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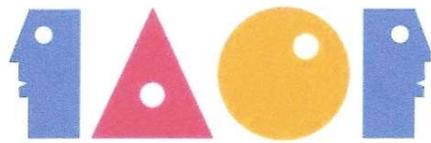
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ADAPTING LARGE-GROUP METHODS TO CIVIC FORUMS: A WAY TO IMPROVE CITIZENSHIP AND DEMOCRACY

Fernando Cardoso de Sousa*

The Research Centre for Spatial and Organizational Dynamics (CIEO)
University of the Algarve, Portugal

*Corresponding author: cardoso_sousa@hotmail.com

Ileana Pardal Monteiro

The Management, Hotels and Tourism School, and
The Research Centre for Spatial and Organizational Dynamics (CIEO)
University of the Algarve, Portugal

imontei@ualg.pt

Maria Filomena Gaspar
Lisbon School of Nursing
mfgaspar@esel.pt

Maria Paula Castelão
University of Cartagena
pcastelao@gmail.com

Abstract

This article aims to assess the effectiveness of a four-step large-group method, by means of a project commitment questionnaire. Using this method, nine civic forums were planned and executed in order to develop the participation of civil society in democracy. A total of three hundred and eighteen civil society representatives produced action plans for the celebration of the anniversary of the 25 April 1974 (Portuguese Revolution), as well as for local development. The work was conducted according to a methodology adapted from the technique *Future Search*, and project commitment was assessed at the beginning and end of each session. The results obtained demonstrate the effectiveness of the method in producing action plans in little time, and an increase in commitment to projects as a result of the sessions; however, it did not reveal itself a successful predictor of projects' execution. The forums allowed us to improve the large-group method, which

may be used as a tool to help improve civil participation in decision making and regional development.

Keywords: Civil Society; Democracy; Large-Group Methods; Portuguese Revolution; Project Commitment

Introduction

This study is intended to assess the effectiveness of a four-step large-group method in producing action plans in civic forums, by means of a project commitment questionnaire. This method was adapted to civic forums, as a way to develop citizen commitment to projects and their likelihood of execution, whilst reflecting on the participation of civil society in democracy. This relationship will be displayed based on the result of the execution of eight forums, held over a year in various parts of the country (Portugal), aimed at planning and carrying out actions that were connected the anniversary of the 25 April revolution in 1974, as well as performing a local development forum in collaboration with a district authority in Lisbon.

Building on the grounds of the forums, and including contributions to the meetings that took place using a large-group decision-making method, we include some discussion about discuss civil society and the development of democracy in Portugal, as well as some considerations about its antecedents.

The reasons behind this work have to do with the increasing separation between the representative bodies of democracy and the basis from which

they arise. Indeed, despite all the freedom of expression allowed by the existing governance structures and technology, citizens are increasingly moving away from political life and placing less and less confidence in the ability of their vote to influence the future in a positive manner. It is therefore important to determine to what extent it is possible to encourage people to join and participate in political life, creating something beneficial to the collective rather than only making petitions, protests, demonstrations, voting for the rotation of political parties, or creating of new parties, with the consequent increase in the fragmentation of the society. Within this purpose in mind it was considered that the anniversary of 25 April could constitute a valid objective for bringing people together. Also, the building of fast decision-making processes with large groups could increase the civic engagement of participants tired of meetings where time is consumed and nothing is solved.

It is this experience that we try to reproduce in this article, where we will consider a civic model based on working methods with large groups and the use of a measure of commitment as a predictor of success in implementing the planned projects. Prior to the discussion of the results we considered it important to present a literature review on democracy and civic participation, especially in the case of

Portugal, as well as the decision - making methods with large groups and the adaptation that we used in the forums we promoted.

Democracy and Participation

As stated by Keane (2009) in his work, *The Life and Death of Democracy*, democracy has its roots in Islam, in the region that corresponds today to Iraq, Syria and Iran, the Mycenaean civilization (1500–1200 AC), and in urban areas of the Peloponnese. This first phase, called “public meetings”, where the example of Jesus (sentenced to death in a “democratic” way) had special importance, formed the basis of the design of representative governments and principles such as resistance to tyrants, petitions, free press, popular elections, periodical mandates and the abolition of the monarchy, without which there would have been no change in the vision of political power.

The second phase of democratic construction, called “representative democracy”, began with the Spanish Cortes (Alfonso IX of Leon), in the tenth century, a format in which the king chose representatives from the clergy and nobility.

According to Fernandes (2014), these meetings were continued with the parliamentary assemblies and the “aristocratic democracy” of the Netherlands, at the end of sixteenth century (in 1581 the first representative government declared the Netherlands free of Spain). Finally, in the eighteenth century, with the French and American

revolutions, democracy and representative government were consolidated around the control of public spending, following the existing principle in the Middle Ages of “no taxation without representation”. Although they represent, according to Huntington (1991), the “first wave” of democracy, it should be noted that none of these revolutions instituted democracy as we know it today.

Indeed, in the French case, Robespierre was established as the first democratic dictator, later followed by the “caudillos” of South America. In North America, the Washington government model was far from being democratic and favourable to the existence of a civil society. Only at the end of the eighteenth century, after several rebellions, and especially after the War of Secession (the Southern Confederate States had the Greek slave model as an ideal of democracy), did the country see the birth of political parties. However, shortly after the war against the English (1812), the US revealed the divisions within, and the subsequent discrediting of the party system — beginning with Abraham Lincoln as president (1861-1865) when one fifth of state jobs were occupied by affiliated supporters — that would increase between 1890 and 1920. The building of democracy and the accountability of political parties was won by civil society thanks to the contribution of movements such as the Suffragettes (1881 – 1919). Similarly, the movement of human rights and the rights of African-Americans, with activists such as Rosa Parks and Martin Luther King,

were instrumental in the growth of this phase of democracy.

Still drawing from Huntington's work (1991), the "second wave" of democracy occurred in the post-war period (1945–1960), with examples such as India, South Africa, Senegal, Tanzania, Japan, Israel, and others. Indeed, a third of existing democracies in 1958 were established after the end of the Second World War. The German example of "co-determination" (*Mitbestimmung*), born of desperate circumstances, deserves to be highlighted in the context of the fall of the Nazi regime and the slave labour basis of the coal industry of the Ruhr Valley. The committees of miners were mandatory to the recovery of the region and provided the touchstone for a form of labour and political organisation that had the distinctive character of the participation of employees in management, still visible today, for example, in German firms operating in Portugal.

Finally, Huntington's "third wave", or the "monitored democracy" of John Keane, began with the establishment of democracy in Portugal with the 25 April revolution in 1974, which was followed by other countries, particularly in Europe and Central and South America. For Keane (2009) this type of post-parliamentary democracy is characterised by the rapid growth of many extra-parliamentary forms of scrutiny of power, ensuring that the political elected parties and governments are in permanent imbalance, being questioned in their authority and forced to change schedules. Using many forms (e.g., "think tanks", observers,

regional assemblies, participatory budgets), civil society transforms democracy into something that is more than a mere parliamentary assembly or a government majority party, to create a government in which power is everywhere, and subject to checks and balances so that no one can exercise it without the consent of the governed or their representatives. Of course much of this interference is permitted by technology and the internet rather than the media.

However, despite this development of democracy, when we take into account the reduction of the effective participation of people (an issue that will be discussed later) it is not certain that "monitored democracy" is here to stay. Indeed, and because of the end of ideologies, the fact that the political parties have reduced their potential as employers of excellence and are to be financed by the state, the quota of party militants is decreasing (Keane, 2009): from fifteen per cent in the 1960s to ten per cent in the 1980s and less than five per cent in the year 2000, with European countries at the top. It is true that the parties do everything to achieve greater popularity, such as associating with movie stars, holding primary elections or inventing new parties, but this does not prevent more than eighty per cent of the electorate, feeling unrepresented by the traditional parties, is now turning to extremist parties, as suggested in the analysis of Tony Blair (Blair, 2015). This is perhaps why this type of regime may be seen as obsolete and a curiosity of the North Atlantic countries by, for example, Arab countries such as Dubai, or

Asian countries such as Singapore, which serve now as global references for forms of government.

Let us now, more specifically, consider the evolution of civil society that, according to Fernandes (2014), refers to voluntary associations of citizens, independent of the State and the Church, whose origins lie in the modern age itself.

The Associations in Portugal

As Martins (2007) states, influenced by the great European movements (the Industrial Revolution in England in the late eighteenth century, and the French Revolution, from 1789 to 1793), associations acquired greater expression in Portugal with the liberal movement of 1820. Furthermore, boosted by the consequences of those European movements in our country, such as the poverty caused by the French invasion (1807–1811), the withdrawal of the court to Brazil, and the English military occupation, from 1808 the associations won a place of greater social relevance. The first associations were of workers who came together around the provision of services for consumption and credit, as well as to the fight against disease and illiteracy. This movement was accentuated in the second half of the nineteenth century, fading later with the fall of the monarchy, the birth of the Republic, and the crisis that followed.

However, it was following the military coup of 28 May 1926 and the birth of the Second Republic that the popular associations suffered major

difficulties because totalitarian systems do not deal well with democratic forms of popular expression. Thus, although not systematically dismantled, Salazar's government did not encourage private associations, preferring to control them by monitoring their leaders and replacing them whenever possible by state corporations and alternatives such as FNAT (National Foundation for Joy at Work), the People's Houses, and the Houses of Fishermen.

It was with the advent of the revolution of the 25 April 1974 that the association movement developed, almost doubling the number of associations, very much due to the support of municipalities, and thus reflecting the political party majorities in the various regions. In the 1980s the state encouraged the associations and strengthened its presence in the associations with the creation of the legal figure of the IPSS (Private Social Solidarity Institutions), supported by social security. Nevertheless, and as pointed by Monteiro (2004), Portugal is the European country with the lowest rate of civic membership, a weak indicator of the Portuguese society in terms of social capital. Thus, unsurprisingly, it differs greatly from countries such as Scandinavia, England, Holland, Germany, Switzerland, Austria and Belgium, for example, where more than eighty per cent of the population belong to associations, whereas in France and the Italy the percentage does not exceed forty per cent and it is less than thirty per cent in Portugal and Spain (Fernandes, 2014).

Today, the relationship between the state and the associations tend to be weaker given the decrease in financial aid from municipalities. Furthermore, if the great civic associations (e.g., trade unions, political parties) today face militant reductions, some local associations survive only thanks to their own revenue (e.g., bars, contributions) and some outside support. In the case of another type of associations, the IPSS (Private Institutions of Social Security), the state provides seventy five per cent of the revenue and only four per cent is derived from voluntary donations, which, according to Monteiro (2004) is the reverse of what happens in other countries, thus reflecting the acceptance of a state policy and programmatic guidance outlined by the government regulator.

Reasons for Civic Association Decline

As to the reasons for the weakening of the associative movement, Putnam (2000) places the use of leisure time as one of the greatest dangers threatening the American society (in 1929, six per cent of personal income was spent on clubs and social support, falling to half with the advent of television), as well as the education factor as the major predictors of civic engagement.

Notwithstanding the gregarious movement that followed the great crises of the twentieth century (world wars and the Great Depression), Putnam locates the causes of social isolation, fundamentally, in the generational perspective. Thus, and despite the

apparent increase in tolerance for social issues, such as racial segregation, women's emancipation, abortion or gay marriage, it is not possible to conclude that the younger generations are more tolerant than those that preceded. Indeed, there is evidence that the generation of baby boomers, who came out of the Second World War, is more ignorant politically, marries later and divorces faster, has a higher youth suicide rate and, when compared with the generation of the 1920s, is linked to half of the associations.

Several factors contribute to this generational evolution, which explains fifty per cent of social isolation, at the head of which appears the television and electronic entertainment (twenty five per cent), the distance to the suburbs of the cities (ten per cent), and time and money pressures (ten per cent). With respect to electronic entertainment, television is the main reason of the insulation, as it cuts people out of social life in an almost compulsive manner. As to the internet, it has ambivalent effects because, although the contact mediated by the computer deletes emotions and body language, it creates a more equal relationship, and promotes youth volunteering and self-help groups. Both television and the internet reduce reading of printed newspapers, a factor considered to be an indicator of civic and political concern.

The urban phenomenon is also complex, in terms of isolation in regard to factors such as the contraction of the family's core, the automobile saturation of urban centers, the proliferation

of shopping centres and the end of local businesses, increasing insecurity, residential instability, and the time spent on transportation. On the question of time and money, Putnam (2000) refers to aspects related to work, which not only absorbs more and more time from the individual, it also generates increasing dissatisfaction, is subject to greater control (in 2000, two-thirds of employees were subjected to electronic surveillance), individual and market competition, reduced mutual trust and friendships in the workplace, and an increase in temporary contracts.

Explaining social isolation as a consequence of lack of money is not convincing if we compare it with previous periods (e.g., the Great Depression) where people had far fewer resources. Although the welfare state did not exist, the gap between the rich and the poor — considered to be the most important factor of social fragmentation — was smaller.

Heming (2011) analyses the resulting solidarity in dramatic events as due to the protective instinct of the human species, as happened, for example, in the war of 1642, before which there was no association in his country (UK). For Heming, associations are the most effective barrier for opposing the transformation of a liberal democracy into a totalitarian regime. He cites the example of collaboration between enemy troops during the First World War, which is also discussed by Axelrod (1984) who mentions collaboration as the probability that actors recognise that if they cease to collaborate the results are always worse than the if they

do collaborate. Behaviours expressing dislike, dropout threats, or irresponsibility are destructive for any collaboration, making it clear that there will be retaliation for any aggressive behaviour and the initial altruism will continue only as long as it is reciprocal.

Adaptation of decision-making methodologies with large groups

Research on decision-making methods in large groups, with the intention of initiating innovation and change to organisations and communities, through the involvement of many people in the decision-making process, is well documented. Kurt Lewin, Douglas McGregor, Mary Parker Follett, Fred Emery, and Eric Trist are just some of the names considered by Weisbord (2012) in an extensive review of the theoretical foundations of the methods for large groups, also described by Bunker and Alban (1997).

These methods are intended for interventions in groups where the number of participants is greater than thirty, with meetings ranging in duration from two to four days, and that are suitable for several types of problems. As to the optimal size of the group, this varies between thirty and one hundred and fifty, the ideal size being seventy to eighty people, which is considered the ideal number to achieve sufficient diversity of opinions and types of knowledge. The methods have their own sequences but, on the whole, they rely on an organization around groups of eight to set a vision of the desirable future. The next phase is that of diagno-

sis, during which a better understanding of the history of the organisation is gained and where the necessary tension between the definition of the obstacles and the desirable future is created in order to achieve the vision. Finally, the method establishes strategic directions, necessary actions, and a schedule, as well as the follow-up sessions.

As to its relation with the approach to small groups, where the pre-consultation with the manager is particularly important, with large groups it is the action of the steering group (steering committee) that is responsible for designing the session, and for designating who will be present.

Given the involvement of all stakeholders in the same place at the same time, the methods with large groups allow change to occur at a much faster rate than normal. They also promote a flat hierarchy and provide opportunities for conflict management and for setting the focus on common ground, as defined by the various parties concerned, rather than stressing the differences.

The *future search* method was adopted as a reference for this study because of its suitability for group decision-making, its extensive description in the literature (Weisbord & Janoff, 2010), and because of our previous experience. The method involves organising a meeting of sixty to seventy participants over a period of sixteen hours, spread over three days. On the first day, the first two and a half hours are devoted to defining the organisation's historical landmarks. In this

phase participants gather around mixed tables, that is, with people from different areas and experiences. This is because homogeneous groups have more difficulty in building a comprehensive picture. On the morning of the second day, participants work around stakeholders tables, that is, people belonging to related fields; thus gaining the homogeneity needed for the construction of common scenarios. At this stage the time is devoted to the analysis of current and future trends. The afternoon is dedicated to the definition of the desired future, in terms of "common ground", and an action plan is built on the morning of the third day. The most common themes are confirmed, specifying the policies, programmes, procedures and projects for each, which may include short and long-term plans and the identification of the actors who will execute these plans.

Using an adaptation from a small-group method

As the duration of the sessions required for the method of large groups was incompatible with the limited time available for our forums, we searched for models that we already had worked with in previous studies, on problem-solving procedures with groups of fewer than twelve people, and for examples also associated with commitment measures (Sousa et al., 2014). First, we adopted these method to large-group functioning, following the principles of Future Search method, and we used this with higher education students (Sousa et al., 2015) in a three-hour session. It was a four-step model, comprising the steps: (1) define the objective;

(2) define the problem; (3) action plan; and (4) the action itself. The definition of the objective takes place during a pre-consultation with the organising committee of the forum, which also defines the group's composition and logistic details. During the stage of problem definition the group lists all possible barriers and challenges to achieving the goal and then the person in charge of the forum selects the problem definition to work with. During action planning the group suggest possible actions for solving the chosen problem and, during the break, the

steering committee, together with the facilitators, organise the whole list of projects. When the group reenters the room after the break, each member chooses one of the listed projects to work on, thus organising stakeholder teams. The rest of the session is spent discussing tasks for each participant, sharing conclusions, setting deadlines, coordinating actions and ways of sharing results, and possible result evaluation indexes. The final step — the action — begins after the planning session.

Table 1. Main similarities and differences between the large-group method *Future Search*, and the small-group method *Four-Step*, adapted to large groups

Procedures	<i>Future Search</i> method	Adapted <i>Four-Step</i> method
Duration	16 hours	4 to 8 hours
Groups	Maximum 8 groups of 8 members each	Same
Emphasis	Reaching common ground	Setting an action plan
Past history; present and future trends	Yes	No
Time for sharing small-group conclusions	Yes	Yes
Pre-consult	Steering group	Steering group
Mixed and homogeneous groups alternate	Yes	Yes

This small-group problem-solving method was adapted to work with large groups. The main similarities and differences with Future Search are indicated in Table 1, and details are described in the Method section.

Method

Headed by the Portuguese Association of Creativity and Innovation (APGICO), with the support of the Association 25 April (A25A), and the Portuguese Confederation of Collectivities of Culture, Recreation and Sport (CPCCRD), we proposed to work with local associations in planning activities, together with other reliable people from each region. With the local associations it was possible to organise eight forums on the mainland and in the islands of Madeira and the Azores in order to produce action plans for a joint celebration of the anniversary of the revolution (25 April 1974) — still considered as a unifying factor for most of the Portuguese population. The design methodology used, as described, derived from the Future Search method, adapted to work as our four-step model, first during eight hours, and then for just four hours. In collaboration with the Parish Council of Misericórdia (one of the twelve administrative regions of Lisbon), a forum for the promotion of local development was organised, gathering together local associations and people representing the different types of knowledge and authority in this parish of 40,000 people (e.g., police, firefighters, theatre, art galleries, libraries, music, primary, secondary and higher education schools).

Subjects

In the nine citizenship forums, from the three hundred and sixty-seven invited people who said they would be present, three hundred eighteen (eighty seven per cent) attended the sessions, and a total of two hundred and forty five (eighty-one per cent) remained until the end. Table 2 shows that one hundred and seventy-six people participated in the eight-hour sessions (fifty-five per cent) and one hundred and forty-two in the four-hour sessions. In the first type of sessions, thirty-six per cent (fourty-five) of the participants did not stay until the end and, in the second type, eighty per cent (one hundred and fourteen) of the participants completed the sessions. Thus, the drop-out rate in the eight-hour sessions was higher, as expected.

The participants had very diverse experiences. Thus, eleven per cent were military, belonging to the A25A, either on active duty or retired; fifteen per cent belonged to the boards of sports, social support, and recreational local associations, and thirteen per cent to organisations linked to artistic activities, including theater, music, museums and art galleries. About eight per cent belonged to regional state entities (six per cent to the municipalities), and the local media participated actively, representing eight per cent of the participants. Teachers and students from secondary and higher education schools accounted for twenty per cent of participants, and ten per cent were professionals from various fields such as trade unionists, banking or administration.

