

The Effect of Organizational Structure and Readiness for Change to Employee Engagement and Good Governance in Cooperative, SMEs and Industry Service Samarinda

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Abstract

This study aims to analyze the effect of organizational structure and readiness for change on employee engagement and good governance at the Department of Cooperatives, SMEs and Industry of Samarinda City. The sample is 71 permanent employees of the Department of Cooperatives, SMEs and Industry of Samarinda City who are involved as respondents and are given a questionnaire containing questions that must be answered by giving a score. The data analysis method used is the Structural Equation Model (SEM) analysis using the SmartPLS application. The results showed that there was a significant influence between each organizational structure on employee engagement, readiness for change on employee engagement, readiness for change on good governance, and employee engagement on good governance. However, it is found that readiness for change on good governance does not have a significant effect. Based on the results of the study, almost all variables have a significant effect, but only readiness for change on good governance does not have a significant effect, so whatever changes the organization do, employees of the Department of Cooperatives, SMEs and Industry of Samarinda City some are being not able or even not willing to implement the changes.

Keywords: Organizational Structure, Readiness for Change, Employee Engagement, Good Governance.

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INTRODUCTION

Good governance is important in managing public administration (Lembaga Administrasi Negara dan Badan Pengawas Keuangan dan Pembangunan, 2000). According to Ambarwati, (2013), Organizations that implement good governance can minimize the risk of poor decision making, which can have an impact on improving employee performance. Good government performance must be carried out in service to the community which is supported by the organizational structure required by the agency. Identifying the organizational structure makes it easier for employees to see various program activities top-down. This is very useful because everyone will be able to clearly see how this can work and how it can be planned and organized. So that it makes employees comfortable and easy to work so as to increase employee engagement with the organization. Employees who have a high attachment to the agency will try to achieve the agency's vision by

innovating and behaving positively in changes for the sake of the institution's progress.

Implementing good governance also requires employee readiness to change. To face various challenges that do not only come from internal company. Sometimes conditions and circumstances also require the organization to be prepared to change. Organizations that will plan for change need employees who are open and ready to implement changes. Several things to assess readiness for change are appropriate for the organization, leaders are committed to change, and proposed changes are beneficial to affiliates (Holt *et al.*, 2007). Readiness to change is an important issue for agencies to prepare themselves to create conditions in which employees react positively to change.

The Department of Cooperatives, SMEs and Industry Service Samarinda has an organizational

structure that accommodates all the needs of cooperatives, SMEs and Industry Service Samarinda. Based on an interview with the Head of the Service, the development of the micro-industry that was ordered was not proportional to the number of micro-enterprises that were accommodated by the agency. This causes the agency to be overly constrained in carrying out its work. Every department and sub-section in the service experiences overjobs by having to accommodate too many jobs at once.

According to the Department of Cooperatives, SMEs and Industry Service Samarinda, the development of the micro economy is to make changes, especially to the job description in the organizational structure in order to be able to do work effectively and efficiently. This change requires the readiness of employees to accept changes in the existing job description, especially for senior employees. Adjustment of the organizational structure at the Department of Cooperatives, SMEs and Industry Service Samarinda will cause polemics in the internal environment, but these employees cannot be too much polemic because they have official attachments to their work. Employee engagement requires employees to be willing to make changes to create a work environment based on good governance. So that in the end these changes will help realize the agency's goal to prosper micro-enterprises in Samarinda City.

The background of this research is to examine whether organizational structure and readiness to change affect Employee Engagement and Good Governance for employees at the Department of Cooperatives, SMEs and Industry, Samarinda City.

LITERATURE REVIEW

Organizational Structure

Robbins & Judge, (2014) interpreting the organizational structure is the division, grouping and coordination of tasks with the official. Robbins & Coulter, (2016) defining organizational structure is a formal arrangement of tasks within the organization, which can be displayed on an organizational chart that is capable of meeting many goals. Azhar, (2013) disclose the organizational structure as an overall framework used by management in planning, implementing and supervising activities.

Based on the description above, the organizational structure indicators used in this study refer to the basic theory of thought according to Robbins & Judge, (2014); Colquitt *et al.*, (2015); Robbins & Coulter, (2016) which is as follows:

1. Work Specialization: workers get work assignments according to their specialization.
2. Chain of Command: a continuous relationship from the top position of the organization to the lowest, so that it is clear to whom reporting needs to be made.

3. Span Of Control (Span of Control): the relationship between superiors and subordinates, so that it is illustrated that many employees are under the responsibility of the manager.

Readiness for Change

Tsalits & Kismono, (2019) and Faris & Kadiyono, (2019) describes readiness for change according to the definition Armenakis *et al.*, (1993) namely the beliefs, attitudes and intentions of individuals that assess the extent to which the organization requires changes in the organization's capacity to carry out or undergo change successfully. Armenakis *et al.*, (1993) defines employee readiness for change as an individual's beliefs, attitudes, and intentions regarding the degree of change required and the organization's ability to successfully implement such change.

