



## Analysis of Employee Engagement and Relational Capital on Employee Performance at PT. Eka Tama Makmur Surabaya

Nabilla Aziza Fajar Alfiyanto<sup>1\*</sup>, Gendut Sukarno<sup>2</sup>

Universitas Pembangunan Nasional "Veteran" Jawa Timur

**Corresponding Author:** Nabilla Aziza Fajar Alfiyanto [nafanbilla05@gmail.com](mailto:nafanbilla05@gmail.com)

---

### ARTICLE INFO

*Keywords:* Employee Engagement, Employee Performance, Relational Capital

*Received :* 5, June

*Revised :* 8, July

*Accepted:*13, August

©2023 Alfiyanto, Sukarno: This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



### ABSTRACT

Human resource management has an important role in managing, organizing, administering and establishing staffing programs that can cover employee performance issues, so that they can function productively, effectively and efficiently. This study aims to determine the effect of employee engagement and relational capital on employee performance at PT. Eka Tama Makmur Surabaya. The population in this study were all members of PT. Eka Tama Makmur Surabaya's marketing employees as many as 40 employees. The sampling technique uses a saturated sampling method through a non-probability sampling method so that the number of samples taken is 40 employees. Smart partial least squares (PLS) is the analysis method employed. (1) Employee engagement at PT. Eka Tama Makmur Surabaya demonstrates a relationship with staff productivity; the greater the amount of involvement, the greater the firm's performance or value produced by employees. (2) Relational capital demonstrates a link between it and employee performance, and at PT. Eka Tama Makmur Surabaya, an adequate relational capital model can enhance employee performance.

## **INTRODUCTION**

Currently, Indonesia is entering the era of the industrial revolution 4.0 where which has an impact on the progress of the industrial world including the business world. However, this progress can also be a big challenge for organizations to be able to manage organizational management properly, including workforce management. At PT. Eka Tama Makmur Surabaya human resource management has an important role in managing, organizing, administering and establishing staffing programs that can cover employee performance issues, so that they can function productively, effectively and efficiently. Therefore the optimal performance of human resources is a determining factor in achieving company goals.

According to Chanana & Sangeeta (2020), employee engagement is an attitude in the workplace that encourages members of the organization to give their excellence every day and to be committed to organizational goals and values. Employee engagement can also be the foundation for several Bhowal & Saini (2019) cite good business outcomes like productivity, higher profit, growth, customer happiness, employee retention, and safety. Furthermore, engaged employees tend to support the organization in achieving its mission, executing strategy, and generating significant business (Chanana & Sangeeta, 2020).

Related to employee engagement at PT. Eka Tama Makmur Surabaya has found problems regarding Employee Engagement with employees, which they feel are not optimal and make the work process not go well. The trigger factor for the low level of engaged employees and the monotonous cycle of work patterns for the company is a perceived lack of support in achieving company targets by company leaders, so the engaged employees decrease which causes a lack of enthusiasm and initiative in completing work.

Therefore it is necessary to implement employee engagement, especially for human resource management practitioners so that it can facilitate the company in achieving the stated goals, one of which is by increasing the level of employee engagement to produce maximum employee performance (Hoole & Hotz, 2019). Apart from Employee Engagement, another factor is Relational Capital according to Tomasz & Kijek (2008), namely the relationship between companies and organizations with their partners, which includes employees, customers and suppliers. Because relational capital can influence employee performance which can facilitate the achievement of a company goal, one of which is by implementing employee performance targets, Christina (2019).

According to Haryanto and Henny (2013), Relational capital is a part of intellectual capital that provides healthy connections their true worth. or business partner association networks established by enterprises, both from the internal environment and from the company's external environment which can increase the value of the company. Furthermore, in research by Nguyen, Sherif & Newby (2007) states that good and proper implementation through Customer Relationship Management (CRM) can increase the ability of companies to achieve corporate goals, namely retaining customers and achieving competitive advantage over competitors, which will create a competitive advantage and

form customer loyalty to the company. In addition to the company's relationship with customers, according to Ashton (2020), it states that a good relationship between the company and its partners, such as employees, is also needed.

Based on direct observation of problems related to relational capital at PT. Eka Tama Makmur Surabaya is the lack of interaction that exists between leaders and employees, due to a lack of approaches such as monthly meetings which should be held every month according to a predetermined schedule. Through the results of the data obtained by researchers regarding monthly meeting activities at PT. Eka Tama Makmur Surabaya, namely activities that are not carried out routinely according to a predetermined schedule, one of the factors that are not carried out is because the leader is often unable to attend the agenda. Therefore, this can affect relational capital relations in the company. Because the lack of implementation of meetings can affect the level of employee productivity and employee performance so that sales are less than optimal which has an impact on company turnover also decreases.

In a company, of course, problems related to employee engagement and relational capital will always exist and the existence of the phenomena described above will undoubtedly have an impact on how well personnel perform at PT. Eka Tama Makmur Surabaya, which will then affect how quickly the company's objectives are achieved. In light of the above mentioned context, the author is interested in undertaking a thesis study titled "Employee Engagement and Relational Capital Analysis on Employee Performance at PT. Eka Tama Makmur Surabaya.

## **THEORETICAL REVIEW**

### ***Employee Engagement***

According to Schaufeli and Bakke in Adinugraha and Saragih (2021: 40) employee engagement is the involvement of the employee workforce which is described by a positive attitude, full of meaning, and has high motivation in members of the organization towards work which is characterized as vigor, namely high levels of energy with a strong desire to try, dedication, namely enthusiasm for serving the goals and work it has, and finally absorption, namely the level of full concentration in doing the work that has been given. Therefore, employees who feel they are attached to the company's organization are employees who feel enthusiastic and have a high enthusiasm for their work and organizational tasks in various ways, such as self-commitment, involvement (engaged), and efforts that are focused on the form of energy given in the work they have.

Researchers Anita J, Handoyo and Setiawan (2017: 168) mentions employee engagement in several indicators including Workplace, leadership, relationships between teams and coworkers, training and career development, competency, organizational policies, and work welfare.

### ***Relational Capital***

According to Edi Sugiono et al (2019: 548) regarding relational capital, it is stated that relational capital is the perception of the ability to build a relationship with the company's external parties. Therefore, relational capital is a social network or association owned by a company and its partners, both from importers, customers, and company relations within the country and the surrounding community. According to Edi Sugiono et al (2019: 548) indicators of relational capital include customers, loyalty, suppliers and market reach.

### ***Employee performance***

Afandi's opinion (2018) explains that performance is a work result that a person or group of people in an organization can accomplish or organization by their separate rights and obligations to carry out their organizational duties while abiding by the law, morals, and ethics. As stated by Mangkunegara (2017: 70), employee performance Work quantity, quality, responsibility, cooperation, and initiative are all indications.

### ***Relationship between Employee Engagement on Employee Performance***

According to Ayers Hari Sucahyowati and Andi Hermawan (2020) explained that employee engagement affects employee performance. Employees who have strong engagement will improve their performance and provide what is optimal for the success of their company. Performance that has strong engagement tends to influence company performance in a better direction. Research conducted by Setiawan (2017) states that employee engagement has a significant positive effect on employee performance.

### ***Relationship between Relational Capital on Employee Performance***

According to Ashton (2020), relational capital influences employee performance. As with the company's relationship with customers, a good relationship between the company and its partners such as employees is also needed. Often indicated by the results of the company's annual report. This is a form of transparency rather than conveying information from the company to employees that the survival of the company is supported by various relationships so that it can create a mutually beneficial relationship between the company and its employees which will have a direct impact on improving the performance of the company's employees.

Research conducted by Bayraktaroglu et al. (2018) states that relational capital has a significant positive effect on employee performance.