Table 2: Participants per 8- and 4-hour sessions

Hours	Local	Registrations	Session start	End of session	Losses in session
8	Viseu-Tondela	20	19	13	30% (6)
	Faro	64	51	29	34% (22)
	Lisboa	39	32	28	10% (4)
	Rio Maior	39	39	31	20% (8)
	Viana do Castelo	51	35	30	10% (5)
Total 8 hours		213	176	131	21% (45)
4	Ilha Terceira	40	44	41	7% (3)
	Funchal	20	17	17	0%
	Vila Real	54	54	40	25% (14)
	Junta de Freguesia da Misericordia de Lisboa	40	27	16	27% (11)
Total 4 hours		154	142	114	18% (28)
Total		367	318	245	19% (73)

Entrepreneurs and business managers from different sectors of activity (seven per cent) participated, as well as retired professionals, representing eight per cent of the total.

Some people travelled considerable distances to participate in the forums, especially for the meetings held in Faro, Rio Maior, Viana do Castelo and Vila Real. Most sessions took place in local association facilities, in which a catering service was provided.

Instrument

A questionnaire of thirteen items, adapted from Almeida, Faisca

and Jesus (2007), was administered in order to assess commitment to the project. This had three subscales: affective, normative, and instrumental, in a seven-point Likert-type scale (1 = Totally Disagree; to 7 = Totally Agree), the closest to 7 being the more favourable response to every aspect. The questionnaire was administered at the beginning and at the end of each session, and the final score was obtained by comparing the change in O1 (initial observation) with O2 (observation at the end of the session) of every participant (questionnaires were identified with a name or a symbol so that they could be paired together).

Procedure

In each forum a steering committee was established in order to designate a location for the meeting, if possible at no cost for the organisation; to find a well-respected personality from the region to agree to chair the forum; to designate a project coordinator whose mission would consist of stimulating the whole process following the meeting; and to invite a maximum of sixty four participants chosen on the basis of their power, knowledge or interests being coincident with the purpose of the forum. Participants came from a wide range of backgrounds, as described before, including people representing the youth. The forums initially lasted for eight hours, as in the cases of Viana do Castelo, Lisbon, Viseu (Tondela), Rio Maior and Faro. However, given the logistical complications, dropout rate, and costs associated with the food service, we decided to reduce the sessions to half of the time, thereby avoiding lunch, as in the cases of Angra do Heroísmo, Funchal, Vila Real, and the Parish Council of Misericórdia.

Before each session a document with the description of the session, a list of participants, and the agenda was sent to everyone. Later, a complete report of the meeting was sent to all participants. The commitment questionnaire was applied in all forums except in Viana do Castelo, Rio Maior and Misericórdia, where various types of difficulties prevented us from collecting the questionnaires at the appropriate times, at the beginning and at

the end of the session. It should be noted, however, that only questionnaires where it was possible to make pairs (before and after) were scored and, thus, all those questionnaires that did not enable the identification of the participants, or those who did not stay until the end, were discarded.

Initially it was thought that it would be possible to administer the questionnaire a third time, at the end of each project, but since none of the groups that met at the end of the project contained a significant percentage of the participants, no further questionnaire was administered. At the end of each session time was devoted to a debrief and evaluation of the session.

Results

This section includes quantitative results concerning commitment measures obtained during the sessions, and the qualitative results for the content of the forums.

Commitment measures

As can be seen in Table 3, the level of commitment to the project increased significantly during the sessions for the three factors: affective, normative and instrumental commitment.

There was a statistically significant increase in project commitment as a result of the session in all three factors, and all values are beyond the average point of the scale (4) but not much more. As might be expected, the average in the instrumental commit-

ment is below the middle of the scale (4), since participation in civic projects did not provide any material advantage to people but only accomplished satisfaction (normative commitment) and working with colleagues (emotional commitment). These results were not found in all forums, and there were

sessions where there was no difference, or even others where the difference was negative (although not significant — e.g., Lisbon). Furthermore, differences did not vary depending on the session length, with the eight-hour sessions obtaining similar results to the four-hour ones.

Table 3: Significance test for average difference in the factors (affective, normative and instrumental commitment) before and after the sessions (N=183)

Moment	Factors					
	<i>Affective Com-</i> <i>mitment</i>		<i>Normative</i> <i>Commitment</i>		<i>Instrumental</i> <i>Commitment</i>	
	<i>Av</i>	<i>SD</i>	<i>Av</i>	<i>SD</i>	<i>Av</i>	<i>SD</i>
Before the se- sión	5.2	.95	4.9	1.3	3.7	1.3
After the sesión	5.3	1.00	5.1	1.4	3.9	1.4
Sig.	.02		.05		.02	

From the analysis of the content and observation of the sessions, we were unable to establish any objective relationship between the evolution of commitment and the ways teams were formed, or sessions run, having retained only the impression that, in the forums where there was more conflict (e.g., Lisbon), commitment suffered. However, as we shall see later, it was not possible to establish a relationship between the results of the questionnaire and the degree of implementation of projects, as the instrument was not administered at the end of each project (because participants did not meet together at the end).

Finally, as can be seen in Table 2, for reasons that, in some cases, it

was not possible to understand, there was a considerable rate of absence from the sessions (13%) by participants who had assured they would be present. The case of Funchal is interesting in that eighty four participants initially registered were reduced to twenty, after the Regional Government issued a non-official negative opinion about the meeting (the commemoration of the revolution had never been done before in Madeira). However the remaining twenty made it become one of the most successful forums in terms of project implementation.

Qualitative Results

The chosen challenges were mostly connected with the need to reach out to the younger generation

and to develop intergenerational projects of civic collaboration. With regard to the tasks, the concentration was on events and surveys, as well as the construction of messages to be disseminated and the use of appropriate media.

With regard to the project implementation rate, it was not possible to obtain quantitative elements but we learned that most of the projects had some level of implementation, and some were fully implemented (e.g., Viana do Castelo and Funchal). There were others where nothing was done (e.g., Lisbon, Terceira and Vila Real). Some of the tasks were executed but without the possibility to talk about the implementation of the planned projects.

There was no systematic collection of reasons for not implementing the projects, but it became clear that where there was already a structure of civil society dedicated to the celebrations of 25 April (as in the Viana and Funchal), the implementation rate was higher than where this did not exist. In terms of the reasons for dropout, this was mainly connected with the progressive increase of absenteeism at meetings of project teams, until, eventually, everyone ceased to attend. In the cases where we had knowledge of some of the reasons for withdrawal, no reference standard existed beyond that of progressive loss of interest, the shift to other priorities, or the lack of performance of the designated team coordinators. We thought it strange that in some meetings we attended, with teams of several sizes, some lasted for

hours without any particular results or decisions about the distribution of tasks, which was in sharp contrast to what had been achieved during the large-group session. In these cases it seemed that nothing had been learned about group decision-making.

During the debriefing at the end of each large-group meeting, comments were favourable to various aspects of the session (e.g., time went by quickly, the diversity of attendants, willingness to participate) and less favourable to unjustified absences and having little information available about the session. In fact many found it surprising that they had not come there to discuss or give ideas but to develop projects themselves. Even though this was explained in the agenda sent to every participant before the session, we believed the main factor for withdrawal during the sessions was due to the surprise of having to do some homework.

Discussion

With regard to the assumptions made, and although the effectiveness of the planning session, in terms of increasing project commitment, has been proven, as already noted with small-group sessions (Sousa et al., 2014), we could not establish a clear link between this commitment and the likelihood of project execution. Although there were cases with increased commitment where the projects have been implemented, there were also sessions with increased commitment (e.g., Vila Real, Terceira) in which nothing was done.

In the success case of Viana do Castelo, in which questionnaires were not collected, it is assumed that the commitment rates would have been positive, given the assessment made by the participants. To supplement this data, Table 1 provided information on attendance and dropout rates, which may also serve to strengthen the prediction of project implementation probability. Indeed, in all cases where nothing was done afterwards, session dropout rates were above twenty per cent. These dropout rates occurred mainly during the task distribution, which reinforces the less committed nature of some participants. Overall, everyone was interested in providing ideas and expressing their support for the initiative, but not all were willing to take action that might compromise their free time. Although this factor (planning to take action) was mentioned in the documentation sent before the session, the lack of experience in this kind of decision-making methodology meant that many participants only realised the implications during the sessions.

As to possible reasons for the contrast between the success in the attendance of groups willing to participate in the anniversary of the revolution, the increased commitment in doing something with the team, and the low rate of success in project execution, several considerations need to be taken into account.

- First is the fact that the initiative for the sessions came from the researchers rather than the partner organizations —

CPCCRD and A25A — or the local associations. Indeed, and despite all the efforts revealed, these entities agreed to participate in the project but did not take the initiative, nor did we have the possibility of doing the extensive preparation required for the sessions.

- Another comment can be made about whether some structure of the civil society was already in place to organise the celebrations, as happened in Viana do Castelo and Funchal, and, therefore, was more likely to be successful. Indeed, these structures served as recruiters of important elements, enhancing their wishes and adding new volunteers. However, in the cases where the existing structures were linked to the state (e.g., municipalities or university), as in the cases of Faro, Viseu and Vila Real, almost nothing happened with the planned actions.
- The fact that we have been able to rely on natural leaders who encouraged others to implement actions was important because where the leadership was weak nothing happened. The leading role that we thought could be played by the chair of the forum did not turn out to be as relevant, unlike the local coordinator, who was responsible for organising and coordinating the various teams, which proved to be crucial. Similarly, our initial idea that media agents would be the ideal coordinators proved to be wrong, despite the role they played in spreading the news.
- For many people, discussing ideas, making suggestions and even participating in something that has already

been organised, especially in terms of observation only, is different to engaging in building something that, although important, is not a life goal and does not bring particular personal advantages. Thus, it is not surprising that the projects have been carried out by small groups of participants — a small fraction of those who said they were willing to undertake these projects.

- The fact that projects were always in favour of building something rather than being against something (other than inertia) was an important contribution to the success of the sessions. Indeed, at no time were options chosen that would require demonstrations or conflict against something that already existed.
- One of the most important aspects learned by the research team was connected with the definition of which entities represent the powers and the existing knowledge in a region. However, the fact that many of the people invited were members of governance boards, and were not accompanied by their assistants, was relevant to the reduced probability of execution due to the time available and priorities that these leaders had to cope with.

Regarding the limitations of this research, and despite the involvement of a considerable number of organisations and individuals, it cannot be said that they are representative of the country as a whole, much less that the results can be extrapolated to other contexts. However, based on the available knowledge and results, we are led to believe that some leadership must

occur, in order to get a revitalisation of Portuguese civil society. Portuguese society appears fragmented by interests of various kinds, with weak capacity for fulfilling ideas and for generating common ground or establishing a strong supraordinate goal. In our view, this is still not the right time for the re-birth of the country at the expense of its own efforts. Taking the example of political parties, as long as they will show themselves unable to reach agreements in strategic issues, we cannot expect citizens to do the opposite.

The model we proposed attempted to stimulate more effective ways of decision making within large groups, to serve as a pedagogy for a community tired of meetings where nothing is achieved, and to show that this inefficiency is not a cultural fatalism but more a lack of experience and knowledge of group work methods. The fact that, in every session, it was possible to complete the whole process, is an indicator of the effectiveness of our method, which has been adapted in order to work in more structured groups, as those of the corporate world, where there is a considerable space for evolution. As to collecting data during the sessions, regarding project commitment, results demonstrate that it is not worth the effort.

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THE IMPACT OF JOB SATISFACTION, ORGANIZATION COMMITMENT,
ORGANIZATION CITIZENSHIP BEHAVIOR (OCB) ON EMPLOYEES'
PERFORMANCE

*Prof. Dr. Dyah Sawitri, SE., MM.

Dr. Endang Suswati, SE., MS.

Khasbulloh Huda, SE., MM.

Gajayana University Malang, Indonesia

*Corresponding author: dyahsawitri19@yahoo.com

Abstract

Organization commonly believes that excellence should be maintained in order to improve performance, since performance basically affects teamwork or group work and in the end affects employees performance overall. Therefore, to pursue and improve performance, individual job satisfaction, commitment and fair behavior was needed. This study investigated the impact of job satisfaction, organization commitment and Organization Citizenship Behavior (OCB) on employees' performance.

This study aimed to understand and analyze The Impact of Job satisfaction, Organization Commitment, Organization Citizenship Behavior toward Employees' Performance. Sampling method used was purposive sampling, using random sampling, by giving out questionnaire to technical service personnel PT. PLN East Java Distribution Network Service Area in Mojokerto. This study was designed as explanatory study model, which was used to explain how is the impact of job satisfaction, commitment, and OCB in improving employees' performance. Considering problem, aim, and hypothesis proposed also data provided, this study used 2 kind of analysis, namely: a). Descriptive analysis, and b). Multivariate regression analysis with SEM (Structural Equation Modelling) model.

Study result showed that (a). Job satisfaction and Organization Commitment affect Organization Citizenship Behavior. This was shown from the statistics, describing the magnitude of the estimated coefficient for job satisfaction variables on Organizational Citizenship Behavior approximately .631 (Sig. = 0.000 Significant). This means that if the job satisfaction variable was changed (increased) a level more positively therefore Organizational Citizenship Behavior (OCB) will also be increased by 0.631. (b). Job satisfaction also influenced Organization Commitment, (c). Organization Commitment and Organization Citizenship Behavior affect Employees' Performance. (d). Job satisfaction did not affect Employees' Performance. This was shown from the statistics, explaining the magnitude of the coefficient estimate job satisfaction variables

on employees' performance approximately 0,084 (Sig. = 0.168 not significant). Thus job satisfaction was proven to have no significant effect on OCB. Based on the description of the variables employees' performance showed that the average performance of employees was high/good, with the average value (mean) of employees' performance variable of 4.08. (e). Job satisfaction and Organization Commitment affect performance through Organization Citizenship Behavior.

Keywords: job satisfaction, organization commitment, employees' performance, Organization Citizenship.

Background

Organization commonly believes that excellence should be maintained in order to improve performance, since performance basically affects teamwork or group work and in the end affects employees performance overall. Therefore, to pursue and improve performance, individual job satisfaction, commitment and fair behavior was needed.

Job satisfaction is essentially an individual thing. Each individual will have a variable level of satisfaction according to the value system that applies to him. The more aspects in the job that is in accordance with the individual's intentions, the higher the perceived level of satisfaction (Moh. As'ad, 2005). If a person desires for something, then it means that he has a hope, and thus he will be motivated to take action towards the achievement of these expectations. And if expectations are met, then he will feel satisfied (Anoraga, 1995).

Miller and Form in Anoraga (1995), states that "Motivation to work cannot be attributed only to the economic needs alone, because people will still work even if they already had no need of the material things. This was

done for social rewards, such as the respect and admiration of their fellow workers. Essentially, work is an activity that allows realization of social life and activity of friendship. "

Organization Citizenship Behavior (OCB) represents human nature which is sociable and helpful. In the modern era such nature seemed to be imprisoned by capitalist paradigm which necessitates pragmatism, profit and loss and individualistic. According to Katz, there are several reasons why this behavior is very important to be raised, because OCB triggers some concrete behaviors, that is: actions to maintain the wealth of the organization together, emergence of constructive opinions to develop the organization, their willingness to develop their skills and personal responsibility, creating good climate in the organization, and develop cooperative activities. (Podsakoff, 1996).

Commitment and job satisfaction are two factors that can increase customer satisfaction and OCB. When employees feel satisfied toward their work, then employees will work optimally in completing the job, even doing some things that may be beyond his duties (OCB). Those satisfaction arises from the companies' conducive work environment that

supports employees in completing the work. Likewise, when a person has a high commitment to the organization, that person will do anything to improve his company because of his belief in the organization.

This study examines in depth about the behavior of employees PT. PLN East Java Distribution Network Service Area (APJ) Mojokerto in Networking and Technical Services Section, specifically Organizational Citizenship Behavior (OCB), which is measured through organizational commitment and job satisfaction they had.

Scope of the Research

This research focus on the Impact of Job Satisfaction, Organizational Commitment, Organization Citizenship Behavior (OCB) on the Performance of Employees working in the Networking and Technical Services section of PT. PLN East Java Distribution Network Service Area (APJ) Mojokerto.

Problems

Based on the background, it can be formulated problems in PT. PLN East Java Distribution Network Service Area (APJ) Mojokerto, as follows: (a) Did job satisfaction influence OCB, (b) Did job satisfaction influence organizational commitment, (c) Did organization commitment influence OCB, (d) Was job satisfaction affecting employees' performance, (e) Was organizational commitment affecting employees' performance, (f) Was job satisfaction affecting employees' performance through OCB, (g) Did organizational commitment influence employees' performance through

OCB, and (h) Was OCB affecting employees' performance.

Research Aims

Based on the formulation of the problem, this research has objectives as follows; (a) To analyze the effect of job satisfaction on OCB, (b) To determine the effect of job satisfaction on organizational commitment, (c) To determine the effect of organizational commitment on OCB, (d) To determine the effect of job satisfaction on employee performance, (e) To determine the effect of organizational commitment on employee performance, (f) To determine the effect of job satisfaction on employee performance through OCB, (g) To determine the effect of organizational commitment on employee performance through OCB, and (h) To determine the effect of OCB on employee performance.

Literature Review

Job Satisfaction

Organization members' view about their working environment condition and feeling satisfied and not satisfied with the conditions, will affect their behavior at work. As Robbins (2002) stated, job satisfaction is a general attitude toward one's work; the difference between the amount of rewards received by a worker and the amount they expected to receive.

Robbins statement is a definition of job satisfaction in general which illustrates that job satisfaction is the relationship between individuals and their work environment. Job satisfaction would arise if individuals like their job and the environment, and vice

versa, there will be dissatisfaction within an organization members if they do not like their job, as stated by Cherrington (1994) "Job satisfaction refers basically to how much employees like their jobs."

Organizational commitment

According to Robbins (2003), "a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization" Luthans (1995) explained that organizational commitment is often defined as (1) a strong desire for someone to become a member of the organization, (2) a willingness to exert effort for the organization, and (3) belief in and acceptance of values and goals of the organization. In other words, organizational commitment is an attitude that shows the "loyalty" of employees and a continuous process of how an organization's members expressed their concern to the organization's success and virtue.

Organizational Citizenship Behavior

Smith, Organ and Near (1983) stated that OCB is employees' behavior exceeding their formal duties and giving a positive contribution in the organization's effectiveness. According to Al-Busaidi and Kuehn (2002), OCB encompasses behaviors shown by employee which classified as an extra role and not formally assigned or granted by the organization.

The term Organizational Citizenship Behavior was first proposed by Organ citing from Dumler et al (1997) research, suggesting five primary dimensions of OCB, namely:

- a. Altruism, that put the interests of others.
- b. Conscientiousness, contains in-role behavior that fulfill a level above the required minimum standard.
- c. Civic virtue, that is the involvement or voluntary participation and support of organization political life (history and development) both professionally and socially by nature.
- d. Sportsmanship, which indicates fair behavior, dislike protesting, have good behavior.
- e. Courtesy, that is a polite behavior, like to respect others or seems to alleviate problems associated with the job at hand with others.

Performance

According to Waldman (2001) performance is the combination of behavior and achievement of what was expected and their choice, or part of existing task requirements of each individual in the organization. Meanwhile, according to Mangkunagara (2001), performance can be defined as a qualitative and quantitative result of work that can be achieved by employees in carrying out their duties in accordance to the responsibilities given to him.

Soedjono (2005) mentioned seven (7) criteria that could be used to measure the individual performance of employee that is: (a) quality, (b) quantity, (c) punctuality, (d) effectiveness, (e) independence, (f) work commitment, and (g) responsibility.

