AN EVALUATING EFFECTIVENESS STRATEGIC IMPLEMENTATION: The Case of PT SUCOFINDO Padang Branch Area

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Abstract
Nowadays, effectiveness strategic implementation has challenged various company due to unpredictable business situation. Therefore, the company should measure how accurate the effectiveness strategy which was implemented. This study aims to analyze the effect of leadership, resource allocation, and employee engagement on it through organizational commitment. Saturated sampling technique used in this study by the amount of 52 employees recorded as participants. Previously, the data were collected through online method and assisted by g-form questionnaires, then it analyzed with Structural Equation Model (SEM) technique from IBM AMOS 23.0 software. The study found that in the direct effects there are three relationships stated not significant, but fourth of them. Further, mediating contributions of organizational commitment only success in the relation of employee engagement on effectiveness strategic implementation, and the other are rejected due to not contributes optimally.

Keywords: Effectiveness Strategic Implementation; Employee Engagement; Leadership, Organizational Commitment; Resource Allocation

INTRODUCTION
Globally, the market share of testing service, inspection, and certification in 2020 reached USD 207.75 billion, with an average annual growth rate of 5.41%, and is expected to reach USD 294.01 billion in 2026 (Mordor Intelligence 2021). This market growth is stimulated by the development of increasingly sophisticated technology, and high demand for continuous inspection and testing processes in industrial businesses (Bogue, 2018). In this regard, it has an impact on competition for market share of the testing service, inspection and certification industry of Indonesia (SUCOFINDO, 2020b). Therefore, it is important for every company which operates in these services to be able to implement an effective strategy to win the competition.

According to Cândido and Santos (2018), a lot of companies failed in reaching effectiveness of strategic implementing due to managerial inability to realize the strategy they have designed. As many as 35% of the causes of failure are poor leadership, weak employee commitment, and ineffective resource allocation (Alharthy et al. 2017). Whereas, in the research of Nienaber (2019) stated that ineffectiveness strategic implementation is the
cause of employee disengagement, in which these thing make employees not working sincerely, or not really dedicating themselves to the company (Nienaber, 2019).

PT SUCOFINDO is a company which operate in the testing service, Inspection and Certification (TIC), which has many branches and service units spread throughout Indonesia. In Padang branch area, PT SUCOFINDO has 6 portfolios including: Coal, Commodity and Trade Solutions, Industry, Minerals, Laboratory, Certification and Eco-Framework (SUCOFINDO, 2020a). Based on the revenue annual report of PT SUCOFINDO Padang Branch in 2018 to 2020, a GAP was found between the revenue budget and revenue realization in 2019 (SUCOFINDO, 2020a). It is suspected that the problems triggered by ineffectiveness of the process in strategic implementation towards the revenue budget which was targeted by the head office. In addition, PT SUCOFINDO Padang's annual report also shows that operating costs have increased every year, exceeding the set of budget which was targeted, while operating revenue less than it (SUCOFINDO, 2020a).

The phenomenon which found at PT SUCOFINDO branch are clearly defined that the resource allocation management isn’t optimal or bad, and the role of leadership not yet strong and affects. In the opinion of Mubarak et al. (2019), not communicative leadership is one of the mosts vital factors of strategic implementation failure. As in line, the study of Michira and Anyieni (2018), stated that leadership behavior, and organizational commitment has a positive and strong effects on effectiveness strategic implementation. Organizational commitment both leaders, employee and management have to in line, because it impacting on innovative performance (Games et al., 2022; Yuliani et al., 2021). Meanwhile, leadership will creates conducive work environment, because of their expertise in determining the attitude towards its members, take the right decision (Hidayat et al., 2021), and formulate strategic plan (Saad et al. 2021).