Readiness for change refers to a shared determination and belief in implementing and being able to make changes (Weiner, 2009). So that they are ready to be involved individually and collectively and motivated to implement change until it is achieved (Holt & Vardaman, 2013).

Readiness for change is influenced by five factors (Holt *et al.*, 2007) namely:

1. Change-specific content
2. Individuals need to know what changes are being made.
3. Change process
4. Understand the stages of the process that will be passed.
5. Internal context
6. The internal context includes a description of the state of the organization when change begins.
7. Individual attributes
8. Describe the internal conditions of each member of the organization.
9. Intentions and reactions
10. Individual reactions in showing acceptance or rejection of the change initiative.

Employee Engagement

Conference Board (Vibrayani, 2012) interpret employee engagement as an employee's intellectual and emotional relationship with work, organization and co-workers. So that individuals will run their business with more effort. According to Marciano, (2010) engaged employees are committed to their goals, get the job done, stick to it, do their job well, and are willing to take corrective or evaluation steps when necessary.

Indicators in measuring employee engagement according to opinion Schaufeli *et al.*, (2002), namely:

1. Vigor

This is characterized by a large amount of energy, mentally tough and ready to survive in the face of difficulties at work.

2. Dedication

This is marked by the sacrifice of energy and thought, a sense of enthusiasm and doing the work wholeheartedly.

3. Absorption

It is characterized by being fully focused on serious work and enjoying work that makes time pass so quickly that employees cannot leave their jobs.

Good Governance

Good Governance is based on processes, systems, procedures and regulations that guide the organization to achieve its goals by increasing effectiveness and efficiency. One of the roles of good governance is to become a tool for achieving a balance of various interests that can be profitable.

Principles of Good Governance According to UNDP (United Nation Development Programme, 1997):

1. Effectiveness and Efficiency
2. Responsibility
3. Transparency
4. Legal certainty

5. Strategic vision
6. Accountability
7. Participation
8. Justice
9. Deal oriented

There are four elements that can describe a public administration characterized by good governance, namely:

1. Accountability. Government officials must act as individuals who are responsible for all policies and policies that have been set.
2. Transparency. Openness to the people on the actual conditions of central and local government.
3. Openness. Opening opportunities for the public to express opinions and criticize the government which is said to be less transparent.
4. The rule of law. Every public policy that is enforced can guarantee legal certainty and a sense of justice in society.

Conceptual Framework

Below is an overview of the conceptual framework in this research:

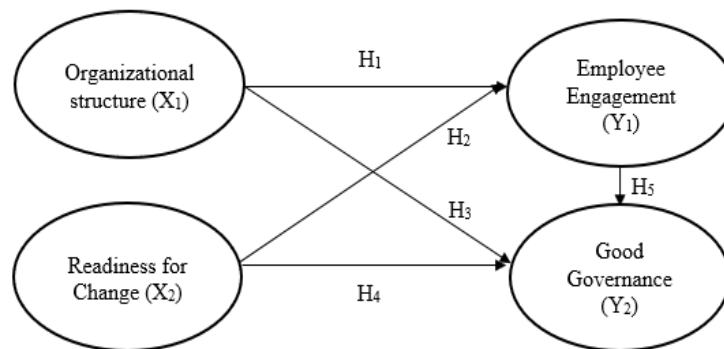


Figure 1: Conceptual Framework

Source: Data processed, 2022

Hypothesis

The hypothesis in this study is formulated as follows:

- H₁ = Organizational structure and significant effect on employee engagement
- H₂ = Readiness for change has a significant and significant effect on employee engagement
- H₃ = Organizational structure has a significant and significant effect on good governance
- H₄ = Readiness for change has a significant effect on good governance
- H₅ = Employee Engagement has a significant and significant effect on good governance

METHODOLOGY

This study uses a quantitative approach, by analyzing the numerical data obtained from the survey results. The survey was conducted on employees of the Department of Cooperatives, SMEs and Industry

Service Samarinda which was intended to provide an overall picture. Respondents of this study were employees of the Department of Cooperatives, SMEs and Industry Service Samarinda. This research was conducted during April – June 2022.

Respondents of this study were employees of the Department of Cooperatives, SMEs and Industry of Samarinda City. The research population amounted to 71 people. This study uses a saturated sampling technique. Saturated sampling is a sampling technique when all members of the population are sampled (Sugiyono, 2017).

The technical data collection of this research was through a questionnaire which was answered by the respondents. The measurement of the questionnaire in this study used a Likert scale, namely:

Table 1: Measurement of the Questionnaire with a Likert Scale

| No. | Information | Score |
|-----|------------------------|-------|
| 1. | Strongly Agree (SA) | 5 |
| 2. | Agree (A) | 4 |
| 3. | Neutral (N) | 3 |
| 4. | Don't Agree (DA) | 2 |
| 5. | Strongly Disagree (SD) | 1 |

Source: Data processed, 2022

Variable Indicator

The variables used consist of three groups of variables, namely the independent variable (X), namely the organizational structure (X₁) and readiness for

change (X₂). The dependent variable is indicated by employee engagement (Y₁) and good governance (Y₂). The indicators of all these variables are as follows:

Table 2: Indicators of Research Variables

| Variable | Indicator |
|--|---|
| Organizational structure (X ₁) | <ul style="list-style-type: none"> a. The level of separation of duties and jobs of each employee in the organization b. Ongoing relationships are like a chain from top to bottom about whom tasks need to be reported c. The number of employees who are under management control while remaining effective and efficient d. The degree to which decision-making is centralized within an organization e. Standardization of work or freedom of workers for their work. |
| Readiness for Change (X ₂) | <ul style="list-style-type: none"> a. Confidence in the feasibility of the planned change for the organization. b. Employees in the organization believe that they can play a role in bringing about change. c. Confidence in management support to accompany change. d. Employees believe there will be benefits for employees and not only benefits for the organization if the changes are successfully implemented. |
| Employee Engagement (Y ₁) | <ul style="list-style-type: none"> a. The amount of employee energy, mentally tough and ready to survive in difficulties at work. b. The sacrifice of energy and thought, a sense of enthusiasm and doing work with all my heart. c. Fully focused on serious work and enjoying work that makes time pass so quickly that employees can't leave their jobs. |
| Good Governance (Y ₂) | <ul style="list-style-type: none"> a. Assessment of accountability, not only on the leadership but also for all employees who are given the authority. b. Easy access to organizational information and easy-to-understand presentation, especially reports on activities that have been carried out. c. Inviting the community and stakeholders to get involved and participate in organizational activities. d. Implementation of activities in the organization based on applicable law. |

Source: Data processed, 2022

RESULT AND DISCUSSION

Outer Model

1. Convergent Validity

According to Ghozali & Latan (2014) the convergent validity of the measurement model with

reflective indicators can be seen from the correlation between item/indicator scores and construct scores. This correlation is known as outer loading. The results of the study are as follows:

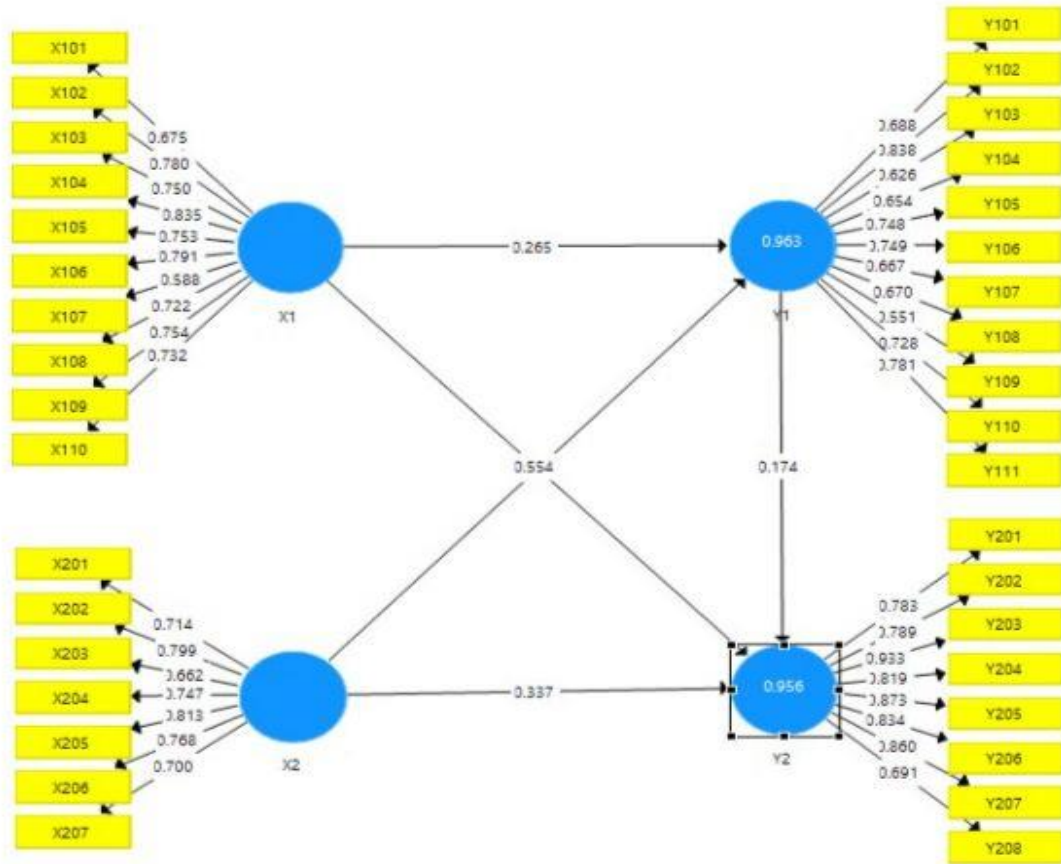


Figure 2: Calculation Results of the Preliminary Research Model
 Source: PLS 3 results data, 2022