Conceptual Framework

In general, this framework can describe a causal relationship that occurs between job satisfaction and organizational commitment variables with citizenship behavior (OCB) and performance which will be tested in this study. Systematically the conceptual framework of the research can be seen in Figure 1.

Hypotheses

Based on the conceptual framework, the hypothesis of research at PT. PLN East Java Distribution Service Area Network (APJ) Mojokerto, can be described as follows:

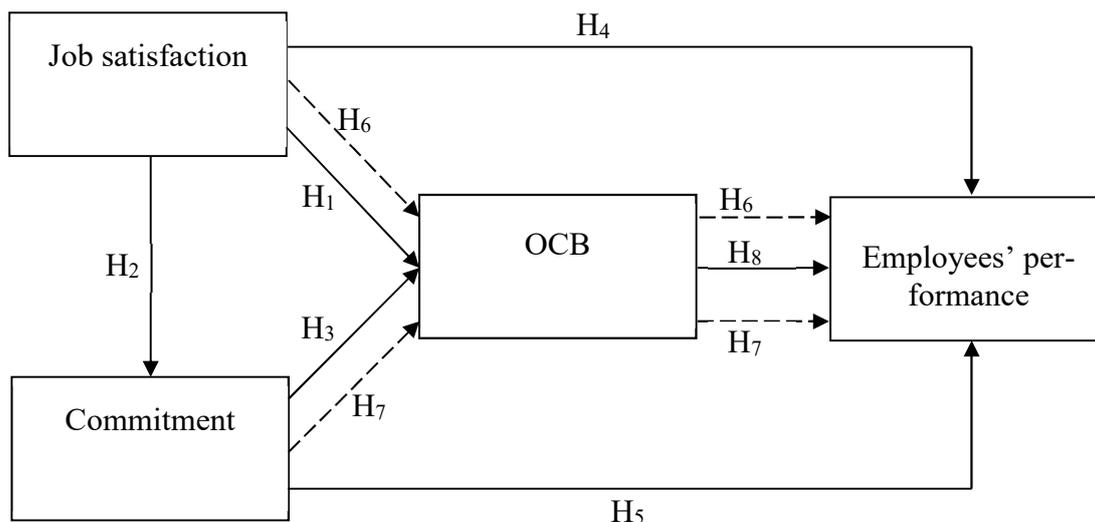
1. *H1: Job Satisfaction has a significant influence on OCB.*
2. *H2: Job Satisfaction has a significant influence on Organizational Commitment*
3. *H3: Organizational Commitment has a significant influence on OCB.*
4. *H4: Job satisfaction has a significant influence on performance.*
5. *H5: Organizational Commitment have a significant effect on performance.*
6. *H6: Job Satisfaction has a significant effect on performance through OCB.*
7. *H7: Organizational commitment has a significant effect on performance through OCB.*

8. *H8: OCB has a significant effect on performance.*

Hypothesis development adapted to the purpose of research. the suitability of the approach used to prove the hypothesis, from the data obtained further processed in accordance with the needs analysis. For the sake of discussion, the data is processed and presented based on the principles of descriptive statistics, whereas for analysis and hypothesis testing, statistical approach was used inferential variables. Hypothesis testing is done based on the results of the processing of Structural Equation Modelling (SEM) from the calculation of regression weight through value Critical Ratio (CR) of a causality, and from the calculation of Indirect Effect Standardized.

Study Design

In accordance to its objectives, this study was designed as a explanatory research model, to solve problems. Study was conducted with the orientation and action plan providing opportunities to develop a solution that could suggest any changes (Babbie, 1986: 79). Judging from the time dimension, this study was designed as a cross sectional study which is normally used in a descriptive and explanatory research. Judging from the relationship nature between the variables, this study was designed as a causal comparative study.



Source : Data processed by Author, 2015

Figure 1. Conceptual Framework of Study

Population and Sample

Population in this study were permanent employees working in PT. PLN Distribution East Java Service Unit Mojokerto, with a total of 393 people.

The samples in this study using a combination of several methods or techniques of sampling. (Sugiyono, 2006: 89).

Purposive sampling was used, with a total sample of 186 people. Purposive sampling must fulfill two properties or criteria required and correspond with purposes and objectives of the research. Criteria mentioned are:

1. The employee's status as a technical service officer
2. Engineering services officers which have worked for more than one year.

To determine how many samples are needed, then use the formula

Slovin (Husein Umar, 2003: 120) is as follows:

$$n = \frac{N}{1 + Ne^2}$$

in wich :

n = sample

N = population

e = looseness inaccuracy due to sampling error can be tolerated.

Constants (0.05 or 5%)

Calculation of the sample:

$$n = \frac{393}{1 + 393 (0,05)^2}$$

$$n = 186,476 \approx 186$$

Technical Services Officer Formation used in determining sample population in this study is fully presented in Table 1.

Types and Sources of Data Research	secondary data from documentation search in PT. PLN Distribution East Java Network Service Area (APJ) Mojokerto.
This study used primary data from the questionnaire result and	

Table 1. Population and Sample

Formation of Technical Services Officers PT. PLN Network Service Area (APJ) Mojokerto

No	Rayon	Technical Services Officers	Frequency	Sample Frequency
1	Mojokerto Kota	48 people	12.2%	23 people
2	Mojosari	48 people	12.2%	23 people
3	Pacet	28 people	7.1%	13 people
4	Mojoagung	28 people	7.1%	13 people
5	Ngoro - Jombang	40 people	10.1%	19 people
6	Jombang	48 people	12.2%	23 people
7	Ploso - Jombng	40 people	10.1%	19 people
8	Kertosono	28 people	7.1%	13 people
9	Warujayeng – Nganjuk	28 people	7.1%	13 people
10	Nganjuk	48 people	12.2%	23 people
11	Area	8 people	2%	4 people
	Total	393 people	100%	186 people

Source: PT.PLN Network Service Area (APJ) Mojokerto

Data Collection Method

Data collection techniques used in this study was questionnaire/questionnaire distribution to collect data was done directly by going to the research location involving a number of field officers.

The Variable measurement that researcher used for answer in each items was using Likert scale. Measurement scale used for each variable was based on interval 1 (one) to 5 (five).

Operational Definitions of Variables

Operational definition of variables in this study were summarized in Table 2.

Data Analysis Method

This study used 2 kind of analysis, that is:

1. Descriptive analysis, and
2. Multivariat regression analysis with SEM (*Structural Equation Modelling*) model using AMOS software (*Analisis of Moment Structure*) version 4.0.

Result and Discussion

Descriptive Analysis

Respondents' interval values were assigned in classes, to find the limit values of each classes, then the

average or mean value of each were incorporated into classes, which were presented in Table 3.

Table 2. Operational of Variables and Study Indicator

Variable	Indicator
1. Job Satisfaction Variable (X_1): Job satisfaction felt by employees toward their job.	1. Chance to be their selves ($X_{1.1}$) 2. Work environment ($X_{1.2}$) 3. Reward ($X_{1.3}$) 4. Teamwork between leader and coworker ($X_{1.4}$)
2. Commitment Variable (X_2): Loyalty shown by employee in an organization/institution both in supporting values and aims of organization and loyalty towards institution and this is a continuing process.	1. Emotional attachment ($X_{2.1}$) 2. Sense of belonging ($X_{2.2}$) 3. Based on losses ($X_{2.3}$) 4. Sacrificial consideration (<i>Cost</i>) ($X_{2.4}$) 5. Staying in an organization ($X_{2.5}$) 6. Responsible to the organization ($X_{2.6}$)
3. Organizational Citizenship Behavior (OCB) Variable (Y_1): The level of citizenship behavior of employees which was done freely beyond standard work assigned to him, did not formally commanded and did not get rewarded directly from the institution.	1. <i>Altruism</i> ($Y_{1.1}$) 2. <i>Conscientiousness</i> ($Y_{1.2}$) 3. <i>Civic virtue</i> ($Y_{1.3}$) 4. <i>Sportmanship</i> ($Y_{1.4}$) 5. <i>Courtesy</i> ($Y_{1.5}$)
4. Employees' Performance Variable (Y_2): Employees' performance for a period of time measured from output quality and quantity resulted.	1. Innovative behavior ($Y_{2.1}$) 2. Initiative ($Y_{2.2}$) 3. Self-potential level ($Y_{2.3}$) 4. Time management ($Y_{2.4}$) 5. Work quality and quantity achievements ($Y_{2.5}$) 6. Self-ability to fulfill goals ($Y_{2.6}$)

Source: Primary data after being processed, 2015

Table 3. Interval Value and Mean Category

Interval	Mean Category
1,00 – 1,80	Very poor/very low
1,81 – 2,60	Poor/low
2,61 – 3,40	Fairly well/fairly high
3,41 – 4,20	Good/high
4,21 – 5,00	Excellent/very high

Source: Primary data after being processed, 2015

Respondent answer based on respondent score, summarized in Table 4. The results of the responses in Table 4, the level of job satisfaction had an average interval 3.49 to 4.19, which means fairly good/ fairly high measurement score category. Employee commitment had an average measurement score interval 3.27 to 4.46, which means that employee commitment was

fairly good or even excellent. Respondents seemed to give fairly good/fairly high response on Organizational Citizenship Behavior (OCB) with the average interval 3.35 to 4.03. Employees' performance measurement had average score interval 4.03 to 4.15, which means that the employees' performance measured is good.

Table 4. Respondent Responses and Mean Value

Variable	Indicator	Measured Value										Mean	
		5		4		3		2		1			
			%		%		%		%		%		
1. Job satisfaction (X ₁)	X1.1	52	28,0	96	51,6	27	14,5	11	5,9			4,02	3,95
	X1.2	72	38,7	70	37,6	35	18,8	9	4,8			4,10	
	X1.3	34	18,3	55	29,6	65	34,9	32	17,2			3,49	
	X1.4	71	38,2	84	45,2	27	14,5	4	2,2			4,19	
2. Commitment (X ₂)	X2.1	11	5,7	53	28,5	18	9,7	4	2,2			4,46	3,88
	X2.2	26	14,0	76	40,9	66	35,5	18	9,7			3,59	
	X2.3	15	8,1	53	28,5	85	45,7	33	17,7			3,27	
	X2.4	81	43,5	32	17,2	58	31,2	15	8,1			3,96	
	X2.5	95	51,1	49	26,3	30	16,1	12	6,5			4,22	
	X2.6	32	17,2	92	49,5	50	26,9	12	6,5			3,77	
3. Organizational Citizenship Behavior (OCB) (Y ₁)	Y1.1	32	17,2	81	43,5	58	31,2	15	8,1			3,70	3,76
	Y1.2	48	25,8	10	5,8	34	18,3	4	2,2			4,03	
	Y1.3	21	11,3	51	27,4	86	46,2	28	15,1			3,35	
	Y1.4	33	17,7	87	46,8	50	26,9	16	8,6			3,74	
	Y1.5	49	26,3	95	51,1	30	16,1	12	6,5			3,97	

4. Employees' performance (Y ₂)	Y2.1	49	26,3	112	60,2	23	12,4	2	1,1			4,12	4,08
	Y2.2	53	28,5	111	59,7	18	9,7	4	2,2			4,15	
	Y2.3	45	24,2	114	61,3	23	12,4	4	2,2			4,08	
	Y2.4	40	21,5	114	61,3	29	15,6	3	1,6			4,03	
	Y2.5	39	21,0	119	64,0	25	13,4	3	1,6			4,04	
	Y2.6	45	24,2	110	59,1	26	14,0	5	2,7			4,05	

Source: Primary data after being processed, 2015

Confirmatory Factor Analysis

Confirmatory factor analysis is the phase measurement of the indicators that make up the latent variables in the research model. The purpose of the confirmatory factor analysis is to examine the dimensions unidimensionalitas of forming respective latent variables. Results of

confirmatory factor analysis of each model will be discussed in the following analysis.

Test results on the feasibility Model confirmatory factor analysis to construct; Job Satisfaction, Organizational Commitment, OCB, and Employee Performance presented SCARA summarized in Table 5.

Table 5. Feasibility Model Testing Results On Factor Analysis Constructs: Job Satisfaction, Organizational Commitment, OCB, and Employee Performance

Constructs	Goodness of Fit Indeks	Cut-off Value	Hasil Analisis	Evaluasi Model
Job Satisfaction	Chi – Square (X ²)		0,246	
	Probability	≥ 0,05	0,884	Good
	RMSEA	≤ 0,08	0,000	Good
	GFI	≥ 0,90	0,999	Good
	AGFI	≥ 0,90	0,997	Good
	CMIN/DF	≤ 2,00	0,123	Good
	TLI	≥ 0,95	1,057	Good
CFI	≥ 0,95	0,999	Good	
Organizational Commitment (modification)	Chi – Square (X ²)		7,002	
	Probability	≥ 0,05	0,429	Good
	RMSEA	≤ 0,08	0,001	Good
	GFI	≥ 0,90	0,987	Good
	AGFI	≥ 0,90	0,962	Good

	CMIN/DF	$\leq 2,00$	1,000	Good
	TLI	$\geq 0,95$	1,000	Good
	CFI	$\geq 0,95$	0,987	Good
Organizational Citizenship Behavior (modification)	Chi – Square (X ²)		2,320	
	Probability	$\geq 0,05$	0,313	Good
	RMSEA	$\leq 0,08$	0,029	Good
	GFI	$\geq 0,90$	0,995	Good
	AGFI	$\geq 0,90$	0,963	Good
	CMIN/DF	$\leq 2,00$	1,160	Good
	TLI	$\geq 0,95$	0,991	Good
	CFI	$\geq 0,95$	0,995	Good
Employee Performance (modification)	Chi – Square (X ²)		10,515	
	Probability	$\geq 0,05$	0,161	Good
	RMSEA	$\leq 0,08$	0,052	Good
	GFI	$\geq 0,90$	0,981	Good
	AGFI	$\geq 0,90$	0,943	Good
	CMIN/DF	$\leq 2,00$	1,502	Good
	TLI	$\geq 0,95$	0,976	Good
	CFI	$\geq 0,95$	0,981	Good

Source: Primary data after being processed, 2015

Confirmatory Factor Analysis Results in Table 5, the construct of job satisfaction that is used to form a model of research on the process of confirmatory factor analysis goodness of fit fulfilling the criteria that have been set. This is because the probability value of goodness of fit test showed the value of 0.884 ($P < 0.05$) means that tests the feasibility of the model has been qualified as a good model. Therefore, based on the confirmatory factor analysis, the research model to construct job satisfaction can be used for further analysis.

The results of the analysis of previous data processing to construct the organization's commitment not meet the criteria of goodness of fit, but after the modification of the model it as described in Table 5, the value of goodness of fit test probability indi-

cates the value of 0.429 ($P > 0.05$), which means tests feasibility to construct a model of organizational commitment has been qualified as a good model. Thus the model fit the predicted values of the observations already meets the suitability model.

The results of the analysis of previous data processing to construct OCB not meet the criteria of goodness of fit, but after modification of the model, the results are presented in Table 5, the value of goodness of fit test probability indicates the value of 0.313 ($P > 0.05$), which means that tests the feasibility construct a model for OCB already qualifies as a good model.

The results of the analysis of data processing to construct the model's performance after the modification then as described in Table 5,

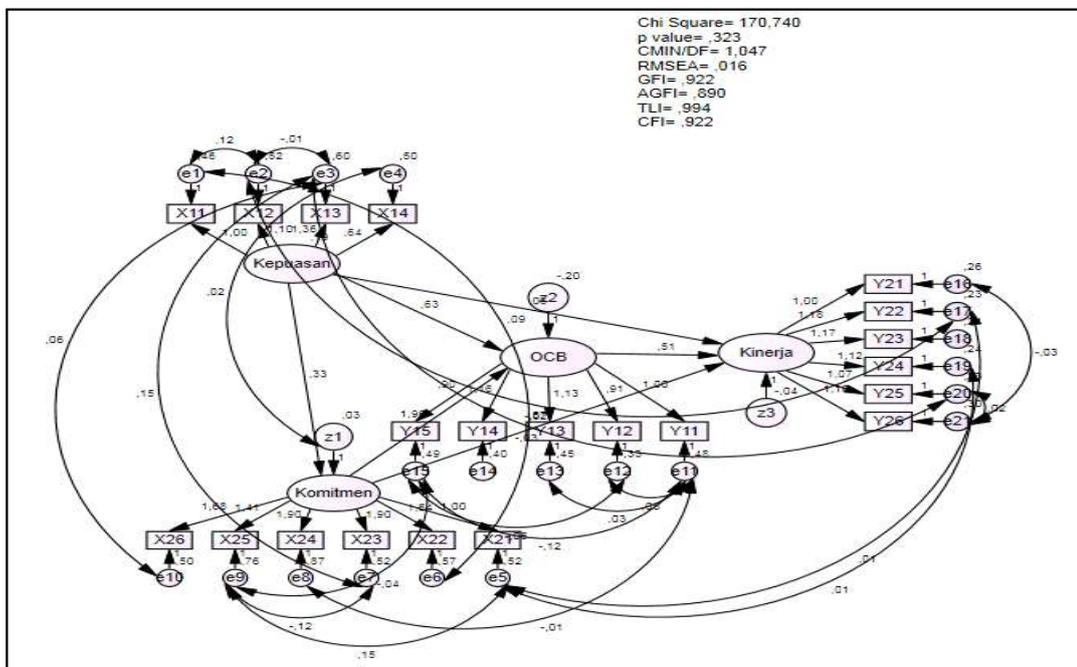
the value of goodness of fit test probability indicates the value of 0.161 ($P > 0.05$), which means that tests the feasibility of the model to construct the performance has been qualified as a model good. Thus the model fit the predicted values of the observations already meets the suitability model. Furthermore, based on the confirmatory factor analysis, the research model to construct performance can be used for further analysis.

Structural Equation Modelling (SEM) Analysis

Structural Equation Model (SEM) analysis using full model, after analyzing one-dimensional level of the indicators forming latent variables which was tested by using confirmatory factor analysis. Analysis of processed data at the stage of a full model SEM was conducted by conformation test and statistical test. Structural

Equation Model (SEM) using modified – full model can be seen in Figure 2.

Data processed using modified – full model SEM can be summarized in Table 6. Based on the results in Table 6, there were shown that model used was acceptable, since chi-square value obtained was 170,740 with significance value of 0.323 indicating that structural equation model was good enough. Measurement index of RMSEA, GFI, AGFI, CMIN / DF, TLI and CFI were within the expected range of values (good). AGFI value was well received, where AGFI is identical to R^2 in the multiple linear regression therefore AGFI value of 0.890 indicates that the contribution of job satisfaction, organizational commitment, OCB and motivation variable toward performance variable was 89.0%, while the rest is explained by other variables, so it can be said that the AGFI value was quite high in



Source: Primary data after being processed, 2015

contributing to variations in performance variables. Chi-square probability value of 0,323 ($P > 0.05$), means that the data was in accordance to theoretical models estimated. CMIN/DF of $1,047 < 2,00$, means that the feasibility of tested model is good. Based of the data processing result, there was obtained CFI 0.922 greater than 0.95, therefore it can be concluded that the tested model had already met the required criteria (Table 6).

Hypothesis Testing

Hypothesis testing to prove Hypothesis 1, 2, 3, 4, 5 and 8 was based on *Critical Ratio* (CR) value of causality relationship of SEM analysis result, summarized on Table 7.

Hypothesis testing of hypothesis 7 and 8, was using *Standardized Indirect Effect* measurement result. Hypothesis testing result could be seen on Table 8.

Discussion

Discussions of each variables in this study presented as follows.

Effect of Job Satisfaction on Organizational Citizenship Behavior

This study showed that job satisfaction variable had a significant effect on Organizational Citizenship Behavior. This was shown from the statistics in Table 7, describing the magnitude of the estimated coefficient for job satisfaction variables (X1) on Organizational Citizenship Behavior (Y1) approximately .631 (Sig. = 0.000 Significant). This means that if the job satisfaction variable was changed (in-

creased) a level more positively therefore Organizational Citizenship Behavior (OCB) will also be increased by 0.631. Based on the description of variable in Table 4, job satisfaction showed that the average employee satisfaction was high/good, with the average value (mean) of job satisfaction variable of 3.95.

Job Satisfaction Effect on Commitment

This study showed that job satisfaction variable significantly influenced organizational commitment. It is shown from the statistics in Table 7, explaining the magnitude of the estimated coefficient for job satisfaction variable on organizational commitment of 0.328 (Sig. = 0.000 Significant). This means that if the job satisfaction variable was changed (increased) a level more positively therefore organizational commitment of employees will also be increased by 0.328. Study Result from each variable, summarized in Study Result Matrix, on Table 9.

Based on the description of the variables in Table 4, job satisfaction showed that the average employee satisfaction was high/good, with the average value (mean) of job satisfaction variable of 3.95.

Commitment Effect on Organizational Citizenship Behavior

Statistical analysis results in Table 7, explaining the magnitude of the estimated coefficient variable Organizational Commitment (X2) on Organizational Citizenship Behavior (Y1) was approximately 1.957 (Sig. = 0.000 Significant). This means that if Organizational Commitment variable was

Table 6. Structural Equation Modeling (SEM)
(Modified) Feasibility Test Result

Goodness of Fit Index	Cut-off Value	Analysis Result	Model Evaluation
Chi – Square (X2)		170,740	
Probability	≥ 0.05	0,323	Good
RMSEA	≤ 0.08	0,016	Good
GFI	≥ 0.90	0,922	Good
AGFI	≥ 0.90	0,890	Good
CMIN/DF	≤ 2.00	1,047	Good
TLI	≥ 0.95	0,994	Good
CFI	≥ 0.95	0,922	Good

Source: Primary data after being processed, 2015

Table 7. Hypothesis Testing Based on Critical Ratio (CR) Value of Causality
Relationship of SEM Analysis Result on Variables:
Job Satisfaction, Commitment, OCB, and Employees' Performance

Variable	Estimate	S.E.	C.R.	P	Notes
OCB <--- Job satisfaction	,631	,177	3,573	***	Significant
Commitment <--- Job satisfaction	,328	,089	3,690	***	Significant
OCB <--- Commitment	1,957	,409	4,790	***	Significant
Performance <--- Job satisfaction	,084	,061	1,378	,168	Not Significant
Performance <--- Commitment	,574	,139	4,141	***	Significant
Performance <--- OCB	,512	,069	7,436	***	Significant

Source: Primary data after being processed, 2015

Table 8.
T Test Result (CR) on Job Satisfaction, and Commitment Variables Towards
Performances Through OCB (*Standardized Indirect Effect*)

		Variable	Direct Effect	Indirect Effect	Total Effect
Job satisfaction	-->	Performance	0,094	0,943	1,037
Commitment	-->	Performance	0,341	0,595	0,936

Source: Primary data after being processed, 2015

Table 9. Study Result Matrix

Variable	Sub-variable	Indicator	Hypothesis Results	
1. Job satisfaction (X ₁)	Chance to be their selves	X1.1	<p>1. Job satisfaction had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.573 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>2. Job satisfaction had significant positive effect on employees organizational commitment in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.690 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>3. Organizational commitment had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 4.790 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>4. Job satisfaction had positive effect but not statistically significant on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by 1,378 CR values smaller than 0.168 ± 1.96 and a probability greater than 0.05 ($P < 0.05$). (Table 7)</p>	
	Work environment	X1.2		
	Reward	X1.3		
	Teamwork between leader and coworker	X1.4		
2. Commitment (X ₂)	Affective Commitment	X2.1	<p>1. Job satisfaction had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.573 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>2. Job satisfaction had significant positive effect on employees organizational commitment in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.690 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>3. Organizational commitment had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 4.790 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>4. Job satisfaction had positive effect but not statistically significant on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by 1,378 CR values smaller than 0.168 ± 1.96 and a probability greater than 0.05 ($P < 0.05$). (Table 7)</p>	
		X2.2		
	Continuance Commitment	X2.3 X2.4		
3. Organizational Citizenship Behavior (OCB) (Y ₁)	Normative Commitment	X2.5	<p>1. Job satisfaction had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.573 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>2. Job satisfaction had significant positive effect on employees organizational commitment in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.690 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>3. Organizational commitment had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 4.790 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>4. Job satisfaction had positive effect but not statistically significant on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by 1,378 CR values smaller than 0.168 ± 1.96 and a probability greater than 0.05 ($P < 0.05$). (Table 7)</p>	
		X2.6		
		Altruism		Y1.1
		Conscientiousness		Y1.2
		Civic virtue		Y1.3
4. Employees' performance (Y ₂)	Sportmanship	Y1.4	<p>1. Job satisfaction had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.573 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>2. Job satisfaction had significant positive effect on employees organizational commitment in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 3.690 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>3. Organizational commitment had significant positive effect on employees Organizational Citizenship Behavior (OCB) in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 4.790 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0.05$). (Table 7)</p> <p>4. Job satisfaction had positive effect but not statistically significant on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by 1,378 CR values smaller than 0.168 ± 1.96 and a probability greater than 0.05 ($P < 0.05$). (Table 7)</p>	
		Courtesy		Y1.5
		Innovative behavior		Y2.1
	Initiative	Y2.2		

	Self-potential level	Y2.3	<p>5. Organizational commitment had significant positive effect on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 4.141 which is greater than the probability $0,000 \pm 1.96$ and less than 0.05 ($P < 0.05$). (Table 7)</p> <p>6. Job satisfaction had significantly influenced performance through Organizational Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto, supported by Sobel test coefficient result of 2.396 with a p value of 0.016 ($P < 0.05$). (Table 8)</p> <p>7. Organizational commitment had significantly influenced performance through Organizational Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto, supported by Sobel test coefficient result of 2.623 with a p value of 0.009 ($P < 0.05$). (Table 8)</p> <p>8. Organizational Citizenship Behavior (OCB) had significantly positive effect on employees' performance in PLN Distribution East Java Service Unit Mojokerto, supported by CR value of 7.436 which is greater than the probability of 0.000 ± 1.96 and smaller than 0.05 ($P < 0, 05$). (Table 7)</p>
	Time management	Y2.4	
	Work quality and quantity achievements	Y2.5	
	Self-ability to fulfill goals	Y2.6	

Source: Primary data after being processed, 2015

changed (increased) a level more positively therefore OCB will also be increased by 1.957. Based on the description of the variables in Table 4, Organization Commitment showed that the average employee organizational com

mitment was high/good, with the average value of Organizational Commitment variable of 3.88.

Job Satisfaction Effect on Employees' Performance

This study showed that job satisfaction variable had no significant effect on the employees' performance. This was shown from the statistics in Table 7, explaining the magnitude of the coefficient estimate job satisfaction variables (X1) on employees' performance (Y2) approximately 0,084 (Sig. = 0.168 not significant). Thus job satisfaction was proven to have no significant effect on OCB.

Based on the description of the variables in Table 4, employees' performance showed that the average performance of employees was high/good, with the average value (mean) of employees' performance variable of 4.08.

Commitment Effect on Employees' Performance

This study proved that organizational commitment variable had significantly influenced employees' performance. This was shown from the statistics in Table 7, explaining the magnitude of the estimated coefficient of organizational commitment variable (X2) on employees' performance (Y2) of 0.574 (Sig. = 0.000 Significant). This means that if Organizational Commitment variable was changed (increased) a level more positively, employees' performance will also be increased by 0.574.

Based on the description of the variables in Table 4, employees' performance showed that the average of employees' performance was high/good, with the average value (mean) of Employees' Performance variable of 4.08. This means that employees rated

or felt good/high about employees' performance in their workplace.

Job Satisfaction Effect on Employees' Performance through Organizational Citizenship Behavior

This study showed that job satisfaction variable had significantly influenced performance through OCB. It was shown from the statistics in Table 8, explaining the magnitude of the estimated coefficient of job satisfaction variable on employees' performance through OCB with a direct effect approximately 0.094 and indirect effect approximately 0.943 with total effect of 1.037. And viewed from Sobel test, there appeared Sobel test's coefficient of 3.213 with p value < 0.001 (Sig. = 0.000 Significant). This means that if organizational commitment variable was changed (increased) a level more positively, employees' performance will also be increased by 3.213.

Commitment Effect on Employees' Performance through Organizational Citizenship Behavior

This study proved that organizational commitment variable had significantly influenced employees' performance through OCB. It was shown from the statistics in Table 8, explaining the magnitude of the estimated coefficient for organizational commitment variable to employees' performance through OCB with direct effect of 0.341 and indirect influence of .595 with total effect of 0.936. And viewed from Sobel test, there appeared Sobel test's coefficient of 4.021 with p value < 0.000 (Sig. = 0.000 Signif-

icant). This means that if organizational commitment value was changed (increased) a level more positively, employees' performance will also be increased by 4,021.

Organizational Citizenship Behavior Effect on Employees' Performance

This study proved that Organizational Citizenship Behavior (OCB) variable had significantly affect employees' performance. It was shown from the statistics in Table 7, explaining the magnitude of the estimated coefficient of Organizational Citizenship Behavior (Y1) variable on employees' performance (Y2) of 0.512 (Sig. = 0.012 Significant). This means that if the Organizational Citizenship Behavior (OCB) variable was changed (increased) a level more positively, employees' performance will also be increased by 0.512.

Based on the description of the variables in Table 4, Organizational Citizenship Behavior indicates that on average employees' Organizational Citizenship Behavior was high/good, with the average value (mean) of (OCB) variable of 3.76.

Conclusion and Recommendation

Conclusion

Based on the hypothesis testing result and discussion, it can be concluded that:

1. Job satisfaction had a positive significant effect on Organizational

Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto, which can be interpreted that if satisfaction is increased then employees' Organizational Citizenship Behavior (OCB) will be increased.

2. Job satisfaction had a positive significant effect on employees' Organizational Commitment in PLN Distribution East Java Service Unit Mojokerto, which could mean that if job satisfaction is increased then employees' commitment will be increased.

3. Organizational commitment had a positive significant effect on Organizational Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto, implying that if commitment is enhanced then employees' Organizational Citizenship Behavior (OCB) will be increased

4. Job satisfaction had no significant positive effect on employees' performance in PLN Distribution East Java Service Unit Mojokerto.

5. Organizational commitment had a positive significant effect on employees' performance in PLN Distribution East Java Service Unit Mojokerto, if the commitment is enhanced then employees' performance will be increased.

6. Job satisfaction had significantly influenced performance through Organizational Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto,

meaning that if job satisfaction increased, subsequently Organizational Citizenship Behavior (OCB) will also be increased, therefore employees' performance will be increased due to the establishment of good cooperation and togetherness.

7. Organizational commitment had a significant effect on the performance through Organizational Citizenship Behavior (OCB) in employees of PLN Distribution East Java Service Unit Mojokerto, which could mean that if organizational commitment is increased, subsequently Organizational Citizenship Behavior (OCB) will also be increased, therefore employees' performance will be increased due to the establishment of good cooperation and togetherness.

8. Organizational Citizenship Behavior (OCB) had a positive significant impact on employees' performance in PLN Distribution East Java Service Unit Mojokerto, this can be interpreted that increased Organizational Citizenship Behavior (OCB) will result in improved and better performance due to the establishment of good cooperation and togetherness.

Recommendation

Based on the conducted study, there were several recommendations as follows:

1. For Companies
 - In order to improve the performance of technical service officers towards job satisfaction, the company should be able to maintain

good cooperation either leader or coworkers thus supporting job completions as an indicator with the highest scores.

- Meanwhile, viewed from commitment aspect, the company must consider appropriate reward in doing the job, since getting appropriate rewards from the company is the highest scores in the indicators.
- In Organizational Citizenship Behavior (OCB) aspect, the company must improve the sense of having in-role behavior which met a level above the minimum required standards, such as working meticulously, early attendance, adherence to the rules.

2. For Future Research

- Despite that this study still had many shortcomings, hopefully this study will be able to inspire other researchers to conduct more in-depth research by using different "knife analyzes", for example, OCB variable, OCB dimensions and performance, moreover, combining them with Leadership Style variable. Based on the policy in the leadership regeneration and the emergence of new regulations, this will have an impact on the performance of technical service officers.

Research Limitation

This study had limitation in explaining things or variables which actually was included in the scope of this research but because of methodological difficulties or other certain procedural those variables cannot be included in this study and was out of researchers' control. Also, the lack of

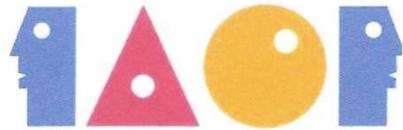
enthusiasm of respondents who think that so many research conducted yet none of the employees' demands was fulfilled. The transition period of leadership regeneration which use a new method in executing the SOP cast doubts on the respondents in concluding their working environment condition.

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COMBINING PASSION WITH PLANNING: APPLYING ORGANIZATIONAL THEORY TO IMPROVE BUSINESS OPERATIONS IN NON-PROFIT ORGANIZATIONS

Alison Mendoza-Walters, MPH
School of Business and Public Administration
University of the District of Columbia
Washington DC, USA
a.mendoza.215@gmail.com

Sergey Ivanov, Ph.D.
School of Business and Public Administration
University of the District of Columbia
Washington DC, USA
sivanov@udc.edu

Abstract

In 2013, a non-profit employing 100 staff members received an award from a respected regional magazine for being one of the best places to work in the area (Washington, DC metropolitan area, United States). Since then, the organization has experienced a number of challenges. Scores on the bi-annual employee staff survey have declined in the areas of “work life balance” and “respect.” Anecdotes from staff members have described how long hours, unclear expectations, and ever changing, or rather, increasing, priorities have factored into employees’ feelings of being over-worked, frustrated, and disengaged. A study was conducted in 2015-2016 to explore some of the recent challenges facing the organization and suggest improvements. Interviews were conducted with current employees of the organization. Findings indicate that restructuring the organization may be necessary to address the challenges that have arisen.

Study Methods and Framework

We began this study with a focus on the grant application process for U.S. federal funding, because federal grant deliverables are such a large part

of organization’s work. Staff members have identified the lack of planning to be a major factor affecting work-life balance. The 2016 grant application process posed a great opportunity to improve planning.

We used Elliott Jaques' requisite organization theory as a framework for the study, and Jaques' framework led us to explore broader organizational issues. This theory has been validated by multiple theorists and studies, most notably Jaques (1964, 1976, 1996, 2002), Ivanov (2011, 2012, 2013, 2014, 2015), and others.

In Jaques' theory, all major issues in organizations are directly related to how the organization is structured. Jaques came up with the "timespan" approach to measuring organizational structure. In his theory, the time it takes for an employee to complete her longest assigned task, known as her timespan, serves as a proxy for the complexity of a job role. Examples of tasks and their timespans are given below.

Timespan Level I, 3 months or less:

- Processing an invoice; providing a customer of the organization with background documents for an ad hoc testimony to the legislature.

Timespan Level II, 3 months to 1 year:

- Completing the draft of a toolkit or report; compiling the Board Book.

Timespan Level III, 1 to 2 years:

- Completing a large-scale research report; Meeting services role in planning the Annual Meeting.

Timespan Level IV, 2 to 5 years:

- Carrying out the organization's 3-year strategic plan.

Timespan Level V, 5 to 10 years:

- Positioning the organization as a leading, go-to organization for all current, emerging, and future issues in its area of expertise.

By conducting hundreds of interviews exploring employee-supervisor relationships, Jaques found that across industries, the optimal organizational structure is that in which each supervisor's direct-reports are working on tasks that correspond with the timespan level directly underneath the supervisor. It is not important how many direct-reports each supervisor has or what the tasks actually are. The organizations with the highest productivity, highest morale, and highest overall employee satisfaction are those that follow this optimal organizational structure. An example of optimal organizational structure is depicted below:

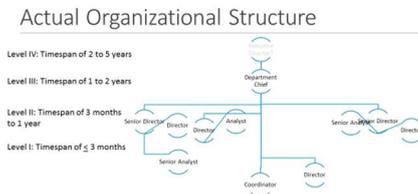


In this study, one of the researchers conducted short, semi-structured interviews with ten individuals at different position levels of the organization: coordinator, analyst, senior analyst, director, senior director, AND chief. We used the data collected to map out the current organizational structure. We then compared the current organizational structure with Jaques' optimal organization structure in order to identify problems with the current organizational structure and explain how those structural problems

contribute to the company's organizational challenges. Finally, we made short- and long-term recommendations about how the company could improve its organizational structures and the grant application process.

Findings and Recommendations

Based on the interviews, we have redrawn the company's actual organizational structure according to Jaques' requisite organizational theory. Note that this illustration does not represent any one particular department at the organization. Rather, it is a generic team that accurately represents data collected from staff members in various positions the organization. The Executive Director is listed in gray type, because we did not interview him, but wanted to represent him on this organizational chart:



There are many differences between the optimal, "requisite," organization and the organization's actual structure. First, Senior Directors, Directors, Senior Analysts, and Analysts commonly operate at the same timespan level.

In the interviews, two respondents stated that a major challenge at the organization is the lack of "front line" staff. Two respondents also stated that the breadth of work assigned to them makes it too difficult to focus on any one task and perform it well. From our

observations, Senior Director, Directors, and Senior Analysts take on tasks such as scheduling meetings, reviewing invoices, planning and executing technical assistance, managing contracts, and writing reports. In order to address this, we recommend that leadership and management should be more strategic about the division of labor.

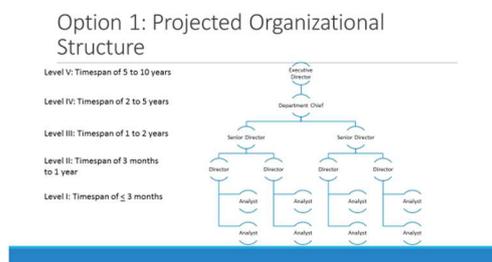
Recommendation 1: Be more strategic about the division of labor, so that employees are assigned tasks one-level below the tasks of their supervisors.

Since it is not possible to change an employee's scope of work suddenly, Recommendation 1 would best be implemented as new employees are hired into the organization. For each position vacancy, identify the timespan for each of the tasks given in the job description. In addition, re-evaluate the job tasks of the supervisor. For example, for front-line employees (Analysts, Coordinators), make sure the position description only includes Level 1 tasks. Any Level 2 tasks formerly in the job description should be transferred to the supervisor. In addition, any Level 1 tasks formerly performed by the supervisor that can be transferred to the vacancy should be added to the job description.

Recommendation 2: Restructure the organization so that employees and their supervisors do not fall in the same timespan level.

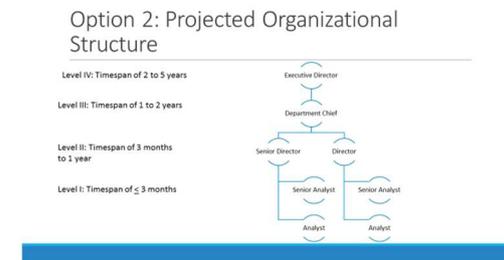
There are a two options for carrying out Recommendation 2.

Option 1: One option would be to allow department chiefs to take on more strategic, long-term initiatives. Chiefs would take on Level IV (2-to-5-year tasks), and then transfer their Level III (1 to 2 year) tasks to Senior Director. Directors would perform Level II (3 months to 1 year) tasks, and Analysts and Senior Analysts would perform Level I (3 months or less) tasks. This option would require the organization to seek more longer-term and unrestricted funds, because the one-year cycle for its current grants limits the organizations ability to take on longer term tasks. If the organization funded as many operations staff as possible (e.g. Communications staff) out of direct program expenses, this would free up more indirect funding that the organization's Chiefs and Senior Directors could use to seek out new revenue streams. An example of this organizational structure is shown below.



Option 2: A second option would be to change to a “flatter” organizational structure. If the seven department chiefs continue with their Level II tasks because it is not feasible or appropriate for chiefs to take on longer term tasks, then there should be a maximum of two supervisory levels below chiefs. Currently, there can currently be up to three supervisory levels under chiefs. As staff members leave the organization, departments could be grad-

ually restructured to more closely mirror the optimal organizational structure. An example of this organizational structure is shown below:



- Level IV: Timespan of 2 to 5 years – Executive Director
- Level III: Timespan of 1 to 2 years – Department Chief
- Level II: Timespan of 6 to 12 months – Senior Director
- Level II: Timespan of 3 to 6 months – Director
- Level I: Timespan of 2 to 3 months – Senior Analyst
- Level I: Timespan of less than 2 months – Analyst

According to Jaques’ organizational theory, these two recommendations alone would have wide spread positive effects for the organization with respect to work-life balance, job satisfaction, worker engagement, and both individual and organizational productivity. Since these recommendations depend on gradual restructuring whenever an employee leaves the organization, I have outlined a number of short-term solutions that the organization could implement immediately, with a focus on targeted improvements for the upcoming Bundle application process, which is an application packet for five to six federal grants.

Recommendation 3: Fully utilize SharePoint to eliminate version-control issues.

Even with naming conventions and folder structures, confusion can still arise about which version is the latest one. Editing the wrong version results in inefficiencies and rework.

Recommendation 4: Schedule in as much time as possible to write proposals.

When possible, staff should start planning earlier. A good example of this recommendation already being implemented is one of the internal proposal development committees, which is providing guidance on budget and staffing allocations for certain work

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plan deliverables. Although some of the funders are very prescriptive, there are others who allow for more flexibility and innovation.

Staff members should start planning as much proposal work as possible six months or more in advance of the application deadline. Come application season, in order to allow more time for proposal writing, reschedule or cancel all non-essential meetings (e.g. internal workgroups, contractor calls, etc.) When possible, schedule business travel to take place outside of the proposal writing window.

Conclusion

There are a number of long-term and short-term solutions to improve this organization, mainly focused on restructuring to comply with Jaques' requisite organizational structure.

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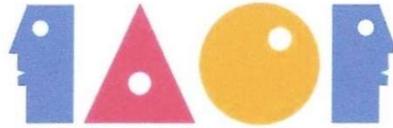
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EXPLORING THE EFFECTS OF PERSONALITY TRAITS ON HOTEL EMPLOYEE JOB BURNOUT

Chieh-Heng Ko

Dept. of Hospitality Management, Da Yeh University, Taiwan, R.O.C.
Email: chko@mail.dyu.edu.tw

Shu-Rung Lin

Dept. of Hospitality Management, Da Yeh University, Taiwan, R.O.C.
Email: vicky63@mail.dyu.edu.tw

Abstract

It is a stressful working situation to work with hotel industry and usually make hotel employees leave the industry. Therefore, the purpose of this study is to explore the effects of personality traits on hotel employees' job burnout. The Five-Factors Model (neuroticism, extraversion, conscientiousness, agreeableness, openness to experience) was used as personality dimensions. Data were analyzed through a series of hierarchical regression analyses. The results indicated that agreeableness is a useful predictor of two job burnout dimensions (cynicism and professional efficacy). Therefore, when looking for suitable employees, hotel should pay close attention to people with agreeableness.

Keywords: Job burnout, Five-Factors Model, Employee personality

Introduction

The hotel industry has long struggled with high employee turnover. It is believed that the nature of the work, its long working hours, high press contribute to this result. Hotel front-line employees are often required to be polite and smile to serve customers but dealing with problem customers is one of the most unpleasant incidents. This type of

job stress usually make hotel employees leave the industry. In conducting such stressful working situation, personality traits was recognized as great influence (Maslach et al., 2001). Therefore, the purpose of this study was to determine if personality plays an important role in the face of job burn out in the hotel industry. The personality taxonomy known as the Five-Factor Model (i.e., neuroticism, ex-

traversion, conscientiousness, agreeableness, openness to experience) has been particularly influential in industrial and organizational psychology during the last decade (Demerouti et al., 2001). Thus, the Five-Factor Model was used in this study as personality dimensions.

Literature Review

Job burnout is a type of stress and composed of three sub-constructs: emotional exhaustion, depersonalization, and personal accomplishment (Goddard et al., 2004). Emotional exhaustion refers to a lack of energy and a feeling that one's emotional resources are used up because of excessive psychological demands. Depersonalization is characterized by treating others as objects rather than people through cynical, callous, and uncaring attitudes and behaviors. Diminished personal accomplishment denotes a tendency to evaluate oneself negatively because of failure to produce results. Each sub-dimension of job burnout captures its unique aspect of job burnout (De Vries et al., 2002). In summary, the principal dimensions of job burnout are the stress component (emotional exhaustion), interpersonal relations (depersonalization), and self-evaluation (personal accomplishment).

In addition to work environment variables (i.e., job demands and resources), several psychologists have emphasized personality traits as feasible predictors of job burnout. De Vries et al. (2002) reported extraversion, conscientiousness, and neuroticism as the most frequently emerged personality traits related to vocational behaviors.

Extraversion reflects individual traits such as being sociable, gregarious, assertive, talkative, and active. Allen and Mellor (2002) found that extraversion was a valid predictor for two occupations involving social interactions: managers and sales personnel. Goddard et al., (2004) discovered that extraversion was related to job burnout after controlling for stressful occupational events and demographic variables. Given the nature of the hotel industry, which requires numerous social skills, extraversion is expected to play a key role in hotel job performance (Keegan et al., 2005). Therefore, we propose the following hypotheses:

Hypothesis 1. Extraversion will have a negative influence on exhaustion and cynicism, and a positive effect on professional efficacy in the hotel work setting.

Agreeableness reflects individual differences in warmth, friendliness, kindness, and empathy in social interactions, which helps inhibit interpersonal conflicts with other individuals. Although agreeableness appears similar to extraversion, they are two distinct dispositions. Jensen-Campbell and Graziano (2001) asserted that extraversion is about social impact, whereas agreeableness deals with maintaining positive relations with others. Unlike extraversion, studies focusing on agreeableness in relation to job burnout and job performance have been fewer and the findings have been inconsistent. Using a Dutch working population, De Vries and Van Heck (2002) found no significant relationship between fatigue and agreeableness.

However, other researchers reported a negative effect of agreeableness on emotional exhaustion (Maslach, 2001) and depersonalization (Zellars et al., 2000) of three job burnout components. Marchese and Ryan (2001) recognized the importance of hospitality employee's capability of identifying customer's needs from subtle signals and argued that training should be provided to change the way staff members feel about other people. Hotel employees high in agreeableness are likely to be more sensitive to guest's needs and foster a long-term positive relationship with guests, improving repeat business and profitability. Accordingly, we propose the following hypothesis:

Hypothesis 2. Agreeableness will have a negative influence on exhaustion and cynicism, and a positive effect on professional efficacy in the hotel work setting.

Conscientiousness is defined as an individual's dependability (careful, thorough, responsible, and organized) and volition (hardworking, achievement-oriented, and persevering). Conscientiousness has been reported as the most important disposition in its relationship to job performance. This trait showed a consistent relationship with all job performance criteria (job proficiency, training proficiency, and personnel data) across five major occupational groups: professionals, police, managers, sales personnel, and skilled/ semi-skilled (Barrick and Mount, 1991). De Vries and Van Heck (2002) reported that conscientiousness was negatively related to high fatigue scores. Goddard et al., (2004)

found that conscientiousness was positively associated with personal achievement, which was similar to professional efficacy. Accordingly, we propose the following hypothesis:

Hypothesis 3. Conscientiousness will have a negative influence on exhaustion and cynicism, and a positive impact on professional efficacy in the hotel work setting.

Neuroticism reflects individual differences in anxiousness, depression, anger, embarrassment, emotionality, worry, and insecurity. Overall, this personality dimension affects job burnout factors in the opposite direction of extraversion, agreeableness, and conscientiousness. Allen and Mellor (2002) found that neuroticism had a significant relationship with exhaustion, cynicism, and reduced professional efficacy in their cross-sectional studies using a group of nurses. Worsfold's (1989) personality profile of the hotel manager showed that hotel managers suffer from less anxiety than business executives, reflecting lodging managers may have a more stable personality. Therefore, we propose the following hypothesis:

Hypothesis 4. Neuroticism will have a positive influence on exhaustion and cynicism, and a negative effect on professional efficacy in the hotel work setting.

The last personality trait, openness to experience, represents individual differences pertaining to intelligence, breadth of interests, and creativity. This trait has been largely irrelevant to one's job burnout with only one exception: the

research done by Zellars et al. (2000). Their study reported openness to experience as a significant determinant of job burnout in the health care industry. For the purpose of this study, it was assumed that because of the limited number of studies on this subject,

Hypothesis 5. Openness to experience will not exert any effect on job burnout in the hotel work setting.

Methodology

From previous empirical studies in the relevant literature, a questionnaire was developed to investigate the relationship between personality and job burnout. Data were gathered from a sample of full-time frontline employees in five-star hotels in Taiwan in 2015. A number of 280 questionnaires were distributed to frontline employees working in these hotels. After removing the records containing heavily missing values, a total of 236 responses remained in the analysis. A series of hierarchical regression analyses was used as a major statistical technique to test research hypotheses. One advantage of the hierarchical analysis is that once the order of the independent variables is determined, a unique partitioning of the total Y variance accounted for by the independent variable(s) entering at the moment may be made (Cohen et al., 2003). In the regression model proposed in this study, besides the five personality factors, two additional independent variables (workload and autonomy) were included.

The previous literature indicates workload and autonomy as the most

widely accepted job burnout antecedents. Therefore, it was deemed appropriate to allow these two attributes to enter the model first as control variables for the purpose of partialing out of their effects (step 1). Then, five personality factors, which are the focus of this study, were added into the equation (step 2). These hierarchical steps were repeated for each of the three job burnout components: exhaustion, cynicism, and professional efficacy.

Results

Table 1 presents the results of the hierarchical regression analyses conducted for each of the three job burnout variables (exhaustion, cynicism, and professional efficacy). Overall, the model for emotional exhaustion was significant, $F(7, 182) = 8.94, p < 0.05$, explaining a total of 42% of the variance. In step 1, both workload ($\beta = 0.46, p < 0.01$) and autonomy ($\beta = -0.27, p < 0.01$) were found to be influential predictors of the exhaustion component of job burnout. After five personality traits entered the equation (in step 2), there were significant increments in R^2 ($\Delta R^2 = 0.15, p < 0.01$). Two personality dispositions (extraversion and neuroticism) displayed significant beta coefficients ($p < 0.05$). Further, the sign of beta coefficients suggested that extraversion ($\beta = -0.13$) had a negative relationship with exhaustion, whereas neuroticism ($\beta = 0.32$) had a positive relationship with exhaustion.

Next, the cynicism-dependant variable was examined in a similar manner. Overall, the regression model for

Table 1. Hierarchical regression results predicting job burnout

Dependant variables	Independent variables	β	R^2	ΔR^2		
Emotional exhaustion	Step 1	Control variables		.27**		
		Workload	.46**			
			Autonomy	—		
				.27**		
	Step 2	Big Five personality		.42**	.15**	
		Extraverson	—			
				.31**		
		Agreebleness	—			
				.08**		
		Conscientiousness	— .03			
		Neuroticism	.32**			
		Openness to experience	.08			
Model: $F(7,182)=18.50, p < .01$						
Cynicism	Step 1	Control variables	.07	.08**		
		Workload	—			
				.28**		
			Autonomy			
	Step 2	Big Five personality		.26**	.18**	
		Extraverson	— .10			
				—		
				.24**		
		Conscientiousness	.02			
		Neuroticism	.30**			
		Openness to experience	.10			
Model: $F(7,182)=8.94, p < .05$						
Professional efficacy	Step 1	Control variables		.19**		
		Workload	.07			
			Autonomy	.43**		
	Step 2	Big Five personality		.35**	.16**	
		Extraverson	.06			
				.28**		
		Conscientiousness	.24**			
		Neuroticism	.11			
		Openness to experience	.03			
	Model: $F(7,182)=14.26, p < .05$					

cynicism was significant, $F(7, 182) = 8.94, p < 0.05$, explaining 26% of the variance. In step 1, only autonomy ($\beta = -0.28, p < 0.01$) predicted significant levels of cynicism. The entry of five-factor personality added 18% of the variance to the equation ($\Delta R^2 = 0.18, p < 0.01$). Two personality attributes appeared to be influential factors on cynicism ($p < 0.01$). Specifically, agreeableness ($\beta = -0.24$) had a negative impact on cynicism while neuroticism ($\beta = 0.30$) showed a positive effect on cynicism.

Lastly, the model for professional efficacy was significant, $F(7, 182) = 14.26, p < 0.05$ with a R^2 of 0.35. As with cynicism, autonomy ($\beta = 0.43, p < 0.01$) was the only significant determinant of two control variables. In the following step, five personality traits contributed 16% of the variability to the model ($\Delta R^2 = 0.16, p < 0.01$). Agreeableness ($\beta = 0.28, p < 0.01$) and conscientiousness ($\beta = 0.24, p < 0.01$) were revealed to have significant and positive beta coefficients, suggesting positive impacts of these two dispositions on professional efficacy.

Based on the above analyses, each research hypothesis was tested. All personality dispositions in question appear to affect some components of job burnout in the way postulated, except openness to experience. Therefore, Hypotheses 1–4 regarding extraversion, agreeableness, conscientiousness, and neuroticism are partially supported. On the other hand, the last hypothesis (Hypothesis 5) in relation to no effect of openness to experience on job burnout is fully supported as a result of no significant relationship between the trait and job burnout attributes in this study.

Conclusions

In hospitality academia, most scholarly efforts examine employee job burnout focusing on work environment and conditions. This study enriches the body of literature by demonstrating empirical evidence of the role of personality types in hotel job burnout. The present research also bridges the gap between hospitality education and the hotel industry where personality measures have been a popular tool for personnel selection and placement (Worsfold, 1989). The results of this study strengthen the use of personality testing in the lodging industry by validating the impact of individual personality on job burnout.

One of the most noteworthy findings in this research is the predictability of agreeableness in two job burnout dimensions (cynicism and professional efficacy). For the lodging industry, it continues to be important to find the right personnel who can interact with guests in a friendly and charming manner (part of the agreeableness dimension) at all times. Hiring employees with this trait can be even more critical for the success of up-scale lodging properties than budget hotels because of guest higher expectations of personalized services. Therefore, in order to find suitable applicants for hotel positions, human resource managers should pay close attention to agreeableness as well as extroversion, which is often regarded as more of the influential positive affectivity on occupational behaviors.

Note that agreeableness has been a debatable construct because of inconsistent results related to job burnout and

job performance in other disciplines. Therefore, it is necessary to replicate this study using other hospitality sectors such as restaurants, airlines, and tour companies in order to validate the value of this personality trait to the hospitality industry. It also may be worth conducting future studies of this kind in various cultures to reveal cultural differences.

Another key finding involves employee empowerment. The result of this study suggests that empowered employees with more autonomy are less likely to experience job stress (exhaustion), treat customers more personally

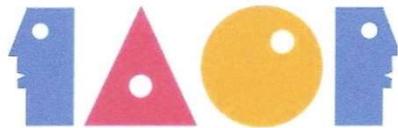
(lack of cynicism) and feel proud of their job (professional efficacy). Therefore, hoteliers should consider utilizing this concept more extensively and provide training for their employees to use their autonomy appropriately in such a manner that they can maximize customer satisfaction.

In conclusion, the present study demonstrates that for lodging companies to be truly successful, appropriate employment practices such as allowing autonomy, training, and rewards should follow after recruitment of individuals with a proper personality profile.

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THE ANALYSIS OF DELISTING DECISION OF GARMENT COMPANIES
OBSERVED FROM THE ASPECT OF BANKRUPTCY PREDICTION,
COMPATIBILITY WITH INCOME STATEMENT AND
AUDITOR'S OPINION

Norita

Telkom University, Bandung, Indonesia
norita.chan@yahoo.com

Abstract

Delisting refers to company shares removal action from a stock exchange so that investors cannot sell such shares in the previous stock exchange. One of the reasons of delisting is due to a company undergoes a financial distress that potentially goes bankrupt.

This research aims at evaluating bankruptcy prediction in PT. Unitex Tbk. (UNTX) delisted on 7th December 2015 using Altman, Ohlson, and Fulmer models. Besides, it aims at determining the conformity level of bankruptcy prediction in each model with categorization of bankruptcy prediction and with auditor opinion.

The result shows that based on Altman model for 2010-2014 period, UNTX was placed in distressed zone, which means it is potential to go bankrupt. On the other side, based on Ohlson model for 2010-2014 period, UNTX was in the safe zone, which has no potential to be bankrupt while based on Fulmer model, the company was only in the safe zone in 2014. From the conformity level of bankruptcy prediction perspective with categorization of bankruptcy prediction, Fulmer model has the highest percentage of conformity level; it is 80%, followed by Altman model 60%, and the lowest is Ohlson model with 40%. In contrast, from the categorization of bankruptcy prediction with auditor opinion, Altman model has the highest percentage; it is 100%, Fulmer model with 80%, while Ohlson model does not have the conformity of bankruptcy prediction with auditor opinion.

Key words: delisting, financial distress, bankruptcy, categorization, and auditor opinion

Introduction

One of incidents that can befall to a company listed in Indonesia Stock Exchange is delisting. It is a company record removal that is pertinent with stock exchange. Delisted companies are generally companies whose shares are not attractive to investors. The factor that causes shares

less attractive by investors is a poor fundamental company performance so that significantly affects the company's survival. Such thing will certainly influence to return goods that will be received by investors, for instance dividend will decrease or even become zero. As the result, investors are doubt to invest their money to such company. Another factor that also causes

investors not interested with the company's shares is information disclosure factor. This factor is important because even though the company fundamental is good yet less transparent, it will effect shares that are not attractive to investors which also will lead to decrease in trading shares volume.

Delisting can also happen when a company is in a financial distress condition. Financial distress is a wide concept formed within a couple of situations where a company faces financial difficulty problems. The general terms to describe such situation are bankruptcy, failure, inability to pay off debt, and companies that violate regulations with creditors and they can get punished (Atmini and Wuryana, 2005; in Romadhona, 2013). Financial distress happens before bankruptcy. A financial distress model needs to be developed because by knowing the early condition of a company's financial distress, it is expected to be able to do preventive actions to anticipate conditions that may lead to bankruptcy (Almilia and Kristijadi, 2003; in Romadhona, 2013).

Another way to know a company's financial condition is through auditor opinion. According to Susan (2011), a go-public company must deliver its financial report arranged using Financial Accounting Standard (SAK) and has been audited by a public accountant listed in Capital Market Supervisory Agency (Bapepam). Auditors that audit companies must tell auditor opinion about the report and the company's financial condition based on what is written in Financial Accounting Standard Statement (PSAK).

Bankruptcy may be undergone by every company including go-public companies whose shares have been traded in a capital market. The indicator which states that a company is bankrupt is delisted companies (Hadi and Anggraeni, 2008). Forcefully record removal from delisting

exchange is one of representations from a company's financial failure (Raras, 2014). Companies may be listed in Indonesian Stock Exchange but if they are assessed as having negative influence financially to the business' survival then they potentially will be removed forcibly from shares listing so that they are considered as having a financial distress.

One of companies that has a financial distress so that it has to be delisted from Indonesian Stock Exchange in 2015 is PT. Unitex Tbk. (UNTX). This company was delisted on 7th December 2015. UNTX is included in manufacturing company, miscellaneous industry sector with textile and garment sub-sector. The existence of textile and garment industry in Indonesia has been able to give contribution to economical and industrial growth in Indonesia. But, this current phenomenon shows that textile and garment sub-sector companies are decreasing, both in export-import perspective and in performance including UNTX. This decrease may effect to bankruptcy which is not expected by any company.

UNTX was established in the occasion of foreign investment on 14th May 1971 and started its first commercial operation in 1972. In 1982, UNTX did an initial public offering. From the financial report, this company underwent a significant profit decline in 2014 compared to decline in 2013 at the amount of more or less 65% (source: Ashida, 2014).

The profit decline was triggered by economic slowdown. Textile industry and textile product (TPT) became one of the worst sectors due to such economic slowdown in Indonesia. The contribution of TPT industry to gross domestic product (PDB) until October 2015 contracted or grew negatively instead at the amount of 6.1% compared to year-on-year. In fact, the growth rate of PDB in a whole industry

sector at that period was 4.3%. TPT industry is predicted to be weak in 2016 due to there is no positive sentiment to lift up the growth. Moreover, the global economic condition as Indonesian import market has not recovered. This year, International Monetary Fund (IMF) has cut the world economic growth prediction from 3.6% to 3.4%. Meanwhile, the economic growth in United State is predicted at the amount of 2.6%. In fact, TPT export in Indonesia very depends on global economy, especially United State and Europe as the biggest market. Each portion of TPT export to United State and Europe is 31% and 16%. In 2015, the amount of TPT export was predicted to decrease 5.3% (yoy) from US\$12.68 billion to US\$12 billion. Even until October 2015, the export from this sector newly exceeded US\$10 billion or 77% out of the target. Based on the data from Central Bureau of Statistics (BPS), the export of TPT product in Indonesia to all of the world market in October 2015 declined 13%. This decline trend started to happen in 2012.

Such condition causes many companies in domestic go bankrupt because they cannot hold on the condition of increase in production cost. Indonesian Textile Association (ITA) recorded, there were six thousands of textile mill worker in four sub-district in Bandung District, West Java, laid off during January-May 2015 (source: Kamaludin, 2016).

This research aims at evaluating bankruptcy prediction model using Altman, Ohlson, and Fulmer model tied with UNTX's delisting from Indonesian Stock Exchange because of financial distress. The bankruptcy prediction is counted from 2010-2014 period.

Research Purposes

In detail, the purposes of this research are:

1. To evaluate bankruptcy prediction in UNTX in 2010-2014 delisted on 7th December 2015 using Altman, Ohlson, and Fulmer Model.
2. To know the bankruptcy prediction difference between Altman Model and Ohlson Model, Altman Model and Fulmer Model, and Ohlson Model and Fulmer Model.
3. To know the conformity level of bankruptcy prediction from Altman, Ohlson, and Fulmer Model with categorization of bankruptcy prediction.
4. To know the conformity level of bankruptcy prediction from Altman, Ohlson, and Fulmer Model with auditor's opinion.

Literature Review

Kusumawardani (2015) has done a research in BEI and analyzed companies delisted in 2009-2013 period. The result showed that Zmijewski model had the highest level of accuracy in predicting bankruptcy that led to delisting, followed by Springate and Altman model.

Raras (2014) has done a research in BEI and analyzed companies delisted in 2009-2012 period. The result from delisted companies with small sample of comparison showed that a high level of accuracy in predicting bankruptcy in order were Springate, Altman, and Wang and Campbell Model. While for the big sample of comparison, Altman was placed in the first rank with a high level of accuracy, followed by Springate, and the last was Wang and Campbell Model.

Wulandari et al. (2014) has done a research and compared the use of Altman, Springate, Ohlson, Fulmer, CA-Score, and Zmijewski Model in predicting the financial distress in companies from food and beverages sector listed in BEI in 2010-

2012 period. The result showed that within all the model, Ohlson Model was the most accurate model in predicting bankruptcy.

Karamzadeh (2013) has done a research in Tehran Stock Exchange (TSE) in 2007-2010 period with ninety companies as the sample. The result showed that Altman Model had a better level of accuracy than Ohlson Model whereas 74.4% in the first year, 64.4% in the second year, and 50% in the third year.

Rahimipoor (2013) has done a research to ninety companies listed in TSE. The data were collected for 2005-2010 period. The result showed that Fulmer Model was more conservative in predicting companies' bankruptcy compared to Toffler Model.

Prihanthini and Sari (2013) has done a research to food and beverages companies listed in BEI. The result revealed that the highest level of accuracy in predicting bankruptcy were using Grover Model, followed by Springate, Zmijewski, and Altman Model.

Kordestani et al. (2011) has done a research in TSE by selecting seventy advanced companies and seventy distressed companies in 1995-2008 period. The result showed that based on chi-square test, there was a significant financial distress difference in one, two, and three years before the financial distress, which could be predicted based on the content and composition of cash flow.

Sneider and Bruna (2011) has done a research in Latvian Accountants Association. The research used 163 companies in construction, production, service, and trade business sector. The result showed that only Altman Z" and Fulmer Model that had the accuracy above 80% for all of the business sector.

Fatmawati (2010) has done a research in BEI. The result showed that from the three predictor models of delisting, Zmijewski Model was more accurate in predicting delisted companies.

Hadi and Anggraeni (2008) has done a research in BEI. The result at all delisted companies in 2003-2007 period, except banks, showed that Altman Model was the best delisting predictor followed by Springate and Zmijewski Model.

Theoretical Framework

Bankruptcy And Financial Distress

Bankruptcy is a condition or situation where a company fails or cannot fulfill obligations because the company lacks of fund to run or to continue its business so that the economic purpose which has been assigned, it is to gain profit, is not achieved (Brigham and Ehrhardt, 2005:m 816). Bankruptcy is also called company liquidation or company closure or insolvency.

According to Pongsat et al. (2004) bankruptcy is the last declaration of company that states its inability in maintaining operational activities funded by the company's debt. Moreover, according to Safitri and Hartono (2014), bankruptcy usually is defined as company's failure in running company's operation to gain profit.

A company's bankruptcy can be predicted far away before there is the probability of bankruptcy. It is usually needed two to five years as the tolerant limit of performance decline to detect a company's bankruptcy probability (Adnan and Taufiq, 2001:189 in Triharyanti, 2008:14). Bankruptcy prediction of a company has a function to give guidance for those who are involved in company financial performance whether a company will have financial distress or not in the future (Darsono and Ashari, 2005:105).

So, it can be said that a company will not suddenly go bankrupt but there is a process just before the bankruptcy happens. One of the indications from a company that will go bankrupt is financial distress that the company faces. According to Darsono and Ashari (2005:101), a financial distress is defined as a company's inability to pay its financial obligation in certain time that causes company bankruptcy. Platt and Platt (2002) in Almlia (2006) defines financial distress as the stage of financial condition decline which happens before bankruptcy or liquidation. If a company has a problem in liquidation then it is very possible that such company gets into financial distress problem and if such financial distress condition cannot be solve fast then it will lead to business bankruptcy (Fahmi, 2011:157). The research conducted by Hofer (1980) and Whitaker (1999) in Almlia (2006) defines financial distress as a company's condition which has negative net income in a couple of years.

According to Sjahrial (2012:272), financial distress is a condition where a company has financial difficulty and threatens with bankruptcy. If a company undergoes bankruptcy then there will be bankruptcy costs caused by necessity to sell assets below market price, company liquidation cost, destruction of fixed assets by the time before being sold, and so on.

Therefore, to avoid bankruptcy, the management of a company has to conduct an analysis of bankruptcy. This analysis is conducted to gain early signs of bankruptcy. The sooner the management recognizes the signs, the better preparation will be done. Besides, according to Hanafii and Halim (2009) in Safitri and Hartono (2014), creditors and shareholders can prepare to solve any worst possibility. Such signs of bankruptcy can be identified using accounting data.

Kordestani et al. (2011) says that the stage of bankruptcy is started from return-on-asset (latency) decline, lack of treasury to fulfill current obligation even though still having a high level of profitability (storage of cash), followed by conditions close to financial distress, to finally a condition where if a company cannot solve financial distress symptoms then the company will go bankrupt.

Bankruptcy and Delisting

Delisting is the opposite of listing. According to Darmadji and Fakhruddin (2011:84), delisting is record removal from a list of shares in exchange. Thus, delisting is an action of removing shares recorded in stock exchange so such shares cannot be traded anymore. Early indication of a company's bankruptcy is removing shares record (delisting) from exchange (Hadi and Anggraeni, 2008). A company's shares delisted from exchange is due to poor performance, a couple of years loss, not distributing dividends consecutively for several years, and a mean time, a situation where there is no shares trading transaction because of less attractive for investors (Sunariyah, 2011:51).

Many factors that cause why company shares are less attractive to investors. One of the factors is a poor fundamental performance that significantly influences a company's survival. Such thing will certainly effect to return that will be received by investors, for instance dividend decline or even a condition where investors do not receive dividend. The next factor is information disclosure factor. Although the company fundamental is good but less transparent, it will cause investors not to search for company shares. On the other hand, it will effect to decline in trading shares volume.

Furthermore, according to Sunariyah (2011:51), if a company goes bankrupt or liquidated then automatically the company shares will be removed or be delisted from exchange. Such thing indicates that listed companies which undergo financial dis-tress are susceptible to forcibly delisting. It can be concluded that both bankruptcy and delisting (forced delisting) is started by financial distress which cannot be solved by companies in a mean time.

Bankruptcy Prediction Method

Altman (1968) applies Multiple Discriminant Analysis for the first time. Discriminant analysis done by Altman by identifying financial ratio yields a model that can predict companies that have a high possibility to be bankrupt or not to be bankrupt.

There are three types of Z-Score provided by Altman, namely Z-Score for public manufacture (Z-Score), Z'-Score for private manufacture, and Z''-Score for service sector. Altman method classifies Z-Score public manufacture into three; they are: (1) if Z-Score < 1.80 then companies are potential to go bankrupt, (2) if Z-Score 1.80—3.00 then it is classified into grey area, and (3) if Z-Score > 3 then companies are classified into companies that are not potential to go bankrupt.

Ohlson (1980), inspired by previous studies, has also conducted a study in financial distress. Ohlson uses conditional logit statistical method that can cover lacks appeared in MDA method used by Altman. The method formed by Ohlson has nine variables consisted of several financial ratio. Ohlson states that this method has optimal cutoff point at the amount of 0.038 where with this number, the amount of error can be minimized. If companies that have O-Score above 0.038 then companies are predicted to go distressed. In contrast, if the companies' value of O-

Score are beneath 0.038 then companies are predicted not to go distressed.

The final model used to predict bankruptcy is a model found by Fulmer (1984). In deciding whether a company is categorized as bankruptcy or not, Fulmer has two criteria; they are: (1) if H-Score < 0 then companies are categorized into bankruptcy, on the contrary (2) if H-Score > 0 then companies are categorized into safe condition.

Auditor's Opinion

According to Agoes (2008:49), at the end of examination, auditors will give their assessment about fairness of financial statement in the form of opinion. Based on Professional Public Accountant Standards (PSA 29 SA Section 508), there are five types of auditor opinion: (1) unqualified opinion, (2) unqualified opinion with explanatory language, (3) qualified opinion, (4) adverse opinion, and (5) disclaimer opinion.

Arens et al. (2008:58) states that audit report is the final stage from the whole process of auditing. Thus, in delivering opinion, auditors have been based on their professional belief. Audit opinion is a statement about assertion issued by auditors. The opinion has to be based on examination done in a line with accountant examination norms and on the findings. The result of accountant examination is filed into a report which states that whether the financial report has been presented fairly based on publicly applied accounting principles.

Data Analysis

Altman Model

Altman Z-Score Public Manufactured

$$Z = 1,2X_1 + 1,4X_2 + 3,3X_3 + 0,6X_4 + 1,0X_5$$

$$X_1 = \frac{\text{Working Capital}}{\text{Total Asset}}$$

$$X_2 = \frac{\text{Retained Earnings}}{\text{Total Assets}}$$

$$X_3 = \frac{\text{Earning Before Interest and Tax}}{\text{Total Assets}}$$

$$X_4 = \frac{\text{Market Value of Equity}}{\text{Book Value of Total Debts}}$$

$$X_5 = \frac{\text{Sales}}{\text{Total Assets}}$$

Z-Score Interpretation:

$$Z > 3,00 = \text{Safe Zone}$$

$$1,80 \leq Z \leq 3,00 = \text{Grey Zone}$$

$$Z < 1,80 = \text{Distress Zone}$$

Ohlson Model

The O-Score

$$\text{O-Score} = -1,32 - 0,407X_1 + 6,03X_2 - 1,43X_3 + 0,0757X_4 - 2,37X_5 - 1,83X_6 + 0,285X_7 - 1,72X_8 - 0,521X_9$$

$$X_1 = \text{SIZE} = \text{LOG} \left(\frac{\text{Total Assets}}{\text{GNP Price-Leve Index}} \right)$$

$$X_2 = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

$$X_3 = \frac{\text{Working Capital}}{\text{Total Assets}}$$

$$X_4 = \frac{\text{Current Liabilities}}{\text{Current Assets}}$$

$$X_5 = 1 \text{ if total liabilities} > \text{total assets;} \\ 0 \text{ if otherwise}$$

$$X_6 = \frac{\text{Net Income}}{\text{Total Assets}}$$

$$X_7 = \frac{\text{Cash Flow from Operations}}{\text{Total Liabilities}}$$

$$X_8 = 1 \text{ if net income negative;} \\ 0 \text{ if otherwise}$$

$$X_9 = \frac{\text{NIt} - \text{NIt-1}}{\text{NIt} + \text{NIt+1}}$$

O-Score Interpretation

$$O > 0,038 = \text{Distress Zone}$$

$$O < 0,038 = \text{Safe Zone}$$

Fulmer Model

The H-Score

$$\text{H-Score} = 5,52X_1 + 0,212X_2 + 0,073X_3 + 1,27X_4 - 0,12X_5 + 2,335X_6 + 0,575X_7 + 1,082X_8 + 0,894X_9 - 6,075$$

$$X_1 = \frac{\text{Retained Earning}}{\text{Total Assets}}$$

$$X_2 = \frac{\text{Revenues}}{\text{Total Assets}}$$

$$X_3 = \frac{\text{Earning Before Tax}}{\text{Total Equity}}$$

$$X_4 = \frac{\text{Cash Flow from Operations}}{\text{Total Liabilities}}$$

$$X_5 = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

$$X_6 = \frac{\text{Current Liabilities}}{\text{Total Assets}}$$

$$X_7 = \text{Log (Fixed Asset).}$$

$$X_8 = \frac{\text{Working Capital}}{\text{Total Liabilities}}$$

$$X_9 = \frac{\text{Log(EBIT)}}{\text{Interest Expenses}}$$

H-Score Interpretation

$$H > 0 = \text{Distress Zone}$$

$$H < 0 = \text{Safe Zone}$$

Differences of Bankruptcy Prediction between Altman, Ohlson, and Fulmer Model

Differences of bankruptcy prediction between those three models are tested using paired t-test sample. This technique is used to examine whether paired sample has significantly different average or not. The test is done to know whether there is significant differences between Altman,

Ohlson, and Fulmer Model in predicting bankruptcy.

Hypothetical test designs:

H₀: $\mu_{\text{count}} > 0.05$, it means there are no significant differences between two models

H₁: $\mu_{\text{count}} \leq 0.05$, it means there are significant differences between two models

Conformity Level of Categorization of Bankruptcy Prediction

The calculation of conformity level of bankruptcy prediction model and categorization of bankruptcy prediction use error percentage formula.

$$\text{Conformity Level} = \frac{\text{Number of True Prediction}}{\text{Number of Sample}} \times 100\%$$

According to Mas'Ud and Srengga (2012), companies that have negative net income can be categorized into financial distress condition.

Conformity Level of Bankruptcy Prediction with Auditor Opinion

Bankruptcy prediction of each model can also be compared with auditor opinion. To decide the conformity level can use criteria. (See Table 1. at the end of this article).

The Result Of The Research And Discussion

Altman Z-Score

Total Z-Score of UNTX between 2010-2014 along with its indication can be seen in the following table 2. (See Table 2. at the end of this article). Z-Score fluctuation between 2010-2014 is presented in the following chart. (See Figure 1. at the end of this article)

Based on Table 2 it can be seen that by using Altman Model UNTX had a distress potential for five consecutive years between 2010-2014. This indicates that the company is also predicted to be delisted if they cannot improve their financial performance in the following year.

Ohlson Score

Total O-Score of UNTX between 2010-2014 along with its indication can be seen in the following table 3 (See Table 3. at the end of this article).

O-Score fluctuation between 2010-2014 is presented in the following chart. (See Figure 2. at the end of this article) As contrary to the Altman Model, Ohlson Model predicted UNTX was in safe zone for five consecutive years. This means that the company is not predicted to be bankrupt.

Fulmer Model

Total H-Score of UNTX between 2010-2014 along with its indication can be seen in the following table. (See Table 4. at the end of this article)

H-Score fluctuation between 2010-2014 is presented in the following chart. (See Figure 3. at the end of this article) According to Table 3 it is seen that UNTX was in the safe zone in 2014 although it was predicted they would be bankrupt in the four preceding years consecutively.

Categorization of Bankruptcy Prediction

The bankruptcy prediction using Altman, Ohlson, and Fulmer Model are then compared between each other with the categorization bankruptcy prediction. The result of comparison between bankruptcy prediction can see at table 5. (See Table 5. at the end of this article)

According to UNTX financial statement, the company experienced deficit in 2010-2012, so based on the categorization bankruptcy prediction it can be categorized that the company would be bankrupt. However in 2013 and 2014 UNTX succeed in getting profit, although the 2014 profit was declined by 65% from 2013. Despite of that, based on the categorization bankruptcy prediction the company was still categorized as not in bankruptcy.

Compatibility Level of Bankruptcy Prediction

Next the bankruptcy prediction compatibility level of each models with the categorization bankruptcy prediction is determined. (See Table 6. at the end of this article)

From the table it can be concluded that from the three model of bankruptcy prediction, the Fulmer Model has the highest compatibility level between bankruptcy prediction and categorization bankruptcy prediction by 80%, followed by Altman Model with 60%. The lowest compatibility is by using Ohlson Model by 40%.

Differences of Bankruptcy Predictions between Altman, Ohlson, and Fulmer Model

By using paired simple t-test the differences of bankruptcy prediction, compared between one model to the other two. (See Table 7, Table 8 and Table 9. at the end of this article)

Significancy Value:

- a. Altman with Ohlson $0,000 < 0.05$ so H_0 rejected.
- b. Altman with Fulmer $0,051 > 0.05$ so H_0 accepted.
- c. Ohlson with Fulmer $0,001 < 0.05$ so H_0 rejected.

From all acquired significancy value, there is a significant differences in predicting bankruptcy between Altman Model with Ohlson Model and Ohlson Model with Fulmer Model because the significancy value is less than 0.05. Contrarily there is no significant difference in predicting bankruptcy between Altman Model and Fulmer Model because the significancy value is more than 0.05.

Compatibility between Bankruptcy Prediction with Auditor's Opinion

The compatibility level of bankruptcy prediction in 2010-2014 of each model compared to auditor's opinion can be seen in the following table. (See Table 10. at the end of this article).

From the table it can be concluded that the highest compatibility between bankruptcy prediction and the auditor's opinion is found in Altman Model by 100%, followed by Fulmer Model with 80%, while in Ohlson Model there is no compatibility between the bankruptcy prediction with the auditor's opinion.

