

Sovereignty in Working and Self-Efficacy in Company Change Initiatives: A Perspective from an Indonesian Manufacturing Company

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A company must be flexible, adaptable, and able to continuously transform in order to succeed in a competitive business environment. However, in reality, changes made by the company cannot be separated from the emerging risks. Initiative changes made by companies risks failure primarily as a consequence of employee resistance. Thus, the company needs to find a way to manage the resistance: for example, by giving the employees job autonomy and self-efficacy. The research aimed to see the influence of job autonomy and self-efficacy on job performance with the resistance to change as an intervening variable. The variable in this research was measured using a survey on 168 respondents with the Partial Least Square (PLS) statistical tool. The results indicated that job autonomy and self-efficacy have a significant negative relationship with the resistance to change, and the resistance to change has a significant negative relationship with job performance. In addition, there is no significant result from the direct test of the influence of job autonomy on job performance. Furthermore, the test results indicate that resistance to change fully mediated the relation between job autonomy and job performance and partially mediated the relation between self-efficacy and job performance. The result of the study is expected to provide inputs for company management to manage initiative changes in order to achieve the expected result.

Key words: *Job autonomy, Self-efficacy, Resistance to change, Job performance.*

Introduction

In the middle of a very dynamic business environment, corporate leaders are currently facing a paradox. One of the challenges faced by leaders is that they must make changes to the organization or put their organization at risk of bankruptcy (Palmer, 2009). In line with previous research conducted by Eliyana and Ma'arif (2019) transformational leadership has a direct and significant effect on job satisfaction and organizational commitment. A company must be flexible, adaptive, and able to continuously transform in order to succeed in a competitive business environment (Jaramillo et al., 2012). However, in reality, changes made by the company cannot be separated from the emerging risks (Maurer, 2005). Among the company success stories that make changes, there are also some failures experienced by other companies. This proves that changes made by the organization can be a risky thing for the company if these changes are not managed well (Strebel, 1996).

Because companies always face endless change, changes have to be managed well in order to face their risks (Herschovitch & Meyer, 2002). Armenakis and Bedian (1999) in Jaramillo et al. (2012) reviewed some research showing significant results regarding the reason behind the success and failure of some companies to make changes. The review indicated that success depends on the "people factor," as well as their commitment to changes executed by the company. In reality, the researchers found a great number of factors that influence employee resistance which contribute to the failure of a company's effort to implement changes (Petersen & Cordery, 2003). This finding confirms that employee resistance becomes a challenge when the company takes initiatives to change. In reality, this phenomenon of the resistance to change is also faced by companies in Indonesia.

In Indonesia, external condition pressures include the District Minimum Wages (UMK), which is amassed significantly every year, leaving the company with no choice but to follow the applicable minimum wage so that it is not sanctioned by the government. The increase of UMK becomes a trigger outside the company which forces it to keep making improvements to grow more efficient and effective in management. From the human resources sector, the increased value of UMK will affect labour cost. As a result, the productivity of human resources must also be increased, or they will be fired.

Indonesia's manufacturing industry performance is still contracting. It also estimates that the manufacturing industry in Indonesia will increase more in the future because of the demand for domestic consumption and high investment growth (Rahmiati and Sandi, 2016). This research took surveys on a manufacturing company located in Indonesia. Based on the preliminary survey result, the company feels that it is necessary to make significant changes, specifically in relation to the compensation and benefits received by the employees. Changes

in compensation and benefits are expected to create a balanced condition with the productivity level of employees (See Appendix 1).

Some new policies that were implemented in the company bring about different responses from the employees. Some employees give positive responses, while others give negative reactions. Some employees are even apathetic towards the changes. Resistance to change is related to previous research with different companies, such as the research conducted by Giangrero & Peccei (2005), because the employees see change as a threat against their interests in the company. Other researchers believe that resistance arises because the employees see change as something disruptive, intrusive, and threatening to the stability and continuity of their work, as well as potentially taking something beneficial from them (Strebel, 1996; Weeks et al., 2004; Shum et al., 2008).

It was mentioned previously that the success of changes made by the organization is highly dependent on the people inside the organization. Several individual factors, which may be social, emotional, or physical, affects an employee's performance individually or in a group (Juliasih et al., 2018). In order to manage the changes, the next challenge faced by the policy makers is to find and manage any factors that make employees resistant to changes. The research conducted by Jaramillo et al. (2012) found that the job autonomy and self-efficacy of employees can decrease their resistance to change.

Jaramillo et al. (2012) found that if companies give more freedom to their employees to conduct their work, their resistance to changes will be decreased. Conversely, if companies limit the freedom of their employees, their resistance to changes will increase. Therefore, this research tries to see the effect of job autonomy on the employees in the middle of policy changes. On other hand, employees with high self-efficacy will be easier to manage job stress (Bandura, 1997). They are optimistic that there will be no difference in their work, even though there are changes made in the organization.

Literature Review

Job Autonomy and Resistance to Change

The definition of job autonomy is the extent to which companies provide freedom, independence, and policies to the individual in scheduling their work and determining the procedures used in their activities (Jaramillo et al., 2012). The researchers have argued that an individual will reject a change when they think that their autonomy is threatened. Employees who believe that the organization gives them a high level of autonomy tend to reach a higher level of job performance because they see themselves as in charge of their own work and its results (Jaramillo et al., 2012; Tahirsylaj. et, al 2018). On the other hand, employees with a low autonomy level will be frustrated with their job and will be more likely

to engage in cynical behaviours such as apathy, mistrust, suspicion, and the humiliation of others (Nous et al., 2007). Parker (2006) also found similar results, which show that employees with a high level of autonomy tend to think that the manager trusts them, creating a more positive attitude towards the changes made by the company. Based on this point of view, a hypothesis is made:

H1: Job autonomy has a negative influence on resistance to change.

Self-Efficacy and Resistance to Change

According to Bandura (1997), the definition of self-efficacy is one's confidence in one's own skills to reach certain performance levels. Employees with high self-efficacy consider complex work as a challenge that they have to deal with, and they tend to have a low job stress level. Employees who have self-efficacy tend to believe that they have control of corporate resources and the importance of responding to job demands. According to Bandura's social cognitive theory (1997), self-efficacy influences one's choice in determining and executing actions that they will do. Individuals who have high self-efficacy can determine how many activities they can do, and how tenacious their work will be while facing the obstacles and work challenges in front of them. Therefore, if someone is experiencing a problem or challenge like a change in organization, they are expected to keep doing their work well. Self-efficacy will make someone consider the changes that he has to deal with a challenge, so they tend not to reject any changes made to company policies (Cho & Chang, 2008; Kauppila et al., 2010).

The research conducted by Kauppila et al. (2010) show that employees will have poor job performance when they have low self-efficacy. It is similar to a study by Cho & Chang (2008), which shows that employees who have high level of self-efficacy tend not to have any problems when there is a change in the system management of the company. Based on this argument, this study suggests a hypothesis as follows:

H2: Self-efficacy has a negative influence on resistance to change.

Resistance to Change and Task Performance

Resistance to change is the resistance to the loss of precious things or the loss of something known into something unknown (Burke, 2008). The resistance can be either passive resignation or deliberate sabotage (Kreitner & Kinicki, 2010). One's resistance to change depends on one's view of change as a threat to one's interests and benefits (Giangrero & Peccei, 2005).

Based on Oreg (2003), there are four dimensions to measure the resistance to change: *routine seeking*, *emotional reaction*, *short-term thinking*, and *cognitive rigidity*. Routine seeking is when someone shows his desire to do routine jobs and to have a stable environment. Emotional reaction is when someone experiences changes as something stressful and uncomfortable. The third dimension is short-term thinking, in which one chooses to deal with short-term challenges rather than the long-term benefits one will get after implementing the changes. The last dimension is cognitive rigidity, in which one is reluctant to consider and try new point of views and concepts.

Gomes (1995) proposed eight aspects that can be used to evaluate employees' job performance based on specific work behaviours: *quantity of work*, which is the amount of work done in particular time period; *quality of work*, which is the quality of the job that is achieved based on the terms of suitability and readiness; *job knowledge*, which is the breadth of knowledge regarding to the work; *creativity*, which is the originality of ideas and actions to solve the problem; *cooperation*, which is the willingness to cooperate with other employees; *dependability*, which is the awareness and trustworthiness of the employee in terms of the completion of the work and their presence; *initiative*, which is having passion to carry out new tasks in growing responsibilities; and *personal qualities*, which pertains to the personality, leadership and hospitality of the employee.

This study explores the influence of job autonomy and self-efficacy on the job performance of employees through their resistance to change. This perspective assumes that when there is an organizational change, the employees' job performance will be increased if they are given sovereignty in working (Job autonomy). Job autonomy will minimize resistance to change. Employee resistance is suspected to have a negative influence on employees' job performance. A lower level of employee resistance will increase job performance. Furthermore, in the middle of organizational change challenges, employees who have high self-efficacy are expected not to be resistant to organizational changes. A low level of resistance will increase job performance.

Based on the concepts and empirical evidence which have been explained before, this study predicts that resistance to change can affect an individual's job performance. For example, Oreg (2003) found that individuals who are resistant to change have more difficulties working effectively. This may happen because there is a perception that they get less support, communication, and participation from the company, which in this case is from their boss, when they resist changes. Kiefer (2005) stated that sensing a lack of support hinders an employee' job performance. Therefore, this study assumes that employees with a high level of resistance to change will have some problems achieving optimal job performance when compared to that of employees who are committed to organizational change. This research suggests a hypothesis as follows:

H3: Resistance to change has a negative influence on job performance.

Job Autonomy, Resistance to Change and Task Performance

Autonomy in a workplace gives freedom to employees to organize and determine the procedures used in order to complete the work. With freedom comes the expectation that it will be used responsibly. With this freedom, employee job performance will increase in the work that has been given to them. The research conducted by Kassem and Sarhan (2013) indicated that autonomy has a significant positive influence on job performance.

The research conducted by Hornung and Rousseau (2007) indicated that employees tend to resist changes when they think that they would not be able to do their job freely. If the company gives job autonomy, the employees are assumed to accept the changes. It has been mentioned in the research background that resistance is considered as a trigger for the failure of initiatives made by the organization and has impact on employee performance. Regarding the aforementioned problems, this study offers the following hypothesis:

H4: Job autonomy has a direct negative influence on job performance.

Self-Efficacy, Resistance to Change, and Task Performance

Self-efficacy is the trust possessed by someone with the ability to achieve certain levels of performance. Employees with high self-efficacy perceive complicated jobs as a challenge that must be faced, and tend to have lower job stress. These kinds of employees tend to be confident that they have control over company resources company and the authority to respond to the demands of the job (Bandura, 1997). A study conducted by Mulki et al. (2008) found that employees with self-efficacy are optimistic about their ability to perform well in the future. In summary, employees with self-efficacy will not be prevented from achieving optimal performance by a perceived change, even in its incipience. They tend to accept change if the company has made changes to the policy and consider change as a challenge. Based on the previous concept, this research proposes the following research hypothesis:

H5: Self-efficacy has a positive direct influence on job performance.

Research Methodology

Research Design

The study was conducted at a manufacturing company in Surabaya, Indonesia. This location was chosen with the consideration that Surabaya is the second largest business city in



Indonesia, which has a district minimum wage that is almost the same as DKI Jakarta, the capital city of Indonesia, and that far exceeds other regions in Indonesia. This research was conducted over a period of 6 months, from November 2018 till May 2019. Companies that were used as research samples made policy changes that had a significant impact on HR management (see Appendix 1).

This research used statistical test tools to answer statement of problem and to test hypotheses that have been made based on the theory and previous research. Specifically, this research used the Partial Least Square (PLS). Questionnaires were distributed to 183 persons and as many as 171 questionnaires were returned, so the response rate was 93.44%. 168 questionnaires were eligible to be used.

Measurement

This study used Likert scale from 1 to 5 to measure the variables with the 1 as “Strongly disagree” to 5 “Strongly agree”. *Job autonomy* is defined as the extent to which the company provides employees freedom, independence, and understanding in scheduling their work, and also in determining the procedures to be used in carrying it out. This survey measured job autonomy in three items according to Hackman and Oldman in Spreitzer (1995): for example, “I have flexibility in determining the way I work“ and “I have freedom to create, consider and make decisions“. *Self-Efficacy* is defined as the employee’s self-belief that they are able to do work. Related to self-efficacy in the midst of change, this study used three indicators conducted by Bandura (1997): for example: “I believe in my abilities to do my job“.

To measure *resistance to change* we used four dimensions (11 items) as in Oreg (2003): *routine seeking* (“Employees feel that change is a negative thing“), *emotional reaction* (“I become stressed if significant changes happen at work”), *short-term thinking* (“I feel that changing plans is complicated“) and *cognitive rigidity* (“I am reluctant to accept new perspectives“). This study used the task performance from the Individual Work Performance Questionnaire (IWPQ) scale consisting of 13 questionnaire items, as used by Koopmans et al. (2011) (“How do you rate the quality of your own work?“).