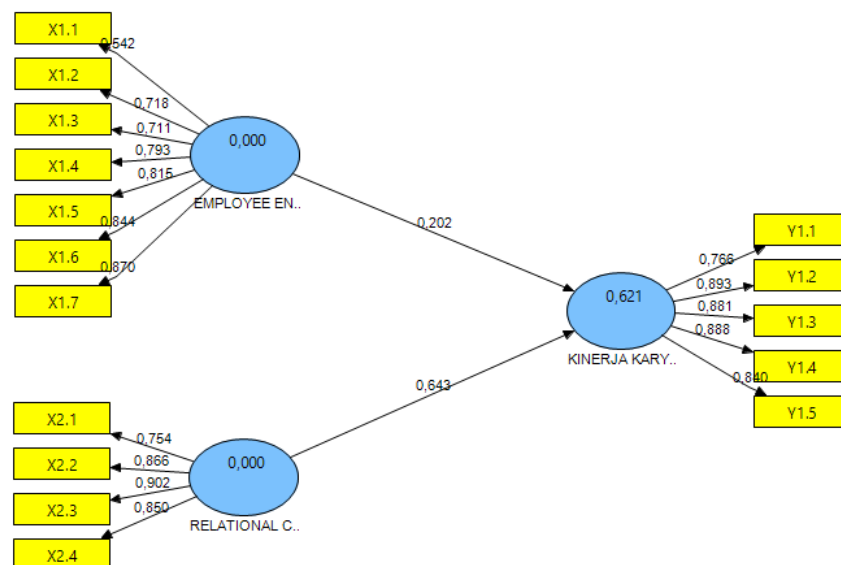
## **METHODOLOGY**

This study uses data types, namely primary data and secondary data. This research was conducted at PT. Eka Tama Makmur Surabaya. The population taken in this study is all marketing employees of PT. Eka Tama Makmur Surabaya, so the samples taken were 40 people. The sampling technique applied and determined using saturated sampling with the non-probability sampling method is a technique that does not give equal opportunities to every

member of the population. Data collection methods used in this research are interviews, questionnaires, and literature study. The method of collecting data through this questionnaire utilizes a questionnaire that has been prepared so that it can measure indicators of each variable, namely employee engagement (X1), and relational capital (X2) which affect employee performance (Y) at PT. Eka Tama Makmur Surabaya and the analysis technique applied is partial least square (PLS). The scale used in measuring the indicators on the questionnaire is a Likert scale indicating the level from disagree to strongly agree.

## RESULTS AND DISCUSSION

The prepared questionnaire containing questions from each variable indicator in the study, namely employee engagement (X1), relational capital (X2) and employee performance (Y) was distributed to employees of PT. Eka Tama Makmur Surabaya, totaling 40 people. The estimated results and measurement models in the PLS are as follows:



(Source : Data Processing Results)

**Figure 1. The PLS measurement model for the relationship between Employee Engagement (X1), Relational Capital (X2) and Employee Performance (Y).**

Figure 1 above states that the magnitude of the factor loading value for each indicator is located above the arrow between the variable and the indicator, it can also be seen that the path coefficients are above the arrow line between the exogenous variables and the endogenous variables. In addition, it can also be seen that the magnitude of the R-Square is right inside the circle of endogenous variables (Employee Performance variables). The measurement model of this study uses exogenous variables with reflective indicators including Employee Engagement (X1) and Relational Capital (X2) variables, as well as endogenous variables namely Employee Performance (Y) because all indicators in this modeling employ reflective data, it is possible to determine the size of the factor loading value by glancing at the output table for outer loadings.