Table 3: Convergent Validity Test of the Initial Research Model

| Variable | Indicator | Outer Loading | Information |
|--------------------------|-----------|---------------|-------------|
| Organizational Structure | X101 | 0.675 | Eliminated |
| | X102 | 0.780 | > 0,7 |
| | X103 | 0.750 | > 0,7 |
| | X104 | 0.835 | > 0,7 |
| | X105 | 0.753 | > 0,7 |
| | X106 | 0.791 | > 0,7 |
| | X107 | 0.588 | Eliminated |
| | X108 | 0.722 | > 0,7 |
| | X109 | 0.754 | > 0,7 |
| | X110 | 0.732 | > 0,7 |
| Readiness For Change | X201 | 0.714 | > 0,7 |
| | X202 | 0.799 | > 0,7 |
| | X203 | 0.662 | Eliminated |
| | X204 | 0.747 | > 0,7 |
| | X205 | 0.813 | > 0,7 |
| | X206 | 0.768 | > 0,7 |
| | X207 | 0.700 | > 0,7 |
| Employee Engagement | Y101 | 0.688 | Eliminated |
| | Y102 | 0.838 | > 0,7 |
| | Y103 | 0.626 | Eliminated |
| | Y104 | 0.654 | Eliminated |
| | Y105 | 0.748 | > 0,7 |
| | Y106 | 0.749 | > 0,7 |
| | Y107 | 0.667 | Eliminated |
| | Y108 | 0.670 | Eliminated |

| Variable | Indicator | Outer Loading | Information |
|-----------------|-----------|---------------|-------------|
| | Y109 | 0.551 | Eliminated |
| | Y110 | 0.728 | > 0,7 |
| | Y111 | 0.781 | > 0,7 |
| Good Governance | Y201 | 0.783 | > 0,7 |
| | Y202 | 0.789 | > 0,7 |
| | Y203 | 0.933 | > 0,7 |
| | Y204 | 0.819 | > 0,7 |
| | Y205 | 0.873 | > 0,7 |
| | Y206 | 0.834 | > 0,7 |
| | Y207 | 0.860 | > 0,7 |
| | Y208 | 0.691 | Eliminated |

Source: PLS 3 results data, 2022

Based on Figure 2 and Table 3, it can be seen in the organizational structure variable indicator that there are 2 questions that have a loading factor below 0.7, namely X101 and X107. In the Readiness for Change indicator, there is 1 question that has a loading factor below 0.7, namely X203. In the good government indicator, there are 6 questions that have a loading factor below 0.7, namely Y101, Y103, Y104, Y107, Y108 and Y109. In the employee engagement variable indicator, there is 1 question that has a loading factor below 0.7, namely question Y208.

Indicators that have a loading factor below 0.7 will then be excluded from the research model. Therefore, the indicators of each variable in this study consist of indicators that have a loading factor above 0.7. Thus, the construction of this research model changed and subsequently became a research model after indicator reduction (second model).

After eliminating variables with a loading factor below 0.7, a new or advanced research model is obtained, which can be seen in Figure 3 below:

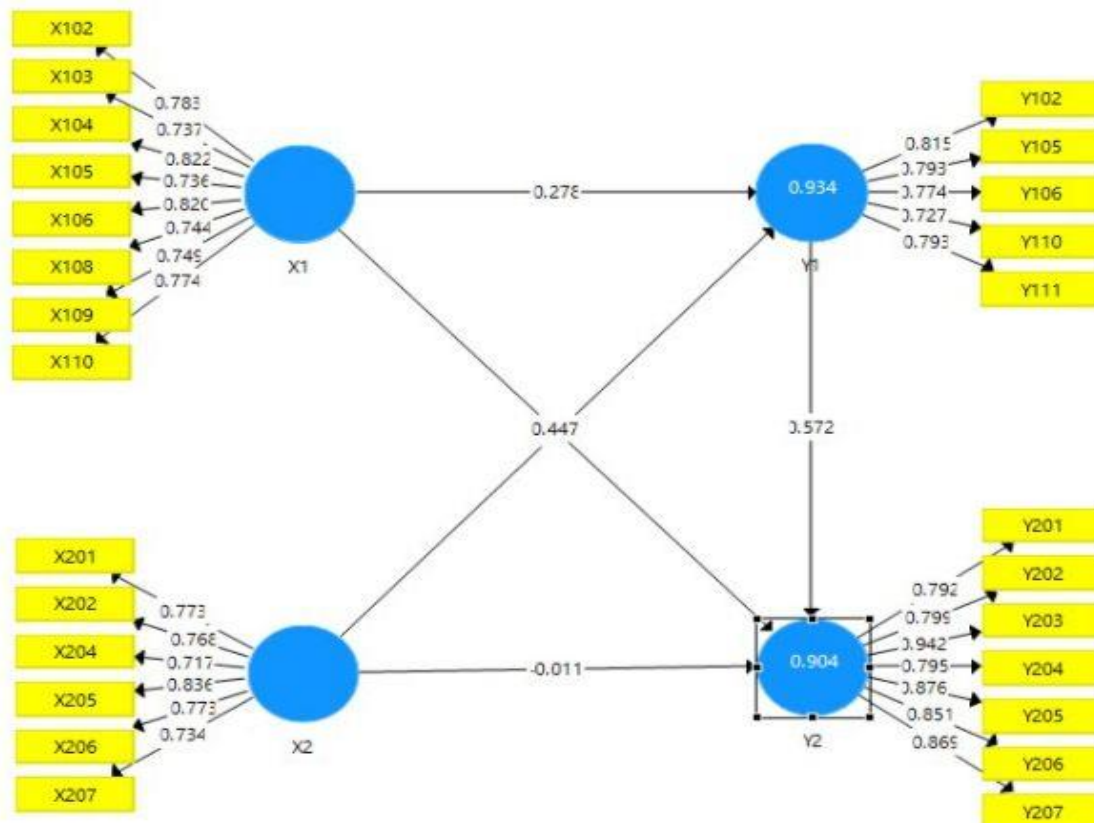


Figure 3: New or Advanced Model Calculation Results
Source: PLS 3 results data, 2022

Table 4: Convergent Validity Test for New or Advanced Research Models

| Variable | Indicator | Outer Loading | Information |
|--------------------------|-----------|---------------|-------------|
| Organizational Structure | X102 | 0.783 | > 0,7 |
| | X103 | 0.737 | > 0,7 |
| | X104 | 0.822 | > 0,7 |
| | X105 | 0.736 | > 0,7 |
| | X106 | 0.820 | > 0,7 |
| | X108 | 0.744 | > 0,7 |
| | X109 | 0.749 | > 0,7 |
| | X110 | 0.774 | > 0,7 |
| Readiness For Change | X201 | 0.773 | > 0,7 |
| | X202 | 0.768 | > 0,7 |
| | X204 | 0.717 | > 0,7 |
| | X205 | 0.836 | > 0,7 |
| | X206 | 0.773 | > 0,7 |
| | X207 | 0.734 | > 0,7 |
| Employee Engagement | Y102 | 0.815 | > 0,7 |
| | Y105 | 0.793 | > 0,7 |
| | Y106 | 0.774 | > 0,7 |
| | Y110 | 0.727 | > 0,7 |
| | Y111 | 0.793 | > 0,7 |
| Good Governance | Y201 | 0.792 | > 0,7 |
| | Y202 | 0.799 | > 0,7 |
| | Y203 | 0.942 | > 0,7 |
| | Y204 | 0.795 | > 0,7 |
| | Y205 | 0.876 | > 0,7 |
| | Y206 | 0.851 | > 0,7 |
| | Y207 | 0.869 | > 0,7 |

Source: PLS 3 results data, 2022

Based on Figure 3 and Table 4, the weights or loadings test shows the loading factor values that have a dominant influence on each exogenous and endogenous variable in this study are as follows:

1. The dominant indicator that has an influence on the organizational structure is the X104 indicator because it has a loading factor value of 0.822 which is greater than the loading factor value of other organizational structure variables.
2. The dominant indicator that has an influence on readiness for change is the X205 indicator because it has a loading factor value of 0.836 which is greater than the loading factor value of other readiness to change variables.
3. The dominant indicator that has an influence on employee engagement is the Y102 indicator because it has a loading factor value of 0.815 which is greater than the loading factor value

of other employee engagement variables.

4. The dominant indicator that has an influence on good governance is the Y203 indicator because it has a loading factor value of 0.942 which is greater than the loading factor value of other good governance variables.

2. Discriminant Validity

Ghozali & Latan (2014), discriminant validity, the value of the crossloading correlation with the latent variable must be greater than the correlation to the variable. Discriminant validity test is carried out to determine the correlation between each indicator and all existing latent variables. All indicators are declared valid if the cross loading correlation value of all indicators used in forming the latent variable is greater than the correlation to other latent variables. The cross loading correlation value of each variable is described in table 5 below:

Table 5: Discriminant Validity

| Variable | X ₁ | X ₂ | Y ₁ | Y ₂ |
|---------------------------------|----------------|----------------|----------------|----------------|
| Organizational Structure | | | | |
| X102 | 0.783 | 0.468 | 0.622 | 0.686 |
| X103 | 0.737 | 0.552 | 0.638 | 0.738 |
| X104 | 0.822 | 0.474 | 0.588 | 0.760 |
| X105 | 0.736 | 0.418 | 0.536 | 0.671 |
| X106 | 0.820 | 0.518 | 0.631 | 0.698 |

| Variable | X ₁ | X ₂ | Y ₁ | Y ₂ |
|-----------------------------|----------------|----------------|----------------|----------------|
| X108 | 0.744 | 0.623 | 0.636 | 0.703 |
| X109 | 0.749 | 0.443 | 0.503 | 0.580 |
| X110 | 0.774 | 0.471 | 0.581 | 0.562 |
| Readiness For Change | | | | |
| X201 | 0.389 | 0.773 | 0.664 | 0.538 |
| X202 | 0.646 | 0.768 | 0.715 | 0.717 |
| X204 | 0.355 | 0.717 | 0.638 | 0.561 |
| X205 | 0.481 | 0.836 | 0.793 | 0.611 |
| X206 | 0.402 | 0.773 | 0.715 | 0.647 |
| X207 | 0.660 | 0.734 | 0.690 | 0.665 |
| Employee Engagement | | | | |
| Y102 | 0.646 | 0.768 | 0.815 | 0.717 |
| Y105 | 0.481 | 0.736 | 0.793 | 0.611 |
| Y106 | 0.477 | 0.710 | 0.774 | 0.687 |
| Y110 | 0.672 | 0.614 | 0.727 | 0.702 |
| Y111 | 0.728 | 0.654 | 0.793 | 0.716 |
| Good Governance | | | | |
| Y201 | 0.823 | 0.481 | 0.631 | 0.792 |
| Y202 | 0.764 | 0.451 | 0.619 | 0.799 |
| Y203 | 0.789 | 0.806 | 0.880 | 0.942 |
| Y204 | 0.736 | 0.699 | 0.763 | 0.795 |
| Y205 | 0.768 | 0.787 | 0.849 | 0.876 |
| Y206 | 0.689 | 0.814 | 0.835 | 0.851 |
| Y207 | 0.667 | 0.769 | 0.773 | 0.869 |

Source: PLS 3 results data, 2022

Based on table 5 the discriminant validity test shows that the cross loading correlation value of all variables on the latent variable is greater (> 0.7), then all variables are declared valid.

3. Composite Reliability

The composite reliability test is carried out to determine the value that indicates the extent to which a measuring instrument can be trusted to be used. According to Ghazali & Latan (2014) all variables are declared reliable if the loading value is above 0.70. The composite reliability value of each variable can be seen in table 6 as follows:

Table 6: Composite Reliability

| | Cronbach Alpha | Rho A | Composite Reliability | Average Variance Extracted |
|--|----------------|-------|-----------------------|----------------------------|
| Organizational structure (X ₁) | 0.903 | 0.904 | 0.921 | 0.595 |
| Readiness For Change (X ₂) | 0.860 | 0.864 | 0.896 | 0.589 |
| Employee Engagement (Y ₁) | 0.840 | 0.841 | 0.886 | 0.610 |
| Good Governance (Y ₂) | 0.934 | 0.937 | 0.947 | 0.719 |

Source: PLS 3 results data, 2022

Based on table 6, the results of the composite reliability test show that the composite reliability value of the organizational structure variable is 0.921, the composite reliability value of the readiness to change variable is 0.896, the composite reliability value of the good government governance variable is 0.947, the composite reliability value of the employee engagement variable is 0.886, this means all variables are said to be

reliable because they have a composite reliability value greater than 0.70.

Inner Model

1. Coefficient of Determination R Square

R Square serves to see the significance value of the latent variable.

Table 7: R Square of Endogenous Latent Variables

| | R Square |
|---------------------------------------|----------|
| Good Governance (Y ₁) | 0.904 |
| Employee Engagement (Y ₂) | 0.934 |

Source: PLS 3 results data, 2022

Based on the R Square table shows that the model can explain the phenomenon or variation of good governance can be explained by organizational structure variables and readiness to change by 0.904 or 90.4% and the rest is explained by other factors outside the model. Then the model can explain the phenomena or variations of employee variables. engagement can be explained by organizational structure and readiness to change variables by 0.934 or 93.4% and the rest is explained by other factors outside the model.

2. Q Square

Ghozali & Latan (2014), a model is considered to have a relevant predictive value if the Q square value is greater than 0 (> 0). The predictive-relevance value is obtained by the following formula. The predictive relevance value is obtained by the formula:

$$Q^2 = 1 - [(1 - R1^2) \times (1 - R2^2)]$$

$$Q^2 = 1 - [(1 - 0,904) \times (1 - 0,934)]$$

$$Q^2 = 1 - (0,096 \times 0,066)$$

$$Q^2 = 1 - (0,006)$$

$$Q^2 = 0,994$$

From the GoF manual calculation above, it means that the variables of good governance and employee engagement can be explained by variables of organizational structure and readiness to change by 99.4 percent (0.994 x 100%) while the rest is explained by other variables outside of this research model of 0.6 percent (100%-99.4%).

T Statistics

The results table for inner weights from the results of running bootstrapping is used to determine the direct effect between variables of each hypothesis. Ghozali & Latan, (2014) The t-stat value above 1.96 shows a significant direct effect of each hypothesis.

Table 8: T Statistics

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|----------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| X ₁ -> Y ₁ | 0.278 | 0.274 | 0.048 | 5.781 | 0.000 |
| X ₂ -> Y ₁ | 0.763 | 0.764 | 0.040 | 19.132 | 0.000 |
| X ₁ -> Y ₂ | 0.447 | 0.455 | 0.051 | 8.736 | 0.000 |
| X ₂ -> Y ₂ | -0.011 | -0.004 | 0.102 | 0.109 | 0.913 |
| Y ₁ -> Y ₂ | 0.572 | 0.557 | 0.126 | 4.527 | 0.000 |

Source: PLS 3 results data, 2022

Based on Table 8, the results of hypothesis testing with t-statistics can be explained as follows:

1. The effect of Organizational Structure (X₁) on Employee Engagement (Y₁) has a T-Statistic of 5.781 and a significance level (P-Value) of 0.000. T-Statistic value is greater than T table (5.781 > 1.96) and the significance level is smaller than alpha 0.05 (0.000 < 0.05). That is, the Organizational Structure variable has a significant effect on Employee Engagement. This means that a good organizational structure is able to increase employee engagement with the agency. The organizational structure measured by several indicators as the highest indicator, namely the implementation of reporting or accountability for tasks that have been carried out which can be interpreted as employees who have carried out the assigned tasks and submit activity reports make employees feel an attachment to the agency, by reporting the accountability of employees to feel valued and influence and contribute to the progress of the institution. Feeling appreciated will create a sense of comfort in the institution. So that employees will be bound to the agency, they will be loyal and work well in the agency. This is what can be seen in the Office of Cooperatives, SMEs and Industry Service Samarinda, the survey results show that the answers to the questions

on the questionnaire illustrate the existence of support, a clear job description. It is also seen that employees have employee engagement at the Department of Cooperatives, SMEs and Industry Service Samarinda, enthusiastic about employee involvement in work, enthusiastic in doing and completing tasks well. So the position or responsibility they accept makes employee engagement at the Department of Cooperatives, SMEs and Industry Service Samarinda. The organizational structure that is prepared is a position that is in accordance with the capabilities of each employee. So that the achievement of goals can be achieved by collaboration between teams. Employees will feel their contribution is valuable if the proposed innovation is listened to, supported, and facilitated (Eisenberger *et al.*, 2018).

2. The effect of Readiness for Change (X₂) on Employee Engagement (Y₁) has a T-Statistic of 19,132 and a significance level (P-Value) of 0.000. The T-Statistic value is greater than T table (19,132 > 1.96) and the significance level is smaller than alpha 0.05 (0.000 < 0.05). That is, the Organizational Structure variable has a significant effect on Employee Engagement. This means that employee confidence in readiness for change affects employee attachment to the agency, employees who are ready to face changes in the agency are

employees who have a high sense of attachment to the agency. Employees at the Department of Cooperatives, SMEs and Industry Service Samarinda believe that the changes implemented will also have a positive impact on them, so that employees will be ready to bond with the agency and provide the best for the agency. This acceptance and exchange process creates a relationship between employees and agencies that evolves over time with a sense of mutual benefit that creates loyalty. Psychological bonds at work and beliefs, will contribute to a bond of loyalty in the agency. Confidence to change is a belief that arises from within the employee, that the agency needs changes that bring about an increase in the achievement of work results to the agency. Readiness for change will increase employee confidence to make proposed changes that promise benefits for the agency (Yani, 2017). In addition, readiness to change also arises from the belief that change will provide benefits to individuals (Armenakis *et al.*, 1993).

