



# Predictors and Impact of Openness to Change in Asset Management Contract (AMC) Implementation at the Electric Power Service Company

Satpaulina<sup>(✉)</sup>, Yeni Absah, and Rulianda Purnomo Wibowo

Universitas Sumatera Utara, Medan, Indonesia  
satpaulina@gmail.com

**Abstract.** The change strategy in asset management implementation is an effort made by the company to deal with the changing business environment. Management decisions with the asset management contract (AMC) mechanism are feared to impact employee satisfaction and employee continuance commitment. This study aims to examine (1) the effect of individual differences (self-esteem, optimism, perceived control) on employee openness in accepting changes in the reorganization of AMC implementation; (2) the effect of context-specific variables (information, participation, self-confidence) on employee openness in accepting changes in the reorganization of AMC implementation; (3) the effect of openness to change to employee job satisfaction; and (4) the effect of openness to change to continuