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Contribution of Motivation and Competence to the Change of Organization Effectiveness

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Abstract: The purpose of this study was to determine the contribution of motivation and competence to the organization effectiveness among managers at private limited companies in Indonesia. Moreover, the study was carried out with the purpose of identifying the percentage of the direct and indirect contributions of the variables for example, competence through change acceptance, readiness to the organization effectiveness and the direct contribution of competence to the organization effectiveness and also other variables were involved to determine the percentage of contribution. The study employed a survey approach using questionnaire. The study involved 160 company managers who were selected randomly from all over Indonesia. A pilot test was carried out by involving 30 company managers. The results of the analysis of the pilot test indicated that each of the constructs examined had high reliability which was between 0.80 and 0.85. The data analysis was performed employing descriptive and inferential analyses using SPSS 17.0 software. The findings showed that the competence and motivation among the company managers were at the high level. Furthermore, the inferential analysis indicated that there was a significant influence of competence and motivation on the effectiveness of the organization. The study implication is that the companies should address the issues of motivation and competence to promote the organization effectiveness. Regarding motivation, it is suggested that the companies challenge, managers’ creativity and innovation as well as provide the managers with pay rise and pleasant workplace. In terms of competence, the companies are suggested that they train the managers in special skills and techniques in line with the companies’ goals.

Keywords: Competence, motivation, change acceptance readiness, company manager, organization effectiveness

INTRODUCTION

The change in organization is a phenomenon that will certainly occur in every organization. The company’s ability in adapting to the changes can guarantee the survival of the organization. The enhancement of the effectiveness of the organization can also be done when the changes are implemented together with the positive directions of supporting the optimization of the achievement of the organization objectives. One way is through the business development to increase the capacity that is still available in the organization so that it can be optimized. The PT Housing Development has launched a strategic plan in 2012 by supplementing the business of the Engineering Procurement and Construction (EPC). This supplementation will complete the four business pillars which have been implemented, namely construction, property, investment and EPC. The business development itself is executed with the purpose of empowering the idle capacity (the capacity of the unemployment) which is still possessed by the company as stated by the Minister of the State-Owned Enterprises (SOEs).

A new strategic paradigm is emerging for juggling the competing demand for managers’ motivation and competence contribution on the organization effectiveness. Cameron and Green (2012) and scholarly literature (Buller and McEvoy, 2012; Jing and Avery, 2011; Lam et al., 2010; Seibert et al., 2011; Tidd and Bessant, 2011; Tohidi, 2011; Yudhaningsih, 2011; Zhang and Bartol, 2010; Zheng et al., 2010) are appearing that demonstrate the importance of motivation and competence to the effectiveness of organizations.

Accordingly, two important factors that can have great contribution to the organization effectiveness include managers’ motivation and competence in workplace (Seibert et al., 2011). In fact, motivation and competence can both directly and indirectly contribute to organization effectiveness. They can contribute indirectly through the change acceptance readiness contribute to organization effectiveness (Yudhaningsih, 2011). Thus, the present study focuses on the contribution of company managers’ motivation and competence to organization effectiveness. Suggestions for improving managers’ motivation and competence are also provided.

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STATEMENT OF THE PROBLEM

Due to the lack of competence and motivation among some of the personnel at the management level in accepting the direction of the business development in the private companies, the effectiveness of the organization through accepting positive changes is seriously hampered. Among the housing development projects in 2012 which equal to 14.336 trillion, only two projects which equal to 3.6 trillion have the potential to be won by the company. The interruption in the effectiveness of the company’s target achievement in attaining the project contracts indicates that there are still a lot to be done by the company in order to succeed in accomplishing its big mission. One of the principal ways is by overcoming the rejection among some of the staff. To be able to create a condition where the personnel are ready to face the changes, a high level of competence and motivation is required since the two elements function as the forms of the positive behaviour which are manifested in the managers of the organizations through indicating their readiness for accepting new changes.

The common consequence which occurs to a lot of organizations is the environmental dynamics which demands the existence of a change to be partial or complete. The occurrence of the organizational change, theoretically, will trigger two types of reactions, including positive and negative responses (Winardi, 2009). Positive reactions can be in form of tolerance, acceptance and the enthusiasm for change. Contrarily, negative reactions can appear in form of rejection or resistance to change. Change in the context of organization is referred to as the process of conducting the activities in the organization which change according to the purposes planned. This is why, the factors of motivation and competence can play important roles. However, few studies on the contribution of competence and motivation to the organization effectiveness and the change acceptance readiness in private companies in Indonesia have been reported in literature (Debby et al., 2010). Accordingly, the current study was conducted to address the problem and fill the gap.

**Workplace motivation:** Motivation is normally marked by attention, endeavour and persistence (Tremblay et al., 2009). Studies suggest that the tendency to change work, climate to promote competence, autonomy and relatedness changes is associated with internalizing work rules, standards and procedures (Gagne and Deci, 2005) and acting creatively, voluntarily and keenly. This happens when the managers value the work itself regardless of the carrots or sticks offered by higher rank management (Zheng et al., 2010). This is why, motivation plays an important role.

On the contrary, controlling work environments shrink managers’ experiences in terms of autonomy, competence and relatedness. Normally, externally regulated managers’ perceptions of workplace rules is that they are externally imposed on them and consequently their motivation would merely be to obtain external rewards such as praise, promotions and financial benefits. When regulations are imposed, people partially digest the rules of workplace. However, they hesitate about the validity of the rules and resist the corresponding pressure. When so motivated, people generally perceive work as an obligation and their feelings of self-worth are associated with it (Buller and McEvoy, 2012).

External regulation is connected with apathy, lower creativity, poor workplace performance and poor psychological health (Deci et al., 2001). Pressuring people through using rewards to perform has contribution to their external regulation (Akelakini, 2009; Reeve et al., 2002; Vansteenkiste and Deci, 2003).

Another kind of motivation is intrinsic motivation. Normally, intrinsically motivated managers work for passion, interest and pleasure. On the contrary, integrated regulation happens when people properly appreciate the significance of the work, albeit, they may not find it interesting. Thus, there is a positive correlation between integrated regulation and intrinsic motivation in terms of their contribution to proactive engagement in work (Chalofsky and Krishna, 2009; Gagne and Deci, 2005). Ideally in workplace, autonomously motivated manager are intrinsically keen on doing their work.

Regarding behaviour, motivation is a crucial factor in influencing the effectiveness of the organization. Motivation is the process of provoking, instructing and maintaining the behaviour in a certain period of time to achieve the objectives. Motivation can be seen in two angles; comprising its functions as the fulfillment of the requirement if seen in the aspect of individual and its roles as the rewards if seen in the perspective of organization (Sutrisno, 2010).

Zhang and Bartol (2010) examined the influence of psychological empowerment, intrinsic motivation and creative process engagement on leadership empowerment using survey approach. They found that empowering leadership has positively affected psychological empowerment. They also reported that intrinsic motivation and creative process engagement had a positive impact on creativity and organization effectiveness.
Correspondingly, Tohidi (2011) conducted survey of research on teamwork productivity and effectiveness based on some factors such as leadership, rewards, measurement, goals, wage, training, size, motivation and information technology. He reported that there is a close relationship between motivation and effectiveness in organizations.

Overall, there has been little work as to identify how effectively motivation contributes to organization change which is one of the contributions of this study.

**WORK PLACE COMPETENCE**

Competence is associated with one’s capability to successfully and efficiently perform work activities (Seibert et al., 2011). High-performance managerial practices, resulting in the enhanced knowledge, ability and skills, will be reflected in employees’ feelings of their competence in work roles. Competence brings about a sense of meaning and self-determination to fulfill important needs for growth. Additionally, feelings of competence and impact enhance the degree to which one’s work contributes to fulfill these natural needs, since they reflect opportunities to experience and appreciate competence and control at work as well. According to Cameron and Green (2012), there is a direct link between competence of leaders and business results. Therefore, psychologically empowered managers are likely to experience more innate and intrinsic need fulfillment via work and consequently show higher levels of job satisfaction (Seibert et al., 2011). Accordingly, Nahrgang et al. (2011) stated that, challenge demands support mastery, personal growth and future gains and employees regard these demands as opportunities to learn, achieve and reveal competence.