3. The influence of Organizational Structure (X_1) on Good Governance (Y_2) has a T-Statistic of 0.447 and a significance level (P-Value) of 0.000. T-Statistic value is greater than T table ($0.447 > 1.96$) and the significance level is smaller than alpha 0.05 ($0.000 < 0.05$). That is, the organizational structure variable has a significant effect on Good Governance. This means that a well-structured organizational structure can encourage employee performance improvement in implementing good governance. The improvement of good governance originating from the organizational structure has a significant effect. The organizational structure measured by several indicators is the highest indicator, namely the implementation of reporting or accountability for tasks that have been carried out which can be interpreted as employees who have carried out the assigned tasks and submitted activity reports to make the implementation of good governance better. The application of specialization in work, employee expertise and clear procedures and limited authority have led to high organizational formalization. Precisely the placement of employees in the organizational structure makes the performance of employees effective which has an impact on public services so that the implementation of good governance can run effectively. In carrying out responsibilities according to position, it is certainly a must because working in government must continue to apply good governance. The government implements the ASN performance program so that the services provided to the community

are the best and excellent services (Fadli & Sarofah, 2021). The organizational structure facilitates the division and coordination of work tasks, in planning, monitoring, and evaluating management activities within the agency (Susanto, 2013).

4. The effect of Readiness for Change (X_2) on Good Governance (Y_2) has a T-Statistic of 0.109 and a significance level (P-Value) of 0.913. The T-Statistic value is smaller than T table ($0.109 < 1.96$) and the significance level is greater than alpha 0.05 ($0.913 > 0.05$). That is, the variable readiness to change does not have a significant effect on Good Governance. This means that the readiness of employees to face changes in the agency is not necessarily able to encourage the improvement of good governance in the agency. The results of the questionnaire show that the employees of the Department of Cooperatives, SMEs and Industry Service Samarinda are not ready to change. Every employee feels that they are not ready to undergo the necessary changes in the interests of the institution. The average of the highest answers to the questionnaire on the instrument which states that employees feel unable to carry out the programmed changes. Readiness for change as measured by several indicators as the lowest indicator of employee confidence will benefit from the changes made, it can be interpreted that employees are not sure that the changes made will provide benefits for themselves, so employees are reluctant to make changes made by the agency. The challenge in implementing readiness to change within the agency is the willingness of the employees themselves to accept change (Matthysen & Harris, 2018). The readiness of employees to change is very important, because it will have an impact on the progress of the institution. In addition, employees are positive about agency changes and want to be involved in implementing them. Employees who want change show the behavior of accepting and adopting a change plan that has been prepared (Holt *et al.*, 2007).
5. The influence of Employee Engagement (Y_1) on Good Governance (Y_2) has a T-Statistic of 4.618 and a significance level (P-Value) of 0.000. T-Statistic value is greater than T table ($4.618 > 1.96$) and the significance level is smaller than alpha 0.05 ($0.000 < 0.05$). This means that the Employee Engagement variable has a significant effect on Good Governance.

This means that high employee engagement is able to encourage the implementation of good governance in the organization. Employee Engagement which is measured by several indicators as the highest indicator, namely employees who complete all assigned tasks well can be interpreted as employees who complete their duties well will make the implementation of good governance run well as well. The effect of employee engagement on good governance is due to the implementation of effective good governance supported by the loyalty and obedience of employees to their agencies. This employee loyalty and compliance is caused by the existence of official ties and the obligation to carry out orders and policies from superiors. But of course creating conditions that can encourage or enable employees to develop and improve their abilities need to be built. So that obedience and loyalty are not caused by threats or coercion. Employee engagement is the strong emotional and intellectual connection an employee has with the job and agency that encourages them to put more effort into their work (Hidayat, 2014).

CONCLUSION

Based on the results of analysis and testing, the conclusions that can be drawn from this research are as follows:

1. The results show that the organizational structure has a significant effect on employee engagement, which means that the standard operating procedures that are prepared make it easier for employees to carry out their work so that employees will feel comfortable in completing tasks and in the agency. Employees will be ready to be tied to the agency.
2. The results of the study show that readiness for change has a significant effect on employee engagement, meaning that the changing beliefs of employees appear and are supported by the agency, thus creating a bond between employees and agencies. So that employees are ready to give more and are loyal to the agency.
3. The results show that organizational structure has a significant effect on good governance because a good organizational structure will create an optimal working atmosphere and make employees feel they are contributing to the organization. So that employees can provide optimal service to the community and implement good governance.
4. The results of the study show that readiness for change does not have a significant effect on good governance, meaning that the readiness of employees to face changes in the organization is not necessarily able to encourage the improvement of good

governance in the organization. Employees are not sure the changes that have been made will provide benefits for themselves, so employees are reluctant to make changes made for the organization.

5. The results of the study show that employee engagement has a significant effect on good governance, which means that when employees have an attachment to the agency, they will produce good performance, will be ready to take responsibility for their work, and are ready to receive input from the community.

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