Conclusion

Based on the result and analysis, it can be concluded that:

1. By using Altman model for 2010-2014 period, UNTX is in the distressed zone which means potential to go bankrupt. In contrast, based on Ohlson model for 2010-2014 period, UNTX is in the safe zone which is not potential to go bankrupt. Meanwhile, based on Fulmer model, it is only in 2014 the company is in the safe zone.
2. There is significant difference in predicting bankruptcy between Altman and Ohlson model, and between Ohlson and Fulmer model. On the contrary, there is no significant difference in predicting bankruptcy between Altman and Fulmer model.

3. From the conformity level of bankruptcy prediction and the categorization of bankruptcy prediction perspective, Fulmer model has the highest conformity level at the amount of 80%, followed by Altman model 60%, and the lowest is Ohlson model with 40%.

4. From the conformity level of bankruptcy prediction with auditor opinion, Altman model has the highest percentage; it is 100%, Fulmer model with 80%, while Ohlson model does not have the conformity of bankruptcy prediction with auditor opinion.

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Table 1. Conformity Level of Bankruptcy Prediction with Auditor Opinion Criteria

Bankruptcy Prediction/Zone	Auditor Opinion	Additional Explanation	Conformity Level of Bankruptcy Prediction with Auditor Opinion Criteria
Distressed or grey (Altman) Distressed (Ohlson and Fulmer)	UO	-	inappropriate
Distressed or grey (Altman) Distressed (Ohlson and Fulmer)	UOwEL, QO, AO, DO	There is significant doubt in company business continuity	appropriate

Table 2. Z-Score 2010-2014

Year	2010	2011	2012	2013	2014
1.2 X ₁	-1.70	-1.62	-1.89	-1.64	-1.48
1.4 X ₂	-1.64	-2.28	-2.60	-2.18	-1.92
3.3 X ₃	-0.55	-0.14	-0.24	0.30	0.08
0.6 X ₄	0.10	0.10	0.09	0.07	0.07
1.0 X ₅	1.07	1.28	0.91	1.07	0.98
Z-Score	-2.73	-2.66	-3.72	-2.39	-2.27
Potential	Distress	Distress	Distress	Distress	Distress

Table 3. O-Scores 2010-2014

Year	2010	2011	2012	2013	2014
(4.07 X ₁)	-35.45	-35.47	-35.36	-35.90	-36.04
6.03 X ₂	12.44	12.05	13.08	11.75	10.99
(1.43 X ₃)	2.03	1.93	2.25	1.95	1.77
0.0757 X ₄	0.29	0.27	0.34	0.30	0.27
2.37 X ₅	-2.37	-2.37	-2.37	-2.37	-2.37
1.83 X ₆	0.30	0.07	0.13	-0.17	-0.05
0.285 X ₇	-0.03	-0.01	0.00	0.00	0.01
X ₈	1.00	1.00	1.00	0.00	0.00
X ₉	-10.38	-0.58	0.28	3.68	-0.48
O-Score	-33.49	-24.43	-21.96	-22.08	-27.23
Potential	Safe	Safe	Safe	Safe	Safe

Table 4. H-Scores 2010-2014

Year	2010	2011	2012	2013	2014
5.52 X ₁	-6.48	-8.97	-10.25	-8.61	-7.56
0.212 X ₂	0.23	0.27	0.19	0.23	0.21
0.073 X ₃	0.01	0.00	0.00	-0.01	0.00
1.27 X ₄	-0.11	-0.04	0.02	0.01	0.03
(0.12 X ₅)	0.23	0.24	0.22	0.25	0.27
2.335 X ₆	4.50	4.36	4.75	4.29	4.00
0.575 X ₇	6.22	6.23	6.24	6.34	6.37
1.082 X ₈	-0.74	-0.73	-0.79	-0.76	-0.73
0.894 X ₉	0.00	0.00	0.00	0.00	0.00
H-Score	-2.23	-4.71	-5.68	-4.35	-3.50
Potential	Distress	Distress	Distress	Distress	Safe

Table 5. Comparison between Bankruptcy Predictions 2010-2014

Year	Bankruptcy Prediction		Bankruptcy Prediction		Bankruptcy Prediction	
	Altman	Categorization	Ohlson	Categorization	Fulmer	Categorization
2010	D	D	S	D	D	D
2011	D	D	S	D	D	D
2012	D	D	S	D	D	D
2013	D	S	S	S	D	S
2014	D	S	S	S	S	S

Table 6. Compatibility between Bankruptcy Prediction with Categorization Year 2010-2014

Prediction/Categorization	Altman	Ohlson	Fulmer
D - D	3		3
D - S	2	3	1
S - S	-	2	1
Compatibility Level	60%	40%	80%

Table 7. Differences of Altman Model compared to Ohlson and Fulmer Model

Significancy of Prediction Altman	Ohlson		Fulmer	
	t calculated	Sig.	t calculated	Sig.
	10.366	0.000	2.766	0.051

Table 8. Differences of Ohlson Model compared to Altman and Fulmer Model

Significancy of Prediction Ohlson	Altman		Fulmer	
	t hitung	Sig.	t hitung	Sig.
	-10.366	0.000	-8.083	0.001

Table 9. Differences of Fulmer Model compared to Altman and Ohlson Model

Significancy of Prediction Fulmer	Altman		Ohlson	
	t hitung	Sig.	t hitung	Sig.
	-2.766	0.051	8.083	0.001

Table 10. Compatibility between Bankruptcy Prediction with Auditor's Opinion

Year	Bankruptcy Prediction			Auditor's Opinion
	Altman	Ohlson	Fulmer	
2010	Distress	Safe	Distress	UOwEL
2011	Distress	Safe	Distress	UOwEL
2012	Distress	Safe	Distress	UOwEL
2013	Distress	Safe	Distress	UOwEL
2014	Distress	Safe	Safe	UOwEL
Compatibility	100%	0%	80%	Altman
Incompatibility	0%	100%	20%	Ohlson

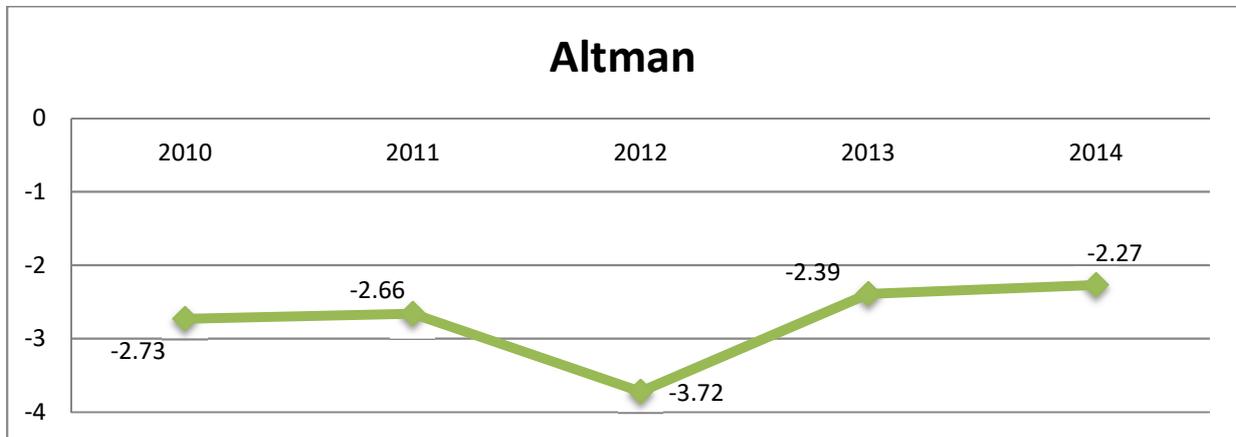


Figure 1. Z-Score 2010-2014

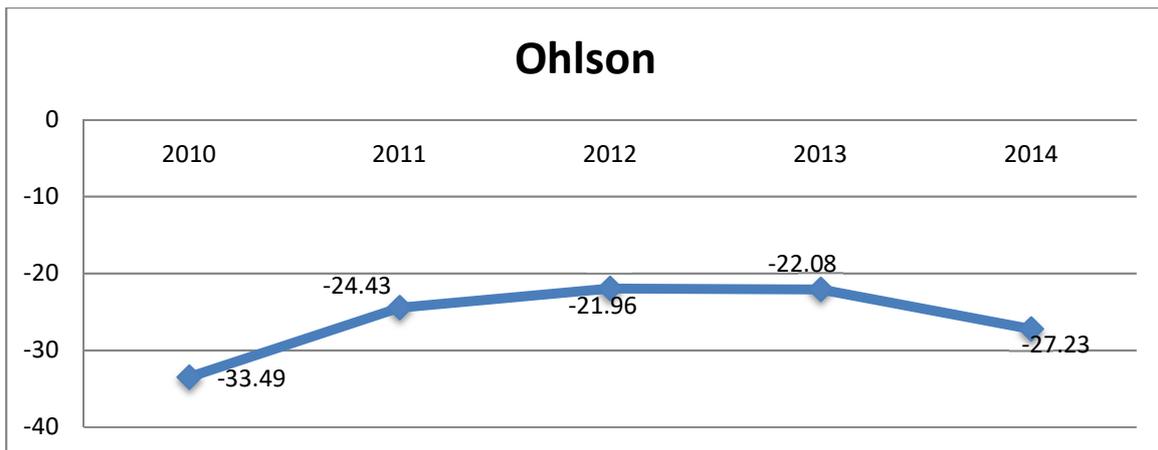


Figure 2. O-Score 2010-2014

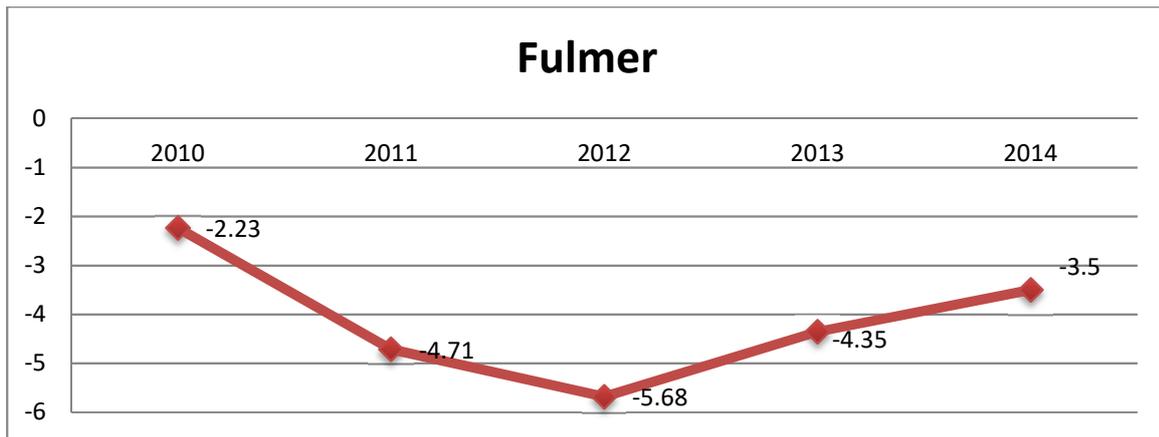


Figure 3. H-Score 2010-2014

EXAMINING THE INDIRECT EFFECT OF CUSTOMER INVOLVEMENT
FOR THE RELATIONSHIP BETWEEN BRAND EQUITY AND
CUSTOMER LOYALTY

Dr. Feng-Ming Liu
Department of Business Administration
Fortune Institute of Technology, Taiwan
nicotainan@gmail.com

Dr. Yu-Jia Hu
Lan Yang Institute of Technology, Taiwan
h090805@gmail.com

Dr. Jui-Yang Kao
Department of Product Innovation and Entrepreneurship
National Taipei University of Business, Taiwan
kaorayun@ntub.edu.tw

Dr. Shih-Lung Ching
Tainan Municipal Fusing Junior High School, Taiwan
Jng387@gmail.com

Abstract

The previous studies indicated there are significant relationship between customer involvement, brand equity, and customer loyalty. The purpose for the study is to find out the indirect effect of customer involvement for the relationship between brand equity and customer loyalty. The participants for this research were selected as the consumers having the shopping experience for smart phone in Taiwan, resulting in 182 individual surveys for this research. The results supported hypothesis and revealed brand equity and customer involvement have significant and positive relationship with customer loyalty, while customer involvement has partial indirect effect on customer loyalty in path analysis. Finally, this research generated the suggestions for business strategies and suggested future scholar studies.

Key Words: Customer Involvement, Brand Equity, Customer Loyalty, Consumer Behavior

Theoretical Foundation

Customer involvement, brand equity, and customer loyalty have recognized as significant subjects for consumer behavior research. Aaker and Keller (1990) indicated the brand equity is the key indicator for customer retention. Simoes and Dibb (2001) also stated powerful brand image will enhance consumers' faith for unseen value, deliver customers better product image or appreciate the intangible assets, and decrease consumers' perceived financial, social, or safety risk.

The most well-known brand equity model was provided by Aaker (1991). This model is stated that brand equity encompasses five dimensions, such as brand awareness, perceived quality, brand royalty, brand association, and other proprietary asset. Many previous studies of brand equity (Atilgan, Aksoy, and Akinici, 2005; Kim and Kim, 2004; Yoo, Donthu, and Lee, 2000) have been empirically applied this theory. Santouridis and Trivellas (2010) defined customer loyalty are the customer's attitude for re-purchasing intentions for buying same products. Jones and Sasser (1995) recognized the customer involvement is a significant factor to influence customer behavior and argued the different level of customer involvement will affect customer purchasing behavior.

Knox and Walker (2003) indicated customer involvement will affect the final decision during purchasing procedure and the higher-involved customer will behave higher loyalty. And this

behavioral intention will help to maintain the business relationship between customers and companies.

Hu (2011) and Hu (2012) conducted a research and supported the concept that customer involvement, brand equity, and perceived risk, have significant and positive relationship with customer loyalty. Based on the research by Olsen (2007), the customer involvement has acted a complete mediator role between customer satisfaction and repurchase loyalty. Knox and Walker (2003) claimed customer involvement played an important role when maintain loyalty relationship with customer.

Previous studies have suggested there is a significant and positive relationship between customer loyalty, brand equity, and customer involvement. This research expanded these theories and ground studies, conducted more detailed analysis, and intended to examine the indirect effect of customer involvement for the relationship between brand equity and customer loyalty.

Research Hypotheses

This research tried to investigate: (a) to examine the indirect effect of customer involvement for the relationship between brand equity and customer loyalty. (b) to create the suggestions for business application for electrical consumer products, and (c) to find out areas for future scholarly inquiry. Baron and Kenny (1986) suggested a variable function as a mediator when it meets the conditions as follow:

- (a) Variations in levels of the independent variable significantly account for variations in the presumed mediator.
- (b) Variations in the mediator significantly account for variations in the dependent variable.
- (c) When (a) and (b) are controlled, a previously significant relationship between the independent variable and dependent variable is no longer significant, this means the strong confirmation for a dominant mediator.

The researcher developed the hypothesis based on the principle of Baron and Kenny (1986) as follows:

Hypothesis: There is indirect effect of customer involvement for the relationship between brand equity and customer loyalty.

1. *Hypothesis(a): There is significant relationship between brand equity and customer involvement.*
2. *Hypothesis(b): There is significant relationship between brand equity and customer loyalty.*
3. *Hypothesis(c): There is significant relationship between brand equity or customer involvement, and customer loyalty.*

Methodology

Instrumentation

Three instruments have adopted in this study: The Customer Loyalty Questionnaires (6 items) was from the research by Hu (2012) and the scales were based on the theory by Aydin and Ozer (2005), and encompasses four dimensions: repeated purchase (1 item), price toleration (2 items), recommendations (2 items) and cross purchase (1 item). The Brand Equity Questionnaires (7 items) was from the research by Hu (2012) and the scales were based on the definition by Kayaman and Arasli (2007)'s concept model, while this research adopted four dimensions: brand awareness (1 item), brand association (2 items), perceived quality (2 items) and brand loyalty (2 items) for examining the perception of brand equity by customers. The Consumer Involvement Questionnaires (10 items) was from the research by Hu (2012) and the scales were based on the definition by Kapferer and Laurent (1993)'s CIP model (Consumer Involvement Profile), which encompasses five dimensions: interest (3 items), pleasure (2 items), symbolic value (2 items), importance (1 item), and risk probability (2 items).

Population and Data Collection

The consumers who have bought smart phone have been selected as an acceptable population for this research. This research applied convenience sampling method with anonymous survey to ensure the response rate. After contacting with available person agreeing to participate this research, the researcher distributed the hard copy of questionnaires to participants directly. A total of 220 consumers have had participated this

study. After deducting 38 invalid response, the total number of valid responses was 182, providing an adjusted response rate of 83 %.

Validity and Reliability

This study applied SEM approach to examine validity and reliability issues for CFA tests. The composite reliability (CR) and average variance extracted (AVE) values were measured to examine the internal

Table 1: The Results of CFA Analysis for Reliability, Convergent Validity and Model Fit

Factors	Parameters of Factors				Convergent Validity				Model Fit Index					
	UNStd FL	S.E.	C. R.	P	Std. FA	SMC	C.R.	AVE	χ^2	DF	χ^2/DF	GFI	AGF I	RMSEA
BE1	1				.820	.673								
BE2		.08	12.07											
	.979	1	3	***	.823	.678								
BE3		.07	12.11				.744	.423	10.11	2	5.056	.972	.860	.150
	.948	8	8	***	.826	.683								
BE4		.08	10.74											
	.856	0	1	***	.748	.559								
CI1	1				.950	.903								
CI2		.06	12.60											
	.852	8	1	***	.778	.605								
CI3		.06	11.35											
	.751	6	0	***	.722	.521	.799	.5	30.41	5	6.082	.935	.804	.168
CI4		.07												
	.690	9	8.787	***	.597	.356								
CI5		.08												
	.352	0	4.412	***	.329	.108								
CL1	1				.647	.419								
CL2		.14												
	.995	5	6.838	***	.594	.352								
CL3	1.589	.18				.790	.615	.305	17.506	2	8.753	.958	.788	.207
		5	8.579	***	.889									
CL4	1.316	.16												
		2	8.140	***	.738	.545								

Note: BE1: brand Awareness, BE2: brand association, BE3:perceived quality, BE4: brand loyalty; CI1: interest, CI2: pleasure , CI3: symbolic value, CI4: importance CI5: risk probability; CL1: repeated purchase , CL2: price toleration , CL3:recommendations, CL4: cross purchase

consistency as an estimate of reliability for questionnaires and all indices were summarized in Table 1. Fornell and Larcker (1981) suggested CR and AVE value are supposed greater than .7 and .5 separately. Hair, Anderson, Tatham and Black (2009) also suggested key components for convergent validity as: 1. Factoring loadings (>.7), 2. Composite Reliability (>.7), 3. Square multiple Correlations, SMCs (>.5), 4. Average Variance Extracted , AVE (>.5). After reviewing all CFA models, the reliability and convergent validity are acceptable in this research.

Construct validity encompasses two factors as discriminant validity and convergent validity. The convergent validity has been tested to explain the construct validity in Table 1. The researcher applied Bootstrap Confidence Intervals approach to evaluate the discriminant validity as Table 2. Torkzadeh, Kouferos, and Pflughoeft (2003) claimed the values within intervals should not include value 1.00 when the model demonstrated reasonable discriminant validity. The results of tested indices meet this standard and revealed the discriminant validity is reasonable.