Goleman’s research into the necessity of emotional intelligence is persuasive and convincing (Cameron and Green, 2012). His investigation into 181 various management competence models, which were drawn from 121 organizations internationally, showed that 67% of the abilities that were deemed essential for management competence comprised emotional competencies. Correspondingly, further research conducted by Hay/McBer (Cameron and Green, 2012) examined data from 40 different organizations to identify the difference regarding competencies between star performers and average performers. He also reported that competencies have paramount importance and impact on organization effectiveness.

As the literature evidences, little research has been undertaken on the contribution of manager competence on organization change effectiveness which is another contribution of this study.

**EFFECTIVENESS OF ORGANIZATION**

In the Robbins’ Model of Change Management, it has been described that the final product of a change is the effectiveness of the organization (Kusdi, 2011). The same thing was concluded in the study done by Yudhaningsih (2011) who stated that an organizational change will be able to increase work effectiveness if it is done accurately and gains strong support from the members of the organization. Executing changes in an accurate manner requires a number of conditions which need to be followed. Ford and Cunningham (2003) conducted a survey on the staff of Nebraska University and found that change can be done, once the members of the company own a good culture of competence development. He claimed that the positive culture of competence will result in the loyalty of the organization member in facing changes. Rivi and Sagala (2009) proposed that competence will contribute to the high level of self-confidence in the individual, enabling him/her to gain high flexibility in adapting to various situations, including the changes that occur.

Furthermore, by having the appropriate competence, an individual will have high motivation due to his/her confidence in his/her ability (Sudarmanto, 2009). Self-motivation is an important factor in the ability to accept changes, as stated by Lehman that one of the evidences of the organization readiness to change is the motivation possessed by each of its members which encourages them to accept changes (Asriani, 2009).

Correspondingly, Gie proposed that the factors which influence the efficiency and effectiveness of work include; work motivation, work ability, work atmosphere, work environment, equipment facilities, as well as work procedures (Rofai, 2006). Numania (2009) concluded that there was a strong correlation between motivation and organization effectiveness. Likewise, Alelakini (2009) also inferred that competence and motivation have significant contributions to the enhancement of work effectiveness. Furthermore, Alelakini (2009) also stated that there was a positive correlation between competence and motivation. Similarly, Tohidi (2011) emphasized on the close relationship between motivation and organization effectiveness.

However, very little study has been carried out on the contribution of both motivation and competence on the organization change effectiveness. Thus, in this study, focus is on contribution of these two constructs on the organization effectiveness.
METHODOLOGY

The study used a survey approach which measured the contribution of the factors of competence and motivation to the change acceptance readiness to accept the change and the organization effectiveness. The analysis was also used to identify the contribution through the mediator (change acceptance readiness). The sample of this study consisted of 160 managers, who were selected randomly from all of the operational branches of Housing Development Private Limited all over Indonesia. Most of the sample in this study composed of managers who were expert due to their working experience of more than 15 years. The education level of the managers of the management department already met the qualifications required by the company which was having at least a Master’s degree in the technical discipline. The data was collected through using questionnaire. This study used four main constructs, namely motivation (20 items), competence (20 items), change acceptance readiness (15 items) and effectiveness (22), in which 77 questions were used in total. A pilot test was carried out by involving 30 company managers. The results of the analysis of the pilot test indicated that each of the constructs investigated had high level of reliability which was between 0.789 and 0.856. To analyze the data, both descriptive and inferential statistics were employed using SPSS 17.0.

RESULTS AND DISCUSSION

Contribution of competence and motivation to change acceptance readiness: The detail results of the contribution of the factors of competence and motivation to accepting changes in organization as well as organization effectiveness are described in Table 1.

In Table 1, the regression analysis shows that competence has a significant contribution to the change acceptance readiness to accept change, with value of 30.8% (Beta = 0.263, T = 3.648, R² = 0.308 and sig = 0.000). In fact, this shows a great contribution as some support that the competence is important to accept the change (Seibert et al., 2011). Furthermore, the motivation aspect also has contribution to the change acceptance readiness, even though its contribution is not as big as that of competence, as there is a significant contribution to the change acceptance readiness, with the value of 3.8% (Beta = 0.203, T = 4.088, R² = 0.346 and sig = 0.000). The analysis shows that when competence is increased by 1 unit, then the readiness for change acceptance will be increased by 0.263 units. Likewise, when motivation is increased by 1 unit, then the readiness to accept change will be increased by 0.203 units. On the whole, the competence and motivation have a great contribution to the change acceptance readiness. The study result is consistent with the findings of Goleman in terms of the contribution of competence and motivation on organization effectiveness, respectively (Cameron and Green, 2012; Tohidi, 2011).

