

The Effect of Perceived Usefulness and Perceived Ease of Use on Affective Commitment and Actual Usage of the Flexible Benefit System: The Mediating Role of Individual Absorptive Capacity

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ABSTRACT

The purpose of this study is to understand the role of individual absorptive capacity after implementation of flexible benefit system by its users. We assume the effect of benefit that satisfy employees will increase their affective commitment with the firm. Technology Acceptance Model (TAM) were used to determine the factors that influence the actual usage of flexible benefit system. This is a quantitative study of 162 employees in a single banking industrial firm. Using questionnaires data and structural equation modelling (SEM), this research investigates how perceived usefulness and perceived ease of use affect the actual usage of flexible benefit system by introducing individual absorptive capacity as a mediator. The main finding is that individual absorptive capacity mediates between affective commitment and actual usage of flexible benefit system. And the study result showed that affective commitment has a positive effect toward absorptive capacity, also flexible benefit program influence employees' affective commitment with the firm.

Keywords: *Actual Usage, Affective Commitment, Flexible Benefit, Individual Absorptive Capacity, Technology Acceptance Model (TAM).*

1. INTRODUCTION

All kinds of employee benefit, including flexible benefit is managed in Human Resource (HR) function. To optimize these functions, companies develop a system to support Human Resource Management (HRM) called Human Resource Information System (HRIS). HRIS is a computer system used to acquire, store, retrieve and distribute information related to a company's human resources [22]. It also can provide data for evaluating policies and programs like flexible benefit program.

Benefit program usually include: health insurance, pay for time not worked and retirement [22]. However, every company can adjust the program with the ability, budget and policies that apply in their place. With the rapid development of social economy, the salary is no longer the only factor to decide whether employees to stay or go [8]. There is a connection between flexible benefit program with employee welfare which will indirectly increase the productivity of company employees because it can meet

their needs [25]. Rather than a single standard benefits package for all employees, flexible benefit program provides opportunities for employees to choose the types of benefit they want for themselves.

There is a significant influence on the understanding of the benefit programs that employees receive through good communication from management. This illustrates that employees are well educated so that they understand the program and get satisfaction from their benefit decisions [6]. The research showed that employee's benefit satisfaction contributes to the development of Perceived Organizational Support (POS) and that POS mediates their effects on affective organizational commitment [7, 30]. The more satisfied the employee is, the more it will provide maximum performance for the company and might lead to employee loyalty to the company [14]. Benefit program can be used as a tools to gain competitive advantage [12].

HRIS are widely used in various organization. HRIS usage intensity had a strong positive impact on

organizational performance [3]. The application of HRIS in banking sector is proven to be effective and efficient based on employee perspective. HRIS is not only assisting banks to increase their productivity but also give a positive impact in banking sector such as time saving and cost effective [16]. Various names are used to refer HRIS such as Electronic Human Resource Management (e-HRM), web-based, intranet-based HRM and Human Resource Information Technology (HR-IT) [10].

Information system have been adopted in various organizational function. Analyzing actual usage of information system can also help management to evaluate the effectiveness of system implementation. Organization should give a full explanation to employee about the system and how to use it, so that system can be successfully implemented. The step was taken with the hope it can attract employee to using the system, which can be used as a tools to help management realize their programs. Flexible benefit program is designed with cafeteria style plans. By permitting employee choice, there should be a better match between the benefit packages and the employee's preference. It designed to give employees the freedom to exchange basic benefit that have been provided by company to be more flexible with reimbursement system.

The objective of this study is to examine the factors (perceived usefulness, perceived ease of use) influencing employee's actual usage of flexible benefit system and investigate the mediation effect of absorptive capacity on the relationships between affective commitment and actual usage. Considering flexible benefit is a part of welfare strategy which has not been explored optimally in the context of HRM in Indonesia. Therefore, evaluating benefit program by seeing from the usage of the system will be great guidable and practical significance to improve HR role by creating a good program to organization.

2. MATERIALS AND METHODS

Technology Acceptance Model (TAM) was conceived to explain and predict the individual's acceptance of information technology [20]. The user acceptance based on intentional to use the technology. The present research develops TAM in terms of social influence and cognitive instrumental processes. The research explains that both social influence process and cognitive instrumental processes significantly influenced user acceptance [28]. Perceived usefulness and perceived ease of use are measures used in the TAM model to find out the actual usage of an information system. Perceived usefulness is the degree to which person believes that using a system would enhance their performances. Perceived ease of use is the degree to which person believes that using a particular system would be free from effort.

According to Zahra & George [31], absorptive capacity has four dimension and each dimension playing different but

complementary roles in explaining that it can influence firm's performance. Absorptive capacity defined as a firm's ability to recognize the value of new external knowledge, assimilate it and apply it to commercial ends [5]. The support of organization in the context of learning is an important factor that can increase employee's potential absorptive capacity [26].

Organizational commitment is an important variable that can affect how loyal employees are to the organization and as a consequence can determine whether employees behave positively or negatively. According to Meyer & Allen [19], individual affective commitment describes an individual's emotional ties, identification and involvement in the company. Highly affective individuals still join the organization because of the desire to remain a member of the organization.

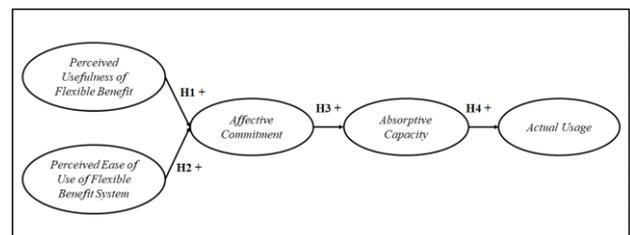


Figure 1 Research Model

The model for this research (Fig. 1) is a model according to Bae, Kwon & Jai [2]. The use of individual absorptive capacity as a mediator aims to find out it's role to predict actual usage of a system. The role of absorptive capacity in the use of information technology can directly increase the ability of technological innovation [13]. Other research using absorptive capacity to measure the actual usage of information system [4, 18, 29].

The proposed research model consists of five constructs and a total 30 indicators. A questionnaire has been developed to collect data. Judgemental sampling was used as a sampling technique. Judgemental sampling is a non-probability sampling technique that use researcher's judgement in taking sample [17]. The judgement based on the result of benefit package that has been selected by employee. Employee's demographic condition are also taken into consideration in taking samples. The Structural Equation Modeling (SEM) has been used to analyze the data. SEM consist of two stages, confirmatory factor analysis was performed to examine constructs validity, reliability and to evaluate the goodness of model fit then path analysis has been applied to examine the hypothesis.

According to de la Torre-Ruiz, Vidal-Salazar & Córdón-Pozo [7], three dimensions of benefit satisfaction has positively and significantly affect to organizational commitment and employee can feel the support from the company when they feel satisfied with the way how company deliver that information and how they manage their benefits. The flexibility of benefit program's policy can

affect the level of employee welfare because it can meet their needs when the program is more flexible [8]. Therefore, perceived usefulness of flexible benefit may have a positive effect on affective commitment.

Hypothesis 1. Perceived usefulness of flexible benefit has a positive direct effect and significant to affective commitment.

The satisfaction of compensation procedure related with Perception of Organizational Support (POS) and POS has a mediation effect on the relationships between compensation satisfaction and affective commitment. Therefore, if the employee is satisfied with the procedure used to determine their benefits, then there will be a perception from the employee that the procedure is fair, so they assume that they have the support of the company and as a result they feel emotionally attached to the company [30]. Another research showed that employees can develop their affective commitment to the company based on the level of income as well as on the system that used to channel their wages [11]. Therefore, perceived ease of use of flexible benefit may have a positive effect on affective commitment.

Hypothesis 2. Perceived ease of use of flexible benefit system has a positive direct effect and significant to affective commitment.

According to Tian & Soo [26], the support of organization in the context of learning is an important factor that can increase employee’s potential absorptive capacity. In the organizational context, knowledge sharing behavior and affective commitment are important factors for the process of individual’s absorptive capacity [23]. Hence it can be hypothesized that affective commitment has an effect on absorptive capacity.

Hypothesis 3. Affective commitment has a positive direct effect and significant to absorptive capacity.