Table 2. Testing Results of Bootstrap Confidence Intervals for Discriminant Validity

Parameter	Estimate	$\psi \pm 2\sigma$		Bias-Corrected		Percentile	
		Lower	Upper	Lower	Upper	Lower	Upper
BE <--> CI	.633	.505	.761	.500	.748	.502	.749
CL <--> CI	.663	.539	.787	.520	.772	.529	.779
CL <--> BE	.837	.759	.915	.736	.897	.755	.907

Note: BE: brand equity, CI: customer involvement, CL: customer loyalty

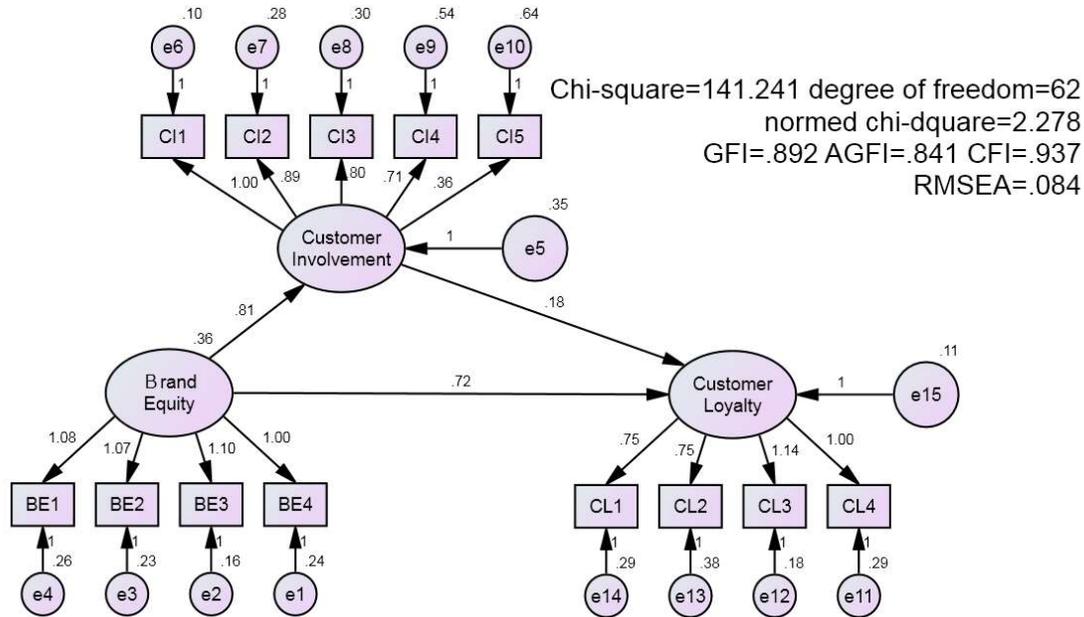
Results

The researcher applied Structure Equating Modeling (SEM) by Analysis of Moment Structure (AMOS) software to test the model structure in this study. The path model is shown in Figure one. For model fit issues: The Chi-Square value is 141.24. The Normedo value is

2.278. Ullman (2001) suggested the Normedo value should below 2.00. The

Goodness of Fit Index (GFI) value is .892, and scholars recognized the GFI value should greater than .900. The Adjusted Goodness of Fit Index (AGFI) value is .841. Macallum and Hong (1997) stated GFI value should greater .800.

Figure 1. Path Analysis Diagram for Indirect Effect of Customer Involvement between Brand Equity and Customer Loyalty



Note: BE1: brand Awareness, BE2: brand association, BE3:perceived quality, BE4: brand loyalty; CI1: interest, CI2: pleasure , CI3: symbolic value, CI4: importance CI5: risk probability; CL1: repeated purchase , CL2: price toleration , CL3:recommendations, CL4: cross purchase

Table 3: Regression Models of Path Analysis for Customer Involvement Mediating the Relationship between Brand Equity and Customer Loyalty

		Unstd. B	SE	Std. B	t	R ²
Model 1	Brand Equity	0.526***	0.06	0.549***	7.668	0.302
	DV: Customer Involvement					
Model 2	Brand Equity	0.668***	0.05	0.704***	13.304	0.496
	DV: Customer Loyalty					
Model 3	Brand Equity	0.541***	0.058	0.571***	9.374	0.537
	Customer Involvement	0.241***	0.06	0.243***	3.994	
	DV: Customer Loyalty					

***p<.0001(2-tailed), **p<.01(2-tailed), *p<.05 level (2-tailed)

Discussion and Recommendations

The outcomes of this research revealed the fact that customer involvement and brand equity have significant relationship with customer loyalty. Customer involvement also partially mediated the relationship between brand equity and customer loyalty. This means both brand equity and customer involvement played the significant roles to effect customer's perception on customer loyalty, while customer involvement has the indirect effect on customer loyalty.

This fact revealed companies may not only focus on managing brand image, also should put more focus on building stronger customer involvement, or develop some promotion activities based on how encouraging customers to involve the process during shopping. The research results also found the complexities of customer behaviors on purchasing

on smart phone, as the high price electrical consumer products. This research indicated the necessities for future study to identify more effective factors to influence the customer loyalty. This research suggested future research recommendations:

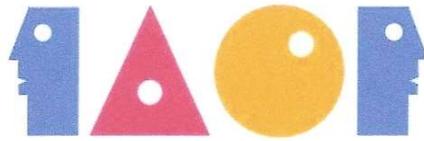
- 1). Due to time constraints and limited finances, this research utilized convenience sampling and only focused on limited number population. Future study may extend the research through larger random selection.
- 2). Moreover, the population may extend to analyze levels of price of smart phone to understand the differences in perception of money value from consumers, and;
- 3). Future studies may try to identify more significant factors to affect customer loyalty, also to generate future scholar studies.

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SELECTIVE EXPOSURE AND CONSUMER BEHAVIOR -
INTERPRETATIVE PHENOMENOLOGICAL ANALYSIS IN
CONSUMER BEHAVIOR OF Z GENERATION ADOLESCENT ON
THE AD INFORMATION OF SMARTPHONE SELECTION

Inge Hutagalung
Universitas Mercu Buana, Indonesia
e-mail: inge_hutagalung@yahoo.com

Abstract

This research examines consumer behavior of the Z generation adolescent on the ad information of Smartphone selection. The method used is Interpretative Phenomenological Analysis (IPA). The results show that the audiences are not passive and have resistance in accepting ad information. The utility of information and support groups play an important role in the information selection process. The information which is contrary to one's belief may not always be rejected. An ad will still be chosen if having the benefit value. On the other way, the more contradictory the ad information to the internal reference in social group, the more it will be avoided, and vice versa.

Key words: selective exposure, belief, utility of information, social group

Introduction

Nowadays, by remarkable development in the field of information and communication media technology, people do not only live in the 'communication revolution' era, but are also still exploring what is known as the era of *communicative abundance* or *cornucopias of communication* (Neuman, 1991; John Keane, 1998).

One of the information which is necessary for attention related to the communicative abundance is Smartphone ad. Nowadays, the development of the Smartphone ad in the consumer has raised a variety of social and cultural issues, particularly regarding the sign used, the image displayed, the information submitted, the meanings obtained, and how all of these effect on the understanding perception and community behaviour.

There are often any controversies developing around the existence of the Smartphone ad related to the fact, that in the advertising, there is often a gap between what is described about the product and the reality of the product in actual. The advertisements often show the unreality of product. It shows the fake reality. Thus, there is a public lie by the ads. The ads are even caught up in the scheme of free play of signs, in order to create a false image of product, which is that the actual image is not an integral part, substantial, or functional of certain product, but by ad rhetoric, the image even becomes the reference model in consuming a product.

Given that ads are often caught up in the scheme of free play of signs and display the 'mask of reality', it is very interesting to examine how the selection process and information rejection (selective exposure) by Smartphone ads in adolescent generation Z. The researcher argumentation to choose this Z generation is because they are the fanatic social media users. Their lives are strongly affected by the technology development. This research will examine on how the Z generation adolescent conducts the selective exposure process for the Smartphone ads.

Literature Review

One of the theories regarding to one's selection and reason in selecting and rejecting information is the cognitive dissonance theory.

At the beginning of thought, Festinger (1957) had put a belief as the cause of selective exposure. Festinger

selective exposure process (1957) was based on a number of assumptions. First, the individual is a homo sapiens, and not a creature with passive reactions on the environment. Second, humans are the cognitive consistency seekers. Humans always keep their stability and cognitive consistency. In case of cognitive inconsistency, then they will get a dissonance, namely an inconvenience psychological condition. By receiving the supporting information, it will make convenience feeling, on the other way around, by receiving the contrary information with one's belief, it will into dissonant condition. Third, humans are the information processor, namely Humans are the creatures who likes to find self-justification or defence in solving any problems (Sears, et.al, 1985:156-157; West and Turner, 2007:139-140).

Several studies support the thought of Festinger (Ehrlich et al., 1957; Mills et al., 1959; Adams, 1960; Chaffee et.al, 2001; Redlawsk, 2002; Taber and Lodge, 2006).

By the time goes by, the literature shows that the cause of selective exposure based on the perspective of cognitive dissonance theory involves three aspects, namely, the psychological, message and social aspect (see the table of selective exposure aspect causes).

Moreover, the selective exposure in simple can be defined as an individual's efforts to preferentially and intentionally seek the desired and undesired information. There is abundance information availability, and an individual will select and choose the information to

be accessed and to be not accessed (Fischer et.al, 2011:51).

The studies on the *selective exposure* focus on what to be selected and avoided when processing information, the reasons to consume certain information, and others. It is also why someone will choose certain information, and not others; Why people prefer to some news, while other people prefer to other programs on television; Why one prefer comedy film, while others prefer and love drama film. All of the questions are related to the selective exposure process.

Research Method

In this study, the paradigm used is post-positivistic. The research reason in selecting the post-positivistic paradigm is because that the selective exposure is a positivistic concept but to deep more in it, it is necessary for qualitative analysis. The study with post-positivistic paradigm in this study helps to explore and understand what behind the phenomenon is, the background of individual thought or the research subject involved.

The research method used in this study is *interpretative phenomenological analysis* (IPA). According to Smith and Osborn (2009:97) this interpretative phenomenological analysis aims to measure how the participants interpret the personal and social world. IPA is a suitable approach when one is trying to find out how an individual percept certain situations. When, he or she has to face on new complexity, process, or something.

The research aims to analyse how the selective exposure process is conducted by the Z generation adolescent. Thus, the researcher uses a semi-structured interview method as a data collection method. A semi structured interview is a flexible data collection instrument. This type of interview allows any researchers and informants to conduct any dialogues, and the questions which have been compiled previously can be modified according to the informant responses (Smith and Osborn, 2009:105).

Research Results

The informants in this study consist of eight people who are the generation Z adolescent joined in certain peer groups, such as dance group, study group, discussion group, and hobby group.

Based on the research results, it is known that the selective exposure in ad information is conducted by the informant to meet the need of information. The informants will not only look at the consonant information or based on their belief, but also at the dissonant information or contrary to their belief. The dissonant information will still be selected, if such information has its benefits or use. For example, it is useful to give useful argumentation or objection to more convince any decision, opinion or belief. The dissonant information will also be advised if such information is useful to add any knowledge, and further understanding related to a contrary matter. Meanwhile, if consonant information is considered as unqualified one, then

the information will not be selected and avoided, as it will weaken the belief.

In other words, only the useful information will be selected, even the information is the dissonant one, and vice versa. In the case of the Smartphone ads, as far as the information about the Smartphone has any benefits, then the information will be selected. The benefits related to the information can be intended as instructions (how to assess something), confirmation (reconfirmation on an attitude), and performance (how to conduct something). By other words, the selection on Smartphone ad information will be created based on certain purposeful. The more information Smartphone ads can meet the purpose, the more the information will be selected, and vice versa. In this case, the informants are considered to be able to assess the useful information or the useless one for them, and thus, the information selection process will be seen as an attempt with particular purpose related to the usefulness of an information.

The research results also show that the supporting groups effect on the selective exposure process. That is, when members of the group get any support on the selected information from other members, there will be self-assurance that the choices taken are the correct ones. The supporting group will only be meaningful if the social group is the main identity, where the group member attitude and behaviour are the relevant references for individual attitudes and behaviour getting the support.

In the case of the Smartphone ads, the informants having a sense of social identity from a group which is admired and related to oneself, they will select or reject the Smartphone ad information based on the norms of social groups where the informant is the member of the group. The information getting the group support will be the choice, while the information getting less support will be avoided or rejected. This is conducted because the informants are trying to reach the cognition balance and harmony with the social environment, as the social creature embodiment.

Discussion

The research results show that there is a role of support groups related to the information selection or rejection process on Smartphone Ad information. This is based on the thinking of communication theoretician stating that in the information-processing system, individuals are not only affected by self-cognition system but also by outside factors, such as social environment as well as the message characteristics (Littlejohn, 2009:64; McQuail, 1996:33; Griffin, 2006).

One of the communication models related to the information processing is based on a cognitive dissonance theory perspective described by McQuail in his book of *Communication Models for The Study of Mass Communication* (1996). A major feature of communication process from the McQuail consonant and dissonant model theory indicates that the incoming messages will be observed and filtered by the message recipient, by the effects generally to lower

the chance of dissonant, and to maintain the consonant to the environment (A). If there is a new opinion or contrary opinion, so there will be dissonant (B). The dissonance will move the social process (in the form of group norm) and psychological (in the form of *ego-involvement*). In this case, there will be two possibilities, namely (1) to change the perceptions on the information sources (C), and (2) to change an opinion or attitude owned (D). The smaller the difference between messages and opinions or attitudes owned (*small differences*), so the smaller the chance of the change. If the difference is medium, then there will be an adjustment which likely will be followed by opinion or attitude revision owned. However, if the differences are considerable, then it will usually involve a group norm and self-ego (such as commitment, belief, attitudes, opinions and others), which will cause a message or resource rejection and strengthening on the opinion or attitude owned (McQuail and Windahl, 1996:33-35).

Furthermore, the researcher argues that the role of reference group is also caused by the informant environment which the majority is a collective cultural community. In the collective cultural community, selecting and rejecting information is the group responsibility and not an individual matter. The community or group plays an important role in determining which information should and should not be consumed. The collective cultural community always takes decisions by collective bargaining. The adherence to the rules (conformity) is considered as the characteristic of maturity and personal maturity. A community with a collective culture emphasizes

on the group responsibility, not on the individual.

The researcher argues that at this point, the social judgement theory can complete Festinger selective exposure process. The social judgement theory is a theory developed by Muzafer Sherif, et.al., (1965), about how an individual give judgement based on a ego-reference and ego-involvement. The internal reference or reference point always is in the individual and effects on one's way to respond on message or information. Each individual will have references or an standard.

On this study, the informant internal reference is the group norm. In other words, there is a strong ego involvement among the informants with the norm formed in the group, so that the informant behavior always refers to the group norm.

By integrating Festinger selective exposure process with the social judgement theory, the researcher argues that the dynamics and communication process to achieve the cognitive consistency can be further explained well. That is, there will be dissonance while an individual gets cognitive inconsistency. This imbalance situation will motivate individuals to achieve harmony. Referring to the internal reference or standard and paying attention to the ego involvement, so the dissonance can be minimized. The norm will play the role depending on the extent of as a reference by the individual judgement, and how strong the ego involvement is formed on the existing norm.

Table 1. Aspects of Selective Exposure Causes

SELECTIVE EXPOSURE CAUSES	
Psychological	<ol style="list-style-type: none"> 1. <i>Belief</i>: Festinger, 1957; Ehrlich et.al., 1957; Mills et.al., 1959; Adams, 1961; Mills, 1965a; Rosen, 1961; McFarland and Warren, 1992; Chaffee et.al., 2001; Redlawsk 2002; Taber and Lodge, 2006, Bobkowski, 2007. 2. <i>Commitment</i>: Brehm and Cohen, 1962; Mills and Ross, 1964; Mills, 1965; Behling, 1971; Lawson, 1969. 3. <i>Self-confidence</i>: Festinger, 1964; Freedman, 1965; Lowin, 1969; Thayer, 1969; Schultz, 1974. 4. <i>Mood</i>: Zillman, 1985; Anderson et.al., 1996, Hawkin et.al., 2001, Davies, 2004. 5. <i>Motivation</i>: Chaiken et.al., 1996; Chenet.al., 1999.
Message	<ol style="list-style-type: none"> 1. The concept of information assurance: Mills and Ross, 1964. 2. The concept of information relevance: Mills and Jellison, 1968. 3. Utility of Information: Festinger, 1964; Cannon, 1964; Freedman and Sears, 1965; Freedman, 1965a, Charles Atkin, 1973; Katz, 1968; Cotton, 1985; Frey, 1986; Knobloch et.al., 2003, 2005. 4. Utility of Social: Chaffee and McLeod, 1968. 5. <i>Refutability</i>: Lowin, 1967; Brock and Balloun, 1967.
Social	<ol style="list-style-type: none"> 1. Social Norms: Sears, 1965; Klapper, 1960; David, 2005. 2. Group Support: Schulman, 1971; Dohyun, 2010.

The research results also show the role of utility of information. The researcher assumes that the role of utility of information on the selective exposure process is the effect of today human life in an era of abundance of information, as a result of technology and informatics progress and sophistication.

The technology and informatics development results in an explosion of information which constantly flows into private life. Anticipating this abundance of information, the individual will select the information considered to have benefits based on the interests and needs. The selection information based on interests and needs also prove that the individual is an active creature in the information processing process.

These findings also reinforce the Atkin idea (1973) which was presented in the utility of information theory. That, one's motivation in selecting and avoiding information is not caused by whether the information creates consonance or dissonance, but rather by the utility of information for an individual. The utility of information can only be felt when someone has an orientation purpose and self-adaptability purpose to be achieved by the information acquisition, both negative and positive information (threat or opportunity), because each of the information is believed to have benefits.

Conclusion

Based on the research results, it is known that there is a selective process

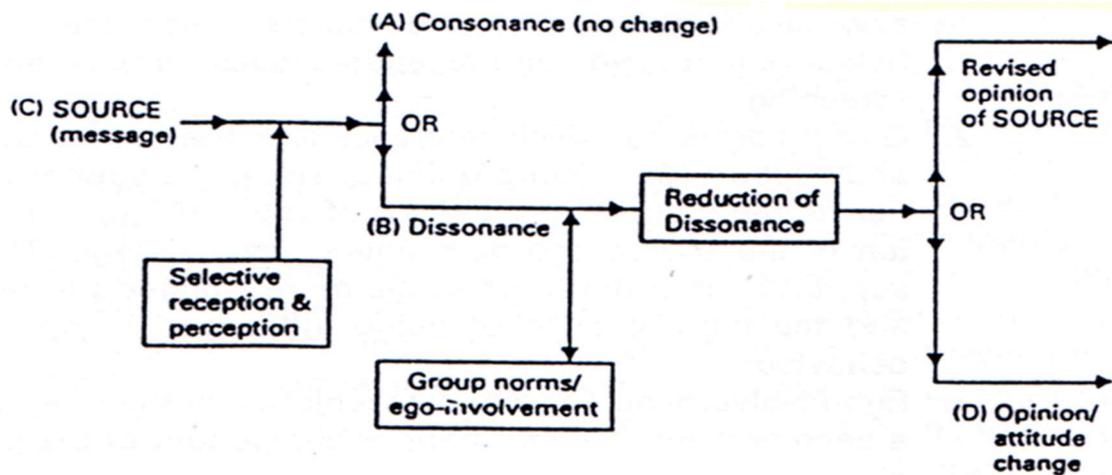


Figure 1. Model Theory Of Consonant And Dissonant

in the ad information (selective exposure) conducted by an individual. On the other hand, the supporting group also plays a role in determining a selection on an information, as far as the group is the group of reference. In the end, although this research is not intended to examine the media effects, but the study results show that humans are not passive in the information processing related to the

mass communication effects. The development in the informatics and communication technology world has made the audiences plenty of options on the information or news, and conduct a selection based on the interests and needs. The communicative abundance or cornucopias of communication creates the audience as active creatures in selecting and rejecting information based on self-cognitive processing.

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