**Table 1. Outer Loadings (Measurement Model and Indicator Validity)**

	Factor Loading (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )
X1.1 <- EMPLOYEE ENGAGEMENT (X1)	0,542441	0,540937	0,091547	0,091547	5,925299
X1.2 <- EMPLOYEE ENGAGEMENT (X1)	0,718138	0,716325	0,071834	0,071834	9,997214
X1.3 <- EMPLOYEE ENGAGEMENT (X1)	0,710621	0,706082	0,073296	0,073296	9,695204
X1.4 <- EMPLOYEE ENGAGEMENT (X1)	0,793384	0,797046	0,024367	0,024367	32,559415
X1.5 <- EMPLOYEE ENGAGEMENT (X1)	0,815004	0,809971	0,040817	0,040817	19,967462
X1.6 <- EMPLOYEE ENGAGEMENT (X1)	0,844480	0,840954	0,041106	0,041106	20,543890
X1.7 <- EMPLOYEE ENGAGEMENT (X1)	0,869654	0,870754	0,032089	0,032089	27,101194
X2.1 <- RELATIONAL CAPITAL (X2)	0,754399	0,753375	0,050357	0,050357	14,981065
X2.2 <- RELATIONAL CAPITAL (X2)	0,866417	0,864981	0,026751	0,026751	32,388213
X2.3 <- RELATIONAL CAPITAL (X2)	0,902114	0,900834	0,023438	0,023438	38,489233
X2.4 <- RELATIONAL CAPITAL (X2)	0,849527	0,853011	0,020947	0,020947	40,555594
EMPLOYEE PERFORMANCE (Y) Y1.1	0,766081	0,768488	0,024912	0,024912	30,751366
EMPLOYEE PERFORMANCE (Y) Y1.2	0,892846	0,892911	0,016284	0,016284	54,828039
EMPLOYEE PERFORMANCE (Y) Y1.3	0,881101	0,884272	0,031946	0,031946	27,581008
EMPLOYEE PERFORMANCE (Y) Y1.4	0,888383	0,888618	0,020788	0,020788	42,734593
EMPLOYEE PERFORMANCE (Y) Y1.5	0,839589	0,839246	0,027943	0,027943	30,046162

(Source : Data Processing Results)

Table 1 states that The variable's factor loading value to the indicator is utilized to determine an indicator's validity; it is stated to be sufficient if it exceeds 0.5 and/or the T-Statistic value (Z value at  $\alpha = 0.05$ ) is higher than 1.96. Factor loading, the association between variables and indicators, is deemed to be satisfied if it is greater than 0.5, just as it is in the event that the T-Statistic value exceeds 1.96. All reflective indicators on the variables Employee Engagement (X1), Relational Capital (X2) and Employee Performance (Y) exhibit factor loadings (original sample) more than 0.50 and/or significance (T-Statistic value is greater than Z value  $\alpha = 0.05$  (5%) = 1.96), and as a result, All indicators' estimation outcomes are thought to have good or convergent validity.

Indicative of the extent of the variance AVE stands for Average Variance Extracted. The following measurement represents the indicator variance held by the latent variable. Good sufficiency of validity for latent variables is indicated by convergent AVE values larger than 0.5. The Average variance extracted (AVE) value for each construct (variable) provides information about the reflecting indicator variable. If the AVE of any construct is more than 0.5, a good model is necessary.

**Table 2. Extracted average variance (AVE)**

	AVE
EMPLOYEE ENGAGEMENT (X1)	0,582583
PERFORMANCE OF EMPLOYEES (Y)	0,730905
RELATIONAL CAPITAL (X2)	0,713826

(Source: Data Processing Results)

Table 2 displays the outcomes of the AVE test for the Relational Capital (X1) variable, which has an employee engagement score of 0.582583. Overall, the study's variables can be regarded as having strong validity. because variable (X2) has a value of 0.713826 and Employee Performance (Y) has a value of 0.730905. If the composite reliability score is more than 0.70, then the indicator is said to be consistent in measuring the hidden variables, which is how construct reliability is measured.

**Table 3. Reliability Test (Composite Reliability)**

	Integral Reliability
EMPLOYEE ENGAGEMENT (X1)	0,905578
PERFORMANCE OF EMPLOYEES (Y)	0,931218
RELATIONAL CAPITAL (X2)	0,908557

(Source : Data Processing Results)

Table 3 states that the Employee Engagement variable (X1) is 0.905578, the Relational Capital variable (X2) is 0.908557, and Employee Performance (Y) is 0.931218, these three variables show a Composite Reliability value above 0.70 so it is said that all variables in this study are reliable.

