

The Effect of Change Management on Performance and Well-Being

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Abstract. Adaptation efforts through change management practices need to be further examined whether it has an impact on the level of performance and well-being of echelon III and III employees of Universitas Negeri Semarang. Research Objectives: To determine the effect of change management practices on performance and welfare. Research Methods: This research is quantitative research using a questionnaire as a research instrument and distributed to 81 echelon III and IV employees, the return rate of the questionnaire is 96% (78 respondents). Data analysis in this study used the SEM-PLS method with the SmartPLS 3.0 analysis tool. Research Results: Universitas Negeri Semarang has succeeded in implementing change management practices, so that a positive and significant effect was found on the level of performance and well-being of echelon III and IV employees, and all hypotheses proposed in this study were accepted.

Keywords: Change Management, Performance, Well-Being

1 Introduction

The abolition of echelon III and IV positions has been called for by the Ministry of Empowerment of State Apparatus and Bureaucratic Reform (Kemen PAN-RB) and began to be implemented in 2012, this abolition aims to move employee orientation from structural positions to functional positions, so as to reduce unnecessary costs such as official facilities and positions of echelon III and IV employees. In addition, the reason for this abolition is also because there are many tasks within the ministries, institutions, and local governments that should be carried out by 1 (one) person but instead are carried out by 10 (people), and this of course results in wastage of costs and ineffective employee performance.

Institutional Ministry of PAN-RB, Ismadi Ananda, explained that the government did not just run this abolition program. However, since the beginning, efforts have been made to provide compensation for employees who occupy these positions. The most important compensation is that the government adds functional positions including adding 200 units of post positions including analysts (positions, employees, finance, and auditors). The existence of these analyzes is expected to facilitate institutional arrangement, but on the other hand it will have an impact on equalizing administrative officials. For this reason, MenPAN-RB Regulation Number 28/2019 concerning the equalization of administrative positions into functional positions was issued to ensure certainty and career development of administrative officials affected by bureaucratic simplification. This new regulation serves as an instrument to provide career development opportunities so that the organization can continue to operate with a functional-based career system.

Based on existing policies from the central government, Semarang State University also appreciates by imposing changes in structural positions to functional for the Heads of Divisions and Heads of Sub-sections since the enactment of the Functional Decree on December 29, 2020. The change in structural positions to functional is one form of change management practice, because Semarang State University is increasingly aware of and appreciating the importance of change management practices, in addition to being a form of support and compliance with regulations that have been issued.

Timely and sustainable adaptation of higher education institutions to changes that occur in the external environment requires very careful consideration, thus change becomes the main prerequisite for the survival and growth of the institution, and it is important for the university management to ensure the formulation and implementation of change plans in a timely manner. effective in maintaining and achieving high levels of performance, and ensuring that these changes do not have an impact on the health and well-being of employees [1][2].

This research is interesting to study because there are changes in organizational policies that will have a direct impact on employees. In addition, there is still little literature that examines the theme of this research so fill the gap of literature.

1.1 Hypothesis Development

Change management is a systematic process or structured approach and goes through the process of planning, organizing, implementing and managing/controlling change activities or programs that will be carried out by the organization. In the practice of change management, appropriate managerial skills and strategies are needed, so that the organization or company In order to survive, succeed and remain competitive in a very dynamic and volatile business environment, the organization or company must be able to manage change so that it does not have a negative impact on the organization and the people involved in the change, including employees.

Previous research conducted by Thomas [3], Wanza & Nkuraru [4], Menda et al. [5], Kahoro & Rugami [6], Kojo et al. [7], Kimhi et al. [8], Ratnasari et al. [9], Harahap [10] found that the implementation of effective change management in all sectors has a significant positive impact on employee performance. In contrast to the research conducted by Mudeng et al. [11] which found that organizational change had no significant effect on employee performance. Changes such as ongoing restructuring, downsizing, or mergers may have an impact on employee's lack of confidence, stress, and even burnout, thus making employees reluctant to accept them voluntarily [12].

Wiezer et al. [13] revealed in their book entitled "exploring the link between restructuring and employee's well-being" from all analyzes showing that restructuring (change) will have an impact on the welfare of employees in the organization before, during, and after restructuring. Changes will have an impact on aspects of work: satisfaction, dedication, well-being, cynicism, emotional exhaustion, stress, and job insecurity. Several cases reveal the impact of a prolonged restructuring will have a negative effect on well-being such as the perception of psychological well-being [14], and how these changes will affect their duties and work in the organization (workplace well-being), as well as life well-being [15]. But not all, restructuring (change) can also lead to improved welfare if it is planned, organized and managed effectively.

Based on this explanation, the hypotheses that can be formulated are as follows:

- H.1 Change in Management has a significant effect on employee performance.
- H.2 Change in Management has a significant effect on employee well-being.
- H.3 Employee well-being has a significant effect on employee performance.

H.4 Employee well-being mediates the effect of change in management on employee performance.

2 Method

The object of this research is Semarang State University involving echelon III and IV employees. The type of research built is quantitative research. The sampling technique in this study was a saturated sample, namely a sampling technique involving all members of the population, and obtained 78 samples. The data collection method used primary data with a questionnaire method (questionnaire) with measurements using a Liker scale 1-5.

The total statement items are 19 items. Variable change in management there are 10 statement items adopted from Hayes and Hyde [16] with an example of the statement item "The university gives me a clear explanation of why I want to make changes". There are 6 employee performance variables adopted from Pradhan and Jena [17], with an example of the statement item "I can manage changes in my work well regardless of the situation". There are 3 statement items adopted from the employee well-being variable from Zheng et al. [18], with an example of the statement item "Even though the organization where I work (Unnes) makes changes, I can still find ways to improve the quality of my work". The data analysis method in this study uses a structural equation model-partial least square with the help of the SmartPLS 3.0 program analysis tool.

3 Result and Discussion

Characteristics of respondents in this study will be explained into several types of characteristics, among others, based on gender, age, and years of service. The total respondents in this study were 78 respondents or employees of echelon III and IV Semarang State University. The number of female and male employees has no significant difference, respectively 51.3% and 48.7% which can be seen in table 1. Characteristics of respondents based on age who have the highest frequency are respondents with an age range of 52-58 as many as 26 people (33.33%). Characteristics of respondents based on years of service who have the highest frequency are respondents with a working period of 13-16 as many as 23 people (29.49%).

Table 1. Characteristics of Respondents by Gender

Gender	Frequency	Percentage
Man	38	48,7%
Woman	40	51,3%

Descriptive analysis serves to describe and provide an overview of the respondents' answers to the statement of the proposed questionnaire [19]. Descriptive analysis was tested using an analytical tool in the form of IBM SPSS Ver. 23. Descriptively, the average index value obtained for the change in management variable is 72.82 which is included in the medium category, the employee performance variable is 79.10 which is included in the high category, and the welfare variable (employee well-being) of 82.90 which is included in the high category.

The basis for making decisions for the convergent validity test is to look at the outer loading value and the average variance extracted (AVE) value. A statement item can be said to

be validly convergent if the outer loading value has an internal consistency of 0.6-0.7 and or the average variance extracted (AVE) value > 0.5 [20][21][22]. The results of data processing for convergent validity indicate that the statement item CIM 1 (variable change in management) must be removed from the research model because it has an outer loading value < 0.6 , and the statement item EP 5 (variable employee performance), is removed from the research model because it has an Average value. variance extracted (AVE) < 0.5 . Table 2 is the results of data processing for convergent validity (re-estimation).

Table 2. Convergent Validity Test Results

Variable	Statement Items	Outer loading	Information	Average Variance Extracted (AVE)
Change In Management	CIM.2	0.670	Valid	0.570
	CIM.3	0.745	Valid	
	CIM.4	0.775	Valid	
	CIM.5	0.849	Valid	
	CIM.6	0.821	Valid	
	CIM.7	0.679	Valid	
	CIM.8	0.800	Valid	
	CIM.9	0.764	Valid	
	CIM.10	0.667	Valid	
	Employee Well-Being	EWB1	0.766	
EWB2		0.858	Valid	
EWB3		0.867	Valid	
Employee Performance	EP1	0.718	Valid	0.502
	EP2	0.690	Valid	
	EP3	0.798	Valid	
	EP4	0.683	Valid	
	EP6	0.644	Valid	

To see whether the reflective indicator has discriminant validity is to look at the comparison value between outer loading and cross loading, if the outer loading value is greater than the cross-loading value, the reflective indicator meets the assumption of discriminant validity [23]. All statement items from each construct have an outer loading value that is greater than the cross-loading value, so it can be concluded that all indicators or statement items in this study are discriminately valid and have good discriminant values. Table 3 is the result of the discriminant validity test for this study:

Table 3. The Result of the Discriminant Validity Test

	Change Management	Employee Well-Being	Employee Performance	Information
CIM.2	0.670	0,255	0,423	Valid
CIM.3	0.745	0,320	0,337	Valid
CIM.4	0.775	0,336	0,210	Valid
CIM.5	0.849	0,315	0,433	Valid
CIM.6	0.821	0,348	0,399	Valid
CIM.7	0.679	0,161	0,357	Valid

CIM.8	0.800	0,330	0,280	Valid
CIM.9	0.764	0,210	0,331	Valid
CIM.10	0.667	0.199	0,108	Valid
EWB1	0,286	0.766	0,387	Valid
EWB2	0,272	0.858	0,384	Valid
EWB3	0,357	0.867	0,569	Valid
EP1	0,280	0,404	0.718	Valid
EP2	0,410	0,395	0.690	Valid
EP3	0,244	0,488	0.798	Valid
EP4	0,263	0,218	0.683	Valid
EP6	0,362	0,385	0.644	Valid

The basis for decision making to assess whether the instrument is reliable if the internal consistency value is between 0.6-0.7 and the value is between 0.7-0.9 is satisfactory. An internal consistency value greater than 0.95 is not desirable because it indicates that the indicators measure the same phenomenon so that these indicators are not discriminately valid to measure the construct [20][22]. All constructs in this study have composite reliability values and Cronbach alpha's value > 0.7 and do not exceed the maximum limit of 0.95, so it can be concluded that all constructs in this study are reliable. Table 4. is the result of reliability test.

Table 4. The Result of Reliability Test

Variable	Composite Reliability	Cronbach Alpha's	Information
Change In Management	0.922	0.905	Reliable
Employee Well-Being	0.870	0.780	Reliable
Employee Performance	0.833	0.752	Reliable

Based on table 5, it can be seen that the VIF value of the inner model for each construct in this study has a VIF value < 5, so it can be concluded that the 2 interrelated constructs do not have a collinearity problem.

Table 5. The Result of Collinearity Test

	Change in Management	Employee Well-Being	Employee Performance
Change In Management		1.000	1.162
Employee Well-Being			1.162
Employee Performance			

A construct said has a sufficient effect size value if the f2 value is obtained more than 0, if the f2 value has a value below 0 then it is proven that the construct does not have a sufficient effect size. The category for the f2 value, namely 0.02, 0.15, 0.35 shows a small, medium, large effect (Santosa, 2018:95). The following table 6. is the result of the effect size test for this study.

Table 6. Effect Size Test

Variable	Effect Size	Category
Change in Management – Employee Well-Being	0,162	Medium

Change in Management – Employee Performance	0.107	Medium
Employee Well-Being – Employee Performance	0.277	Big

To assess predictive relevance (Q2), if the value of Q2 is greater than zero, then certain endogenous constructs have predictive relevance. If the Q2 value is equal to or less than 0 it indicates no predictive relevance [22]. The Q2 value for the endogenous construct of employee well-being is 0.153 and employee performance is 0.087, so it can be said that the endogenous construct in this study has predictive relevance (> 0), so it can be interpreted that the research model can accurately predict data that is not used for evaluate the model. Table 7. is the result of the predictive relevance test.

Table 7. Predictive Relevancy (Q2) Test

Variable	SSE	SSO	$Q^2 = 1 - (SSE/SSO)$
Employee Well-Being	330.181	390.000	0.153
Employee Performance	213.530	234.000	0.087

The coefficient of determination obtained is 37.3% for the employee well-being variable and 13.9% for the employee performance variable. It can be interpreted that the variation in the value of employee well-being can be explained by change in management by 37.3% and the remaining 62.7% is explained by other variables outside of the model studied, in addition to the variation in the value of employee performance can be explained by change in management of 13.9% and the remaining 86.1% is explained by other variables outside the model studied.

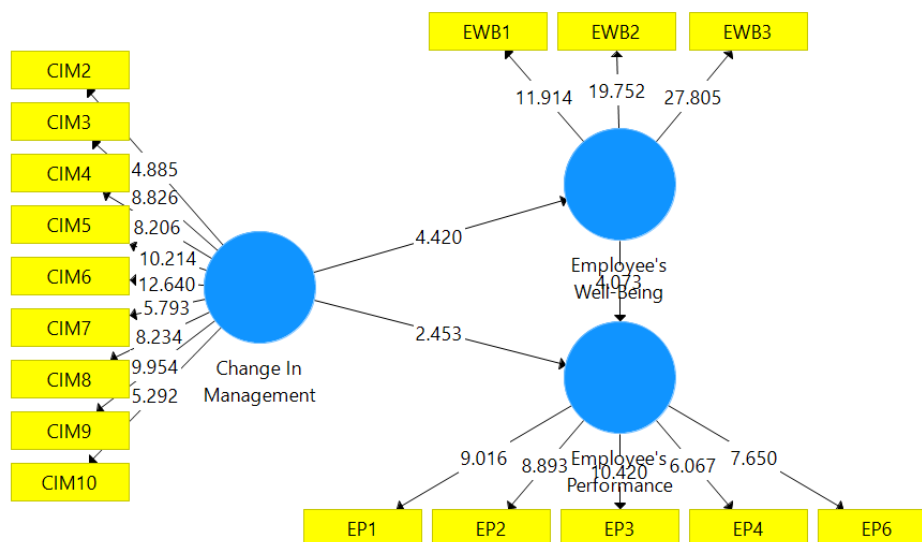


Fig. 1. Inner Model (Bootstrapping).