Results and Discussion

Data were collected through questionnaires distributed to respondents with the characteristics based on gender, age, tenure, as shown in Table 1.

Table 1: Characteristics of Respondent

Characteristics		Percentage
Gender	Male	56%
	Female	44%
Tenure	<5 ys	41%
	5-10 ys	26%
	11-15 ys	19%
	>15ys	14%
Age	<25yo	8%
	26-30 yo	16%
	31-35 yo	14%
	36-40 yo	10%
	41-45 yo	14%
	>50 yo	38%

Table 2: Result of Hypothesis Testing Based on Regression Weight

Hypothesis	Hypothesis of effect between variables	Coefficient	T Statistic	P	Interpretation
H1	Job Autonomy -> Resistance to Change	-0.413	4.258	0.000	Accepted
H2	Self Efficacy -> Resistance to Change	-0.299	2.796	0.005	Accepted
H3	Resistance to Change -> Job Performance	-0.356	2.419	0.016	Accepted
H4	Job Autonomy -> Job Performance	0.168	1.597	0.111	Rejected
H5	Self Efficacy -> Job Performance	0.285	2.045	0.041	Accepted

Table 2 shows that the test results indicate four out of five hypotheses can be accepted. These hypotheses are accepted because the significant value (P-value) is less than 0.05. Four out of five hypotheses are (1) job autonomy has a significant negative influence on the resistance to change, (2) self-efficacy has a significant positive effect on job performance, (3) self-efficacy has a significant negative influence on the resistance to change, (4) resistance to change has a significant positive effect on the job performance. Meanwhile, the rejected hypothesis is H1, which is that job autonomy has a significant positive effect on job performance. This because the p-value is less than 0.05.

The results of the PLS test indicates that there is no significant relationship between job autonomy and job performance. On the other hand, there is a significant relationship between the resistance to change and job performance. Moreover, the PLS test results found that there is a significant relationship between self-efficacy and job performance. A significant relationship also appeared between the resistance to change and job performance.

The hypothesis test result indicates that there is a significant negative effect between job autonomy and resistance to change. This result supports previous research (Parker, 2006; Naus et al., 2007; Jaramillo et al., 2012). The higher the level of job autonomy that employees have, the less the desire for resistance to change. If it is associated with the company, the company has an adequate job autonomy level and decreases the desire of its employees to reject policy changes.

The hypothesis test result indicates that the hypothesis about the relationship between self-efficacy and resistance to change can be accepted. This research supports the studies done by Cho & Chang (2008), Kaupilla et al. (2010), and Jaramillo et al. (2012) that employees with high self-efficacy tend to have no problem when there is a change in the company's management system. This means that the higher the level of self-efficacy employees have, the smaller the desire for resistance to change. If it is associated with the company, the employees have adequate self-efficacy level and lowers employees' desire to reject the policy change.

Resistance to change has a significant negative effect on the employees' job performance. In line with a study conducted by Oreg (2003), individuals who resist change find it more difficult to work effectively. Kiefer (2005) stated that this difficulty may occur due to employees' perceptions that they have lack of support, communication, and company's participation, in this case from their superordinate, when they resist to change. Sensing a lack of support will interfere with an employee's performance. This study has proven that employees who are highly resistant to change have difficulty achieving optimal performance when compared to those who commit to organizational changes.

The hypothesis test result indicates that the relationship between working autonomy and employee performance is not significantly proven, although autonomy has a positive impact. This case is not in line with Saragih (2011), who shows that individual performance is positively influenced by autonomy. These differences occur due to the context of the study and the diverse characteristics of the respondents. Saragih's study was addressed to salespeople, while this study was conducted within all departments. The study conducted by Kassem and Sarhans (2013) resulted in no significant relationship between job autonomy and job performance of employees in an agricultural department in Egypt. The non-significant result may have occurred as a consequence of the respondents, who may have already had a

high sense of job autonomy before the institutional change, which affected employees who did not want to resist the change. However, this does not mean it could cause an increase in job performance. The company is able to reconsider the effectiveness of job autonomy.

The differences between the results of this study and those from former studies are caused by respondents' characteristics. The details are as follows:

1. There are significant age average differences. Jaramillo et al. (2012) used respondents with an average age of 35.5 years old while Saragih's (2011) respondents ranged from 24 to 35 years old.
2. In this study, the respondents are about 40.9 years old which is similar to the respondents of a study conducted by Kassem and Sarhan (2013).
3. In some previous studies, older workers were stereotyped as having less ability and motivation to achieve good performance, and a lower ability in leaning (Finkelstein et al., 1995; Johnson & Neumark, 1997, Kanfer & Ackermann, 2004; Kunze et al., 2013). Nevertheless, further research on the relationship between age and performance is needed because former studies imply that the relationship is not significantly proven. As in a study conducted by Ng and Feldman (2008), there is no significant influence of age on task performance.

The hypothesis test result on the influence of self-efficacy on job performance indicates a significant positive effect. Self-efficacy is a person's belief that they can achieve a particular performance level. This finding confirms the previous study conducted by Mulki et al. (2008), which found that employees with high self-efficacy are confident about performing better work in the future. The findings correspond to the theory proposed by Bandura (1997) that employees with high self-efficacy are likely to perceive difficult tasks as a new challenge that must be faced, and tend to have lower job stress. Employees with self-efficacy believe they have control over the management of company resources, and that it is important to respond to the demands of their job. In other words, for employees with self-efficacy, the perception of change will not inhibit their job performance, and will instead consider policy changes as a challenge.

Conclusion

This study attempts to examine effect of job autonomy and self-efficacy on employee job performance. According to a statistical analysis of employee responses using the Smart PLS statistical test tool, it can be concluded that job autonomy has a significant negative influence on the resistance to change. It indicates that substantial freedom, independence, and understanding given by the company to the employee in job scheduling and decision of job autonomy procedures will decrease the employee's resistance to change. Self-efficacy also



has a significant negative influence on the resistance to change. It indicates that employees are likely to have more confidence in completing tasks (self-efficacy), and that it their resistance to change.

Resistance to change has a significant negative influence on job performance. It indicates that if employees are resistant to change, the goals of employees will be decreased. Job autonomy has a non-significant positive influence on job performance. It indicates that substantial freedom, independence, and understanding in job scheduling and procedural decisions of job autonomy lead employees to achieve a higher level of performance. However, the relationship is not significant, and it is possibly caused by the diverse characteristics of respondents, particularly age differences.

Self-efficacy has a significant positive influence on job performance. It refers to an employee's confidence to accomplish their tasks and attain higher performance. Policy changes respond to the external and internal environmental changes faced by a company. It has been explained that the people factor is likely to be a major reason for the failure of company policy changes, and is something that should be realized by policy makers. The results of the survey regarding company policy changes indicated that the company policies were not fully supported by employees, who were also the respondents. The survey result becomes a preliminary signal of failure for initiative changes.

This study associates job autonomy and self-efficacy with the resistance to change, as well as employee performance, and expects to give suggestions as to how the failure of initiative changes might be overcome. This study shows that employees with autonomy will not be resistant to change. Thus, the results of this study can be used to overcome employee resistance in the middle of policy changes.

In addition, if the company makes policy changes, in order to minimize the risk of employee resistance, the company should pay attention to self-efficacy and the maintenance of employee confidence to successfully perform a task. Furthermore, the companies that are making changes should be more aware of how an employee's resistance to change impacts performance. In the end, poor performance will harm the company.

Further research on similar topics is expected to consider other contexts in other industries in order to enrich the discussion and confirm the relationship among variables. It is also suggested to investigate the characteristics of its respondents, such as age, work length, job relationship status, as variables that can improve in-depth analysis regarding the correlation of variables.

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Appendix 1

No.	Type of Change	Before the Change	After the Change	Starting from
1.	Wage System	Wage system was not based on attendance. Absence had no effect on salary	Changes in wage system becomes no work no pay. The absence will affect the basic salary, except for the absence of the corresponding Labor	1 January 2019
2.	Incentive for employee productivity	There was no incentive for productivity	There will be incentives for productivity	1 January 2019
3.	Shuttle for employees	There was shuttle for employees	Deprived	1 January 2019
4.	Transportation and meal allowances	There was allowance for transportation and	Deprived	1 January 2019
5.	Lunch	Employees got lunch in cafeteria (buffet)	Deprived, the company only provides rice	1 January 2019
6.	Healthcare management	Internal management of health insurance, (reimbursement system)	All employees registered to health insurance. Internal health management company is	2 March 2019
7.	<i>Outsourcing</i>	Employee management was done entirely by the company	Outsourcing service is used for postal of certain position, such as security, production operator, and driver	February 2019
8.	Technology	Did not use particular software, more manual	Program software is used to integrate the system between departments such as purchasing, marketing, production, payroll, finance and accounting	Periodically from 2012 to 2019