In the other hand, Key Performance Indicator (KPI) annual report of PT SUCOFINDO 2020 in the innovation category was also found not in accordance with the set targets (SUCOFINDO, 2020a). The authors argue it is due to lack of enthusiasm and employees participation towards supporting the strategic implementation. According to Saad et al (2021) employee dedication and profesionalism is much important in effectiveness strategic implementation to achived optimum results. Therefore, employee engagement will affect the achievement of effectiveness sustainable strategic implementation. In the study of Nienaber (2019) found that effectiveness strategic implementation strongly affected by employee engagement. Further, employee engagement also has a significant effect on organizational commitment which in turn toward effectiveness strategic implementation (Nienaber, 2019).
METHODOLOGY

The present study employed a quantitative approach and the data were collected from 52 employees who work at PT SUCOFINDO Padang Branch Area with saturated sampling technique. In the distribution process, online questionnaires throughout google form questionnaire have used to ease participants give their responses, and also aims to ease the authors distribute accurately (Sekaran & Bougie, 2016). As many as 52 questionnaires returned to the authors properly such previous expectation.

Regarding measurement scale, leadership was measure through indicators by Fourie (2010), for resource allocation was taken form the study of Jarzabkowski (2002), employee engagement was adopted from Sadeli (2012), while organizational commitment indicators developed by Sharpe (1996). Then to the effectiveness strategic implementation, sixth indicators adopted from Raps (2005). All item indicators is package in the form of Likert scale ranging 1 to 5 (Sekaran & Bougie, 2016). In the techniques of analysis, this study use AMOS software latest version to assist structural equation model (Loading factor > 0.5 & Construct Reliability > 0.7) (Heale & Twycross, 2015), and path analysis (P ≤ 0.05) (Hair et al., 2014), while IBM SPSS latest version used to descriptive analysis. Regarding to mediating contribution, Sobel Method have chosen as calculation references (Hair et al., 2010).

RESULTS

In the participants profile, this study identified that as many as 86.54% is man and 13.46% is woman, with ages ranging 26 to 35 years dominated by 51.92%, ages ranging 36 to 45 years are 23.08%, ages less than 25 years are 17.31%, and ages over than 45 years participated as many as 7.69%. The majority of participants is single (69.23%), and the other have married (30.77%). Most participants well educated at bachelor levels (61.54%), then diploma III as many as 23.08%, and SHS/VHS are 13.46%, while only 1.92% holds master. They came from three divisions including inspection (38.46%), consultancy and assessment (34.62%), and business support (26.92%).

Regarding monthly income, most participants (44.23%) state their receives IDR 3 to 6 million, 28.85% stated they earned in the range of 6 to 12 million, while 25% stated receives less than 3 million, and only 1.92% receive over than 12 million. The majority of participants (53.85%) have worked at the PT SUCOFINDO as long as less than 5 years, 25% stated 10 to 20 years, 9.62% participants have worked as long as 6 to 10 years, while the other 11.54% have worked over than 20 years. In this study, the author also identified that the participants came from various ethnics, in which Minang ethnic dominated by 78.85%, java as many as 5.77%, both Sunda and Batak 3.85% each, and other ethnic that not listed have participated as many as 7.69%.
Statistics Descriptive

The questionnaire data were tested descriptively and presented in order to measure responses of employee at PT SUCOFINDO related research variables, and it also describes real situation, feeling, and condition of research participants at work. Descriptive analysis also can be considering to be an addition to support in justifying the overall results (Gupta et al., 2018). In this study, the participants responses shown below at the figure 1:

![Descriptive Chart](image)

**Figure 1.** Descriptive Chart

Source: Primary Data Processed (2022)

According to Sekaran and Bougie (2016), There are five grades of mean interval value which used as a reference in determining participant responses, including <1,79 stated very low, ranging 1,80 to 2,59 is low, 2,60 to 3,39 is medium, 3,40 to 4,19 is high, and >4,20 classified very high. Regarding descriptive findings in this study, organizational commitment has a score of 4,21 is the highest score and classified very high responses, meaning that employee commitment to PT SUCOFINDO is strong, the authors assume that it is due to the company is one of the state-owned, so almost all employee will dedicating their self and loyal cause of guaranteed income. Meanwhile, resource allocation has a score 3,58 and classified high, but the mean score of it is the lowest score among any variables in this study. As analyst, resource allocation management in PT SUCOFINDO need to be improved, because the score is close to medium, while not much better in today’s era, in which efficiency and accuracy is the point unnegotiable. Furthermore, leadership, strategic implementation, and employee engagement have scores above 4,00, and indicates high response. Meaning that, participants were recognized today’s situation is quite conducive, but still need improvement
in all part due to tightest business competition post-COVID 19.

**Structural Equation Model**

SEM involves the construction of a model, to represent how various aspects of an observable or theoretical phenomenon are thought to be causally structurally related to one another (Hair et al., 2015). The structural aspect of the model implies theoretical associations between variables that represent the phenomenon under investigation (Hair et al., 2010). In structural equation model, this study only shows the result of validity and reliability. In the validity test, the prerequisite as references is 0.5 and above for loading factor (Hair et al., 2010), while for reliability the construct score should > 0.7 (Hair et al., 2012). Tabel 1 below shows.

Table 1. Validity and Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Code Item</th>
<th>Loading Factor</th>
<th>Construct Reliability</th>
<th>Variable</th>
<th>Code Item</th>
<th>Loading Factor</th>
<th>Construct Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Allocation</td>
<td>AS1</td>
<td>0.556</td>
<td></td>
<td>Organizational Commitment</td>
<td>KO1</td>
<td>0.888</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS2</td>
<td>0.590</td>
<td></td>
<td></td>
<td>KO2</td>
<td>0.909</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS3</td>
<td>0.531</td>
<td></td>
<td></td>
<td>KO3</td>
<td>0.828</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS4</td>
<td>0.715</td>
<td></td>
<td></td>
<td>KO4</td>
<td>0.735</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS5</td>
<td>0.526</td>
<td>0.897</td>
<td>IS1</td>
<td>0.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS6</td>
<td>0.687</td>
<td></td>
<td>IS2</td>
<td>0.797</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>AS7</td>
<td>0.823</td>
<td></td>
<td>IS3</td>
<td>0.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS8</td>
<td>0.634</td>
<td></td>
<td>IS4</td>
<td>0.829</td>
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</tr>
<tr>
<td></td>
<td>AS9</td>
<td>0.792</td>
<td></td>
<td>IS5</td>
<td>0.857</td>
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<tr>
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<td>AS10</td>
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<td></td>
<td>IS6</td>
<td>0.791</td>
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<tr>
<td></td>
<td>AS11</td>
<td>0.541</td>
<td></td>
<td>IS7</td>
<td>0.86</td>
<td></td>
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<tr>
<td></td>
<td>AS12</td>
<td>0.586</td>
<td></td>
<td>IS8</td>
<td>0.666</td>
<td></td>
<td>0.970</td>
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<tr>
<td>Employee Engagement</td>
<td>KK1</td>
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<td></td>
<td>IS9</td>
<td>0.735</td>
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<td></td>
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<tr>
<td></td>
<td>KK2</td>
<td>0.653</td>
<td></td>
<td>IS10</td>
<td>0.777</td>
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<tr>
<td></td>
<td>KK3</td>
<td>0.719</td>
<td></td>
<td>IS11</td>
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<td></td>
<td>KK4</td>
<td>0.565</td>
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<td>IS12</td>
<td>0.743</td>
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<td></td>
<td>KK5</td>
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<td>KK7</td>
<td>0.691</td>
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<td>IS15</td>
<td>0.921</td>
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<td></td>
<td>KK8</td>
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<td></td>
<td>IS16</td>
<td>0.917</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KK9</td>
<td>0.659</td>
<td></td>
<td>KP1</td>
<td>0.610</td>
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<tr>
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<td></td>
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<tr>
<td></td>
<td>KK11</td>
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<td>KP3</td>
<td>0.905</td>
<td>0.819</td>
<td></td>
</tr>
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<td>KK12</td>
<td>0.605</td>
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<td>KP4</td>
<td>0.538</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>KK13</td>
<td>0.648</td>
<td></td>
<td>KP5</td>
<td>0.678</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: AMOS software version 23.0, 2022

Table 1 shows that the items on each variable can be stated pass the requirement, because it has loading factor value more than 0.5. There is no items which not pass the requirement in this study, all complete. Regarding to the value of construct reliability, all variables also can be stated pass the requirement, because the value of construct reliability on each variable
greater than 0.7. All items on each variable indicates has a great accuracy and straight on point. In this study Goodness of fit models (GOF) indicates model can be advanced.

**Path Analysis**

Path analysis in this study uses as method to determine the effect among independent latent variables to the outcome variables, in which the prerequisite of significance level refers to p-value < 0.05 (Hair et al., 2010), while estimate value indicate total effect in single relationship (Hult et al. 2015). Table 3 shows the result of path analysis in this study.

**Table 3. Path Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Significancy</th>
</tr>
</thead>
<tbody>
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<td>Organizational Commitment</td>
<td>Leadership</td>
<td>0.088</td>
<td>0.117</td>
<td>0.746</td>
<td>0.456</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>Resource Allocation</td>
<td>0.013</td>
<td>0.101</td>
<td>0.129</td>
<td>0.897</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>Employee Engagement</td>
<td>0.548</td>
<td>0.18</td>
<td>3.039</td>
<td>0.002</td>
</tr>
<tr>
<td>Effectiveness Strategic Implementation</td>
<td>Leadership</td>
<td>0.301</td>
<td>0.096</td>
<td>3.127</td>
<td>0.002</td>
</tr>
<tr>
<td>Effectiveness Strategic Implementation</td>
<td>Resource Allocation</td>
<td>0.056</td>
<td>0.062</td>
<td>0.907</td>
<td>0.365</td>
</tr>
<tr>
<td>Effectiveness Strategic Implementation</td>
<td>Employee Engagement</td>
<td>0.280</td>
<td>0.122</td>
<td>2.299</td>
<td>0.021</td>
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<tr>
<td>Effectiveness Strategic Implementation</td>
<td>Organizational Commitment</td>
<td>0.476</td>
<td>0.113</td>
<td>4.219</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: AMOS software version 23.0, 2022

According to the table 3 above, leadership and resource allocation have no significant effect on organizational commitment by p-value over than 0.05, while employee engagement stated positive and significant effect on organizational commitment by p-value 0.002. Regarding to the effectiveness strategic implementation, the role of leadership, employee engagement, and organizational commitment has a positive and significant effects by p-value < 0.05, but resource allocation still not enough significant.

**Mediating Contributions**

The present study was conducted mediating test through SOBEL calculation method by (Hair et al., 2014), in which SOBEL calculation method is trusted in most popular research has a high accuracy. In the figures 2 below shows the result:
In the calculation number 1, it is related to mediating contribution of organizational commitment in the relationship between leadership on effectiveness strategic implementation, it has a score of one-tailed probability is 0.229 more than 0.05, meaning that organizational commitment has not enough significant mediates the relationship between leadership and effectiveness strategic implementation.

In the calculation number 2, it is related the indirect effect of resource allocation on effectiveness strategic implementation through organizational commitment, in which the score of one-tailed probability is 0.448 and it over than 0.05, then indicates that organizational commitment has not significant contribution in the relationship between resource allocation and effectiveness strategic implementation.

In the calculation number 3, organizational commitment found has a score of one-tailed probability 0.006 less than 0.05, meaning that organizational commitment has significant contribution in the relationship between employee engagement an effectiveness strategic implementation. As simple ways to understand SOBEL calculation method can be seen at the one-tailed probability score, because when the testing model tested by first-
DISCUSSION

Grindle (1980) quoted from (Elwan, L.O.M, 2011:15) explained that approaching policy implementation as a process of general administrative actions that need to be examined to a specific program level. The success or failure of a policy can be seen from its capacity to run the program according to its original design. Therefore, the implementation of the policy as a whole needs to be seen by questioning whether the implementation of the policy is in accordance with what has been determined. This conformity measurement can be seen from two things, namely: a) From the process, which can be checked at the specific program level and the funds allocated, and b) From the results achieved by the implementation of the policy. This dimension is measured by looking at two factors, namely: a) The impact or effect on society individually and in groups; and b) The level of changes that occur and the target group’s acceptance of the changes that occur. (Muhammad Elwan, La Ode; Agus Pramusinto, 2011). Furthermore, according to Grindle’s argument (in Elwan.L.O.M, 2011: 22) that the success of a public policy implementation is largely determined by the degree to which the policy can be implemented or the implementability of the policy. This implementability can be seen from aspects of policy content (content of policy) and aspects of the context of policy implementation (contexts of policy implementation). (Supriadin et al., 2020).

The level of effectiveness of strategy implementation in companies which operates in testing service, inspection and certification became the main requirement to win the competition (Cândido & Santos, 2018), because an increasing industrial growth has demanded the highest level of security (Almeida & Santos, 2020). Leadership is one of the main factors for every company to achieve competitive advantage, it is due to leader policies, behavior, and decisions will determining the level of company success and growth (Hidayat et al., 2021). In PT SUCOFINDO Padang branch area, leadership found has a significant impact on effectiveness strategic implementation, meaning that performance, abilities, and skills of the leader will directing to the high level of strategic effectivities. This finding is in line with Mubarak et al. (2019), which found that effectiveness strategic implementation significantly affected by leadership factors. Leadership also found has a significant impact on organizational in various literatures (Alvesson, 2020; Jeon & Choi, 2020; Toh et al., 2019), but in the research of Basna (2016) and Yuliani et al. (2021) leadership has no significant effect on organizational commitment.

In this study, the authors argue that leadership is not only related to individual leader
performance, leaders also have capabilities to create conducive environment at work office, able to understanding subordinate behavior, and able to strengthen commitment as overall. This study found that leadership has no contribution on organizational commitment, and its in line with findings of Basna (2016) and Yuliani et al. (2021). As stand for, it is due to the leader's lack of understanding regarding work culture and the character of employees assigned to the Padang branch area, as well as the leader's lack of concern and sensitivity towards the achievements of each individual, causing a feeling of monotony in the office environment. Therefore, when organizational commitment became mediating in the relationship between leadership and effectiveness strategic implementation, it found no effect. In analysis, an individualistic work culture has been proven to reduce the level of organizational commitment, and it has an impact on discomfort at work. In the opinion of Carter et al. (2019), leaders should provide motivation and solutions to their employees when they are facing difficulties in completing work assignments. Further, Hidayat et al. (2021) stated that employee will motivates at work when their leader really care and humble.

The effectiveness of strategy implementation is a reflection of the overall expertise of employees under management in the process of resource allocation (Lemarleni et al. 2017; Masya et al. 2022), but in this study did not find a significant effect of resource allocation on effectiveness strategic implementation, it is due to the centralized allocation, so that branch management is difficult to be creative in allocating existing resources. This finding is line with the research of Harun, Muraguri, and Kahuthia (2019), which states that strategic implementation is not significantly influenced by centralized resource allocation. Meanwhile, effectiveness strategic implementation is strongly affected by the strong will of employees to dedicating themselves to the company vision and missions, as well as the professionalism of employees in completing work assignments. Employees who have a high level of commitment also have an impact on the success of strategy implementation. This finding is in line with the research of Chadam and Turkyilmaz (2021) and Nienaber (2019), who found that employee commitment will direct employees to responsibility to achieving the results of the effectiveness of strategy implementation. Therefore, leaders play a very important role in increasing the professionalism.

CONCLUSION

The accumulation of leadership is seen not in line with the character of the employees in the PT SUCOFINDO Padang branch area, it was made the strategic direction and corporate culture not sufficiently proper conveyed, then it has become a vital cause for the absence of the effects leadership and resource allocation on organizational commitment in PT SUCOFINDO Padang Branch area. On the other hand, resource allocation that received by PT SUCOFINDO Padang branch area is based on the amount of allocation who set by head
office, in which it was proven slow down work processes and compound employees to achieved optimal work due to have to wait for decisions from head office. Therefore, companies are advised to immediately improve and design systems that are more structured, integrated and sustainable, as well as placing leadership that is appropriate to the culture and work environment in order to achieve the effectiveness of the implemented strategy in the PT SUKOFINDO Padang branch area.

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