The role of absorptive capacity in the use of information technology can directly increase the ability of technological innovation [13]. Absorptive capacity has the highest effect on the intensity of using Enterprise Resource Planning (ERP). Other research using absorptive capacity to measure the actual usage of information system [4, 18]. According to Wang, Liu, Feng & Wang [29], implementation of information system usage can be fully mediated by individual absorptive capacity. Therefore, absorptive capacity may have positive effect on actual usage directly and indirectly.

Hypothesis 4a. Absorptive capacity has a positive direct effect and significant to actual usage.

Hypothesis 4b. Absorptive capacity has a mediation effect on the relationships between affective commitment and actual usage.

3. RESULTS

In this study, we applied SEM in two ways – CFA of the measurement model and path analysis of the structural model. The hypothesis was tested using AMOS version 26. Initial testing of the instrument was carried out by testing the validity and reliability using SPSS version 23. Validity testing is performed using the Kaiser Meyer Olkin (KMO) factor analysis method, Bartlett's test and factor loading of each indicator. Reliability test is carried out on every indicator that has been said to be valid. In this study, the reliability testing technique uses Cronbach's Alpha method. Table 1 presents the results derived for CR along with factor loadings and Cronbach’s Alpha. All the CR values were found above 0,7. Therefore, overall items can be used in the main research.

As shown in Table 2, the demographic profile of respondents obtained will affects the result of the study. The nominal premium obtained by employee is directly proportional to their job levels. The length of work is the basis for calculating the days of leave earned where leave is also an item for flexible benefit program. As with any form of insurance product in general, the number of family members will affect the amount of premium paid by the company each year, therefore the marital status which includes spouse information and the number of children influences the amount of premium earned by the employee. So the amount of premiums obtained for employees who are married and having more than one child will be greater than the amount of premiums for employees who are still single. This will affect the amount of points that can be obtained by employees.

One item AC4 of the construct affective commitment was eliminated from the study as their standardized factor loading was very low compared to the threshold (0,459). According to Hair, Black, Babin & Anderson [9] the factor loadings and the AVE should be greater than 0,5 and the CR should exceed 0,7. The minimum CR of the constructs was 0,8623. The average variance extracted ranged from 0,6311 to 0,7618. The fit statistics of the structural model were CFI = 0,916, TLI = 0,905 and RMSEA = 0,077. Therefore, all the conditions for this study were satisfied. The model shown in Figure 2.

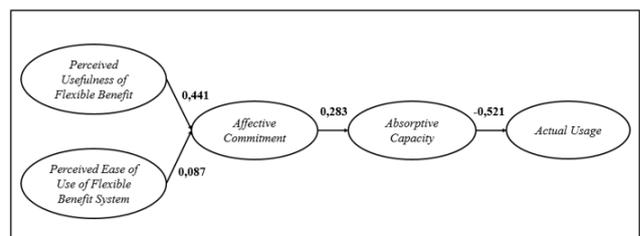


Figure 2 Final Model

Table 1. Validity Reliability Result

Constructs	Items	KMO	Factor Loadings	Cronbach's Alpha
Perceived Usefulness	PU1	0,768	0,919	0,857
	PU2		0,587	
	PU3		0,943	
	PU4		0,936	
Perceived Ease of Use	PEOU1	0,827	0,936	0,966
	PEOU2		0,950	
	PEOU3		0,962	
	PEOU4		0,970	
Affective Commitment	AC1	0,792	0,798	0,931
	AC2		0,759	
	AC3		0,677	
	AC4		0,831	
	AC5		0,915	
	AC6		0,896	
	AC7		0,736	
	AC8		0,959	
Absorptive Capacity	ACAP1	0,863	0,881	0,966
	ACAP2		0,853	
	ACAP3		0,904	
	ACAP4		0,894	
	ACAP5		0,893	
	ACAP6		0,887	
	ACAP7		0,918	
	ACAP8		0,889	
	ACAP9		0,646	
	ACAP10		0,733	
	ACAP11		0,783	
	ACAP12		0,844	
	ACAP13		0,873	
	ACAP14		0,920	
Actual Usage	AU1	0,500	0,955	0,857
	AU2		0,955	

Table 2. Demographic Profile of Respondents

Age Groups:	Respondents
25-30	91
31-40	47
41-50	18
>50	6
Gender:	Respondents
Male	95
Female	67
Marital Status:	Respondents
Married	97
Single	65
Job Levels:	Respondents
Young Manager	105
Manager	43
Senior Manager	14
Overall Experience:	Respondents
1-5 years	104
5-10 years	30
>10 years	28