Contribution of competence and motivation to the organization effectiveness: The second level constructs testing done on the variable competence, motivation to accept change as the independent variable on the dependent variable effectiveness organization.

In Table 2, the regression analysis shows that managers’ competence has a significant contribution to organization effectiveness which is about 16.9% (Beta = 0.587, T = 2.494, R² = 0.169 and sig = 0.000). In addition, motivation has a significant contribution to organization effectiveness, that is, 12.4% (Beta = 0.483, T = 0.676, R² = 0.293 and sig = 0.000). In the same line, Tremblay et al. (2009) have highlighted the importance of motivation to the effectiveness of organization. There is a significant contribution to organization effectiveness in terms of change receptivity with the value of 1.8% (Beta = 0.435, T = 4.249, R² = 0.480 and sig = 0.000).

| Table 1: Competence and motivation and their contribution to the change acceptance readiness |
|-----------------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Model                                      | B     | Standard error | Beta | T     | Sig. | R²   | Contribution (%) |
| Competence                                 | 7.410 | 2.001           | 0.263 | 3.648 | 0.000 | 0.308 | 30.8             |
| Motivation                                 | 5.859 | 2.044           | 0.203 | 4.088 | 0.000 | 0.346 | 3.8              |
| Coefficient                                | 18.566 | 8.434       |       | 2.201 | 0.000 |       |                  |

| Table 2: Competence and motivation and their contribution to the organization effectiveness |
|-----------------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Model                                      | B     | Standard error | Beta | T     | Sig. | R²   | Contribution (%) |
| Competence                                 | 0.640 | 0.045           | 0.587 | 2.494 | 0.000 | 0.169 | 16.9             |
| Motivation                                 | 0.231 | 0.047           | 0.483 | 6.976 | 0.000 | 0.293 | 12.4             |
| Change                                     | 0.219 | 0.064           | 0.435 | 4.249 | 0.000 | 0.480 | 1.8              |
| Coefficient                                | 0.446 | 0.176           |       | 2.257 | 0.008 |       |                  |
The analysis reveals that when competence is increased by 1 unit, then organization effectiveness will be increased by 0.387 units. Similarly, when motivation is increased by 1 unit, the organization effectiveness will be increased by 0.483 units. Likewise, when the change receptivity is increased by 1 unit, then organization effectiveness will be increased by 0.435 units. All in all, data shows that there were 68.9% of contributions by factors to organization effectiveness. Overall findings of the study summarized in Fig. 1.

According to Fig. 1, direct and indirect contribution of the competence variable on the effectiveness of the organization are as follows:

- The value of the direct contribution of the competence variable on the change acceptance readiness to accept change was $0.308 \times 100\% = 9.49\%$
- The value of the direct contribution of the competence variable on the organization effectiveness was $0.169 \times 100\% = 2.86\%$
- The value of the indirect contribution of the competence variable on the organization effectiveness through the change acceptance readiness in accepting change was $0.308 \times 0.293 = 0.090$
- The total contribution of the competence to the organization effectiveness was $0.169 + 0.090 = 0.259$

Direct and indirect contribution of the motivation variable to the effectiveness of the organization are as follows:

- The value of the contribution of the motivation variable on the change acceptance readiness to accept change was $0.346 \times 100\% - 11.97\%$
- The value of the direct contribution of the motivation variable to the organization effectiveness was $0.480 \times 100\% = 23.04\%$
- The value of the indirect contribution of the motivation variable to the organization effectiveness through the change acceptance readiness in accepting change was $0.346 \times 0.293 = 0.101$
- The total contribution of the motivation to the organization effectiveness was $0.480 + 0.101 = 0.581$

The value of the direct contribution of the variable of the change acceptance readiness in accepting change to the variable of the organization effectiveness was as big as $0.293 \times 100\% = 8.58\%$

The value of the direct contribution of the competence variable to the motivation variable was $0.460 \times 100\% = 21.16\%$