The results of hypothesis testing (direct and indirect effects) are as follows that Change in Management has a positive effect on employee performance with an original sample value of 0.279 and a t-statistic of 2.453 > 1.991 and a p-value of 0.015 < 0.050. Change in Management has a positive effect on employee well-being with the original sample value of 0.373 and t-statistic 4.420 > 1.991 and p-value 0.000 < 0.050. Employee well-being has a positive effect on

employee performance with an original sample value of 0.449 and a t-statistic of $4.073 > 1.991$ and a p-value of $0.000 < 0.050$. Change in Management has a positive effect on employee performance through employee well-being with an original sample value of 0.167 and a t-statistic of $3.173 > 1.991$ and a p-value of $0.002 < 0.050$.

3.1 Discussion

Change is unavoidable, every organization or company. It will always change following what is happening in its environment. Change will have a good impact if it is planned, managed and implemented effectively. A good change is a change that is designed in a systematic or structured manner, so that the purpose of the change can be clearly defined. Change management practices help stakeholders to be able to manage change well, so that the perception of changes felt by employees can be controlled so as not to have a bad impact on the organization, their work, or even their lives.

As a form of support and compliance with established regulations, namely MenPAN-RB Regulation Number 28/2019 regarding equalization of administrative positions into functional positions to ensure certainty and career development of administrative officials affected by the simplification of the bureaucracy, Semarang State University as a higher education institution, participated as well as to enact changes in structural positions to functional positions for the Head of the Division and Head of Sub-section (echelon III and IV employees) within the State University of Semarang. This change is an urgent matter, because this change is a form of adaptation of higher education institutions to what is happening in the external environment, so the State University of Semarang is trying to implement these changes through change management practices.

The practice of change management is a systematic and structured process to implement change through planning, organizing, implementing and managing or controlling the activities or programs of change that will be carried out so that changes are expected to not have a negative impact on the organization and employees including low levels of performance and employee welfare. This is in accordance with the research conducted by Sinaga et al. [24] which reveals that change management will affect several things that are specifically focused on employees or employees, one of which is performance and welfare.

Based on the results of hypothesis testing, it is revealed that change in management or in this case the process of planning, organizing, and managing changes in structural positions into functional positions for echelon III and IV employees at the State University of Semarang can be said to be effective. This is in accordance with the results of research which shows that change in management has a significant effect on performance and welfare, both direct and indirect effects. the direction of the relationship between these variables is positive, so the better the practice of change management, the higher the performance and welfare of echelon III and IV employees in the Semarang State University.

Employees at echelon III and IV respond wisely to change in management. The rules from the central government are very clear and well communicated at the university level. This causes employees to feel calm about the changes that will occur. There are guarantees and clear rules that the welfare of employees will still be considered and will increase their performance. If the performance continues to improve then it will be good for the organization.

The results of the above study are in accordance with research conducted by Thomas [3], Wanza & Nkuraru [4], Menda et al. [5], Kahoro & Rugami [6], Kojo et al. [7], Kimhi et al. [8], Ratnasari et al. [9], Harahap [10] who found that effective change management practices will have a positive impact on performance. In addition, research conducted by Wiezer et al. [13]

that not all changes have a negative effect, changes that are planned and managed effectively have an effect on increasing better welfare, this is due to the perception of security felt by employees or employees. In addition, Westgaard and Winkel [25] found that changes that are supported by the active participation of employees or employees, clear information, two-way communication, leadership and organizational support, as well as being driven by continuous efforts to promote employee welfare, will encourage an increase in employee or employee performance. even better [26].

4 Conclusion and Suggestion

Change in Management can significantly improve employee performance (employee performance) and employee well-being (direct relationship). This illustrates that the changes made, in this case, are changes in structural positions to functional positions for echelon III employees at the State University of Semarang which are clearly planned (reasons, objectives and benefits of the change), well organized, supported, facilitated, and accompanied by a leader, and well communicated will improve employee performance and welfare.

Employee well-being that is properly promoted, when activities or changes are planned, during and ends can significantly improve employee performance. Employee well-being acts as a mediator between the relationship between change in management and employee performance. The managerial implication obtained from this research is that it can provide an overview of how changes are managed properly and effectively, so that they have a positive impact on performance or welfare.

The limitations of this study are the relatively small number of samples, namely 78 samples, besides that there is no preliminary study that can strengthen the gap phenomenon built in this study. Further research is suggested to be able to explore other variables that may influence and succeed in the changes made. planned as a leadership role [27]. In addition, further researchers can use this research as a reference to be able to find out the impact of changing positions, especially in higher education institutions or can apply it to other research objects with different sectors.

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