**Table 4. Latent Variable Correlations**

	EMPLOYEE ENGAGEMENT (X1)	KINERJA KARYAWAN (Y)	RELATIONAL CAPITAL (X2)
EMPLOYEE ENGAGEMENT (X1)	1,000000		
EMPLOYEE PEFORMANCE (Y)	0,616569	1,000000	
RELATIONAL CAPITAL (X2)	0,644891	0,772920	1,000000

(Source : Data Processing Results)

From the table Above, it can be seen that A moderate median correlation coefficient can be seen when comparing one variable to another. The Relational Capital (X3) variable and Employee Performance (Y) variable have the highest correlation of 0.772920. Additionally, it may be said that among the research model's variables, the correlation between Relational Capital (X2) This could also mean that in this research model, the degree of employee performance is more influenced by the Relational Capital variable than the Employee Engagement variable. and Employee Performance (Y) variables indicate a greater association than the dynamics of other relationships factors.

**Table 5. R-Square**

	R Square
EMPLOYEE ENGAGEMENT (X1)	



EMPLOYEE PEFORMANCE (Y)	0,621291
RELATIONAL CAPITAL (X2)	

(Source : Data Processing Results)

According to Table 5, the model can account for employee performance as a phenomena that is affected by independent variables such as employee engagement and relationship capital with a difference of 62.13%, as the remainder 37.87% is explained by other factors not included in this study (other than employee engagement and relationship capital).

**Table 6 shows the (Mean) path coefficients, standard deviation, T and P values).**

	Coefficients of Path (O)	Typical Mean (M)	STDEV, or standard deviation	T Statistics ( O/STERR )	P Values
EMPLOYEE ENGAGEMENT (X1) -> EMPLOYEE PEFORMANCE (Y)	0,202220	0,207949	0,071822	2,815569	0,006
RELATIONAL CAPITAL (X2) -> EMPLOYE PEFORMANCE (Y)	0,642510	0,640520	0,065324	9,835713	0,0000

(Source : Data Processing Results)

Table 6 states that Employee Engagement (X1) has a positive effect on Employee Performance at PT. Eka Tama Makmur Surabaya (Y) is Acceptable results include path coefficients of 0.202220, a T-statistic value of 2.815569 > 1.96 (from the table value  $Z_{\alpha} = 0.05$ ), or a P-Value of 0.006 < 0.05, with a significant (positive) outcome. With path coefficients of 0.642510, Relational Capital (X2) is adequate and positively affects employee performance at PT. Eka Tama Makmur Surabaya. (Y). a significant (positive) result would be indicated by a T-statistic value of 9.835713 > 1.96 (from the table value  $Z_{\alpha} = 0.05$ ) or a P-Value of 0.000 < 0.05.

### **Effect of Employee Engagement (X1) on Employee Performance (Y)**

due to the data's findings Following analysis, it is discovered that employee engagement results significantly improve employee performance. at PT. Eka Tama Makmur Surabaya. So staff engagement at PT is interpreted to have a favorable impact on staff performance.. Eka Tama Makmur Surabaya is acceptable. Employee engagement is the involvement of employees in doing work that has been charged with a high sense of enthusiasm. There is a

significant positive effect of the employee engagement variable on employee performance indicating that the more engaged an employee is to the work that has been given, the higher the level of employee performance that will be given to the company. Judging from the factor loading and Composite Reliability. This is consistent with the results of the research by Dila Khairunnisa, Ulil Amri and M.Iqbal (2021) which says that employee engagement and employee performance have a profoundly favorable impact and show that employee engagement with the company can increase company value, then the higher the employee engagement, the higher the performance produced by these employees.