The conclusion from is that the contribution of the competence variable to the change acceptance readiness is $9.49\%$. The direct contribution of competence variable to the organization effectiveness is $2.86\%$ while the indirect contribution of competence variable to the organization effectiveness through change acceptance readiness is $0.090$. The total contribution of the competence to the organization effectiveness is $0.259$. However, the direct contribution of the motivation variable to the change acceptance readiness is $11.97\%$, but its contribution to the organization effectiveness is bigger, i.e., $23.04\%$. Nevertheless, non-direct contribution of the motivation variable to the organization effectiveness through the change acceptance readiness variable is $0.101\%$. In addition, the total contribution of the motivation variable to the organization effectiveness is $0.581$. The direct contribution of the variable of change acceptance readiness to the organization effectiveness is $8.58\%$ while the direct contribution of the competence variable to the motivation variable is as large as $21.16\%$. Given the importance of motivation, the companies need to keep the managers motivated to promote the organization effectiveness as well as the change acceptance readiness in the managers.

The study results are supported by the theoretical foundation presented by Zwell that, with the appropriate competencies, individual will have high motivation due to their ability in workplace (Sudarmanto, 2009). Empirically, the conclusions of this study in line with findings of Alalakini (2009) that motivation is strongly correlated with competence of human resources within the organization.

The study findings are also consistent with a study by Ford and Cunningham (2003) that changes can be made when the company managers have a good cultural
competence development, as cultural competence positively affects the readiness of members of the organization to accept change. Furthermore, the result of the current study regarding the effect of competence on change acceptance readiness is in line with the study by Nurmanah (2009) in which he reported that organization effectiveness can be achieved when members of the organization have the right competencies congruent with the needs of the organization. Similarly, Rofai (2006) concluded that there is a positive and significant relationship between personal ability and effectiveness of organization. This study also supports the theoretical statement of Rivai and Sagala (2009) that competence will give high confidence to the individual so that he/she can have a high flexibility to adapt to various situations, including the changes that occur.

Concerning motivation, the result of the current study supports the theory of Sutrisno (2010) that motivations and behavior are important factors that affect the organization effectiveness. The long lasting motivation can contribute to the organization effectiveness (Rofai, 2006). Empirically, the finding of this study also supports previous research findings that stressed the important role of motivation to increase work effectiveness or organization (Alelakini, 2009; Purnomo, 2006; Nahrgang et al., 2011).

Regarding the change acceptance readiness, the result of the current study theoretically strengthens the theory put forward by (Robbins and Judge, 2008; Kusdi, 2011) that the end of a change that occurs is effectiveness of organization. That is, each change is intended to better streamline the organization and not the other way round. Possible changes intended to improve and not even devastate an existing order to interfere with the achievement of goals. When all managers perceive the change positively and embrace it warmly, this fact can lead to organization effectiveness (Winardi, 2009; Yudhaningsih, 2011).

All in all, the competence and motivation directly and indirectly contribute to organization effectiveness. Indirectly, motivation and competence contribute to organization effectiveness through the mediator of change acceptance readiness.

**IMPLICATIONS AND RECOMMENDATIONS**

The implication for companies is that it is vital to have qualified, motivated, confident and competent managers to achieve organization effectiveness. This is because the factors of motivation and competence directly and indirectly have great contribution to organization effectiveness. Furthermore, as of motivation and competence, the company managers show readiness to accept changes in organizations.

It is recommended that the companies plan to improve the competence of managers through training them in the specific techniques and skills in line with companies' goals. Furthermore, it is suggested that the companies motivate the managers through creativity, innovation, changing workplace climate, pay rise, etc. to have contribution to the organization effectiveness. Accordingly, administrators are advised to implement programs to challenge the creativity and innovation associated with the managers.

In addition, as we are living in the technology era and it is penetrating in all aspects of our lives as well as different fields including management, the managers may appreciate the advantage of technology for boosting competence and motivation in organizations.

**CONCLUSION**

The current study was conducted to determine the contribution of motivation and competence to organization effectiveness in private companies all over Indonesia. In addition, the contribution of the factors of motivation and competence through the change acceptance readiness was identified. The result shows that both factors directly and indirectly through the change acceptance readiness have great contribution to organization effectiveness. The great contribution of this study is that the contribution of both competence and motivation to organization effectiveness and readiness for change has been examined in combination. To make a comparison, further studies on the direct and indirect contribution of the factors of motivation and competence to organization effectiveness, in the other countries, is suggested.

**REFERENCES**


