadap kompetensi kerja serta implikasinya pada produktivitas pegawai dinas perhubungan Kota Bandung*. Jurnal Ekonomi, Bisnis & Entrepreneurship, 7(2), 7483. Diakses dari <https://media.neliti.com/media/publications/41285-ID-pengaruh-motivasi-dan-pelatihan-terhadap-kompetensikerja-serta-implikasinya-pad.pdf>
- Sethibe, T. and Steyn, R. *The Mediating Effect of Organizational Climate on the Relationship between Leadership Styles and Their Components on Innovative Behaviour*. Journal of Entrepreneurship and Innovation in Emerging Economies. 2018; 4(1): 22–32. <https://doi.org/10.1177/2393957517747313>
- Sethibe, T.G. *Towards a Comprehensive Model on the Relationship between Leadership Styles, Organisational Climate, Innovation and Organisational Performance*. International Journal of Innovation Management. 2018; 22(02): 1850021 1-19. <https://doi.org/10.1142/S1363919618500214>
- Sidal, Alauddin. (2005) *Manusia dan Budaya Kerja*. www.geocities.com/nikzafri/lo.htm/
- Sinha, S., Singh, A., Gupta, N., & Dutt, R. (2010). *Impact of budaya kerja on motivat ion level of employees in selected public sector companies in India*. Delhi Business Review, 11(1), 43–54.
- Spencer L and Spencer S, (2010); *Competence at Work: Model for Superior Performance*. John Wiley and Sons, Newyork.
- Suifan, T.S., Abdallah, A.B. and Al Janini, M. *The Impact of Transformational Leadership on Employees' Creativity: The Mediating Role of Perceived Organizational Support*. Management Research Review. 2018; 41(1): 113-132. <https://doi.org/10.1108/MRR-02-20170032>
- Tse, H.H., To, M.L. and Chiu, W.C. *When and Why Does Transformational Leadership Influence Employee Creativity? The Roles of Personal Control and Creative Personality*. Human Resource Management. 2017: 1-13. <https://doi.org/10.1002/hrm.21855>
- Wijaya., Filemon. (2015). *Strategi Komunikasi Internal PT X Dalam Membina Employee Engagement*. Jurnal e-komunikasi 3 (1). Publication.petra.ac.id.
- Wulandari., A. R. (2017). *Pengaruh Perilaku Kepemimpinan Servant Leadership Terhadap Employee Engagement Karyawan Outsource PT. CMM Bandung*. Repository.unpar.ac.id

3rd International Conference On Research In
MANAGEMENT AND ECONOMICS

Yulk, Gary. (2015). *Effective Leadership Behavior : What We Know and What Questions Need More Attention*. Academy of Management Perspectives

Zaim, H., Yasar, M. F., & Unal, O. F. (2013). *Analyzing the effects of individual competencies on performance: A field study in services industries in Turkey*. Journal of Global Strategic Management, 7(2), 67-77. DOI: 10.20460/JGSM.2013715668.

Zuraik, A and Kelly, L. 2019. *The Role of CEO Transformational Leadership and Innovation Climate in Exploration and Exploitation*. European Journal of Innovation Management.; 22(1): 84-104. <https://doi.org/10.1108/EJIM-10-2017-0142>