### **Effect of Relational Capital (X2) on Employee Performance (Y)**

According to the results of data processing, it was discovered that Relational Capital results had a favorable impact on employee performance. at PT. Eka Tama Makmur Surabaya. Thus stating that Relational Capital has a favorable impact on PT employees' performance. Eka Tama Makmur Surabaya is acceptable. This can be interpreted that Relational Capital which includes services and company relationships with suppliers as well as the relationship between leaders and employees at PT. Eka Tama Makmur Surabaya can have a positive impact and can meet the criteria well, in terms of factor loading and Composite Reliability. This is consistent with the results of Bayraktaroglu's research (2018) which says that relational capital has a strong positive impact on employee performance, and good employee relations can help the business. impact on the company's future profitability.

## **CONCLUSIONS AND RECOMMENDATIONS**

Therefore, it may be said that employee engagement can improve employee performance at PT. Eka Tama Makmur Surabaya. Furthermore, relational capital is also able to improve employee performance at PT. Eka Tama Makmur Surabaya.

Based on the conclusions above, the researcher can provide some suggestions that can be used as material for consideration, one of which is that it is hoped that the company PT. Eka Tama Makmur Surabaya can pay more attention to the work welfare of employees such as giving appreciation for completing sales targets and can provide training opportunities for employees can to improve employee performance, it is hoped that the company PT. Eka Tama Makmur Surabaya can receive suggestions and criticisms from suppliers directly either conveyed through employees or when conducting joint meeting activities such as regarding the amount of material needed. Because this can

affect employee performance in improving the company's production process. And it is hoped that employees at PT.Eka Tama Makmur Surabaya will be able to complete the work that has been given according to the target and timeframe set by the company.

#### **FURTHER STUDY**

In terms of employee engagement, employees must be able to contribute to work and the company, in terms of relational capital, companies and employees along with their relations are expected to build closer connections in order to achieve company goals. further suggestions for further research should use other variables besides relational capital and the object of this research is expected to be expanded.

## REFERENCES

- Affini, D. N. (2018). Pengaruh kompensasi dan kepuasan kerja terhadap employee engagement yang berdampak pada turnover intentions. *jurnal Manajemen Ilmiah Bisnis, IV(01)*, 117- 131.
- ALKARESI, R. (2021). PENGARUH EMPLOYEE ENGAGEMENT DAN KOMITMEN KERJA TERHADAP KINERJA KARYAWAN DI HOTEL PANGERAN PEKAN BARU.
- Bunga Febby Safitri, S. C. (2022). Pengaruh Employee Engagement dan Self Efficacy Terhadap Kinerja Karyawan Pada Koperasi Pegawai Pemerintah Kota Bandung.
- Dila Khairunnisa a, Ulil Amrib, M. Iqbal. (2021, december ). Pengaruh Employee Engagement, Job Design, dan Organizational Culture terhadap Kinerja Karyawan Bank Syariah Indonesia KC Palembang Demang.
- Fauzan, M. T. (2021, Februari ). Pengaruh Human Capital, Structural Capital dan Relational Capital Terhadap Kinerja Karyawan Pada PT.Bpr Artha Pamenang Cabang Jombang. *stie pgri dewantara jombang* ,
- Fitri Yadi Abdis1, H. N. (2015, januari -juni ). Pengaruh Attitude, Knowledge dan Penerapan CRM terhadap Kinerja Customer Service Bank BNI Area Kalimantan Selatan. *Jurnal Bisnis danPembangunan*.
- Helman Aris Rahmana, E. S. (2022, juni ). Penilaian Kinerja dan Kompensasi Berpengaruh Terhadap Employee Engagement Dimediasi Motivasi.
- Nasir. (2020, januari 31). Pengaruh Relational Capital terhadap Kinerja Perusahaan: Entrepreneurship Orientation sebagai Variabel Intervening.
- Rohana Manalu, A. T. (2021). Pengaruh Work Engagement Terhadap Kinerja Pegawai BPJS Ketenagakerjaan. *Journal of Economics and Management (JECMA)*, 43.
- Shindie Aulia Joushan, M. S. (2015, november). Pengaruh Budaya Organisasi dan Employee Engagement terhadap Kinerja Karyawan pada PT PLN (Persero) Area Bekasi. *Jurnal Aplikasi Manajemen*