Table 3 shows the result for the model, testing hypothesis 1-4b. The results show that perceived usefulness positively affects affective commitment, affective commitment positively affects absorptive capacity, absorptive capacity positively affects actual usage and absorptive capacity mediates between affective commitment and actual usage. According to Zhao, Lynch & Chen [32], this implies an indirect mediation because the value generated for the direct relationship of the affective commitment to the actual usage is positive and the value generated for the indirect relationship between the affective commitment to the actual usage through the absorptive capacity is negative. Therefore, it can be concluded that affective commitment has a significant negative and indirect effect on actual usage.

Table 3. Hypothesis Test Result

Statement		Direct Effect (Mediation)	SLF Values	P Values	Result
H1	Perceived usefulness of Flexible Benefit → Affective Commitment		0,441	0,018	Supported
H2	Perceived Ease of Use of Flexible Benefit → Affective Commitment		0,087	0,62	Not Supported
H3	Affective Commitment → Absorptive Capacity		0,283	0,001	Supported
H4a	Absorptive Capacity → Actual Usage		-0,521	0,024	Supported
H4b	Affective Commitment → Absorptive Capacity → Actual Usage	0,213	-0,148	0,023	Supported

4. DISCUSSION

The aim of this study was to analyze the role of individual absorptive capacity as a mediator variable after the implementation of flexible benefit system. Using the TAM model as a basis, we analyzed the relationship between perceived usefulness, perceived ease of use, affective commitment, actual usage and absorptive capacity. We highlight the role of absorptive capacity as mediating variable in determining the actual usage of flexible benefit system. Four of the five hypothesis were fully supported. Our results show that individual absorptive capacity mediates between affective commitment and actual usage of flexible benefit system. And the result also showed that affective commitment has a positive effect toward absorptive capacity, also flexible benefit program influence employees' affective commitment with the firm.

In the result, we figured out that employee who are married pay more attention to their benefit through the implementation of flexible benefit program. The married employees plan their benefits more carefully because the package that they made will affect their spouse and child. So that, they use the system more intense than employees who are not married. Therefore, we can conclude that these results are consistent with the previous research about individual acceptance of technology significantly related with intrinsic and extrinsic motivation [20].

Another result show that perceived ease of use of flexible benefit system has no connection to affective commitment. Based on the demographic data, employees in the young age group do not experience difficulties and require more effort to access the system where these results are in line with research conducted by Tripathi [27], regarding the role of respondents' age moderation on the use of the system shows that the younger age group has a value which is quite high in adopting system usability. The usefulness of a system can also gradually disappear along with the intensity of its use so that system users who are already familiar will not need more effort to access an information system.

Affective commitment is proven to have a direct positive effect on employee absorptive capacity. This shows that employees have individual emotional ties to the company. Absorptive capacity is related to learning organization culture that can support the application of new ideas. So that the affective commitment and employee loyalty behaviour is aligned with a learning culture that can be carried out continuously. Increased affective commitment can be supported by subjective roles such as superiors or fellow employees. Based on this

influence, an employee will be more motivated to use new technology implemented by the company [2]. The importance of organizational encouragement in the learning process can encourage the potential absorptive capacity of employees [26].

When employee has an affective commitment to their workplace, they will absorb all the information as a learning process, including the system implemented by the company. In other words, the individual's absorptive capacity will increase along with the affective commitment that individuals have for the company. Consistent with a lot of previous research [4,18, 29], absorptive capacity had a strong relationship to measure the actual usage of information system. In the context of organization, the role of absorptive capacity can encourage dynamic capabilities into the internal company [31]. Absorptive capacity of technology plays an important role for the company's competitive advantage [4].

5. CONCLUSION

Based on those results, we suggest for organization to focus on knowledge sharing to gain absorptive capacity which can increase employee competencies. Therefore, company management can involve the ability of knowledge sharing as part of various elements of human resources with the hope that every layer of employees in the company can realize the importance of the learning process. In the organizational context, knowledge sharing behavior and affective commitment are important factors for the process of individual's absorptive capacity [23]. Knowledge sharing in organization also can increase employee affective commitment and could be a factor to retain Generation Y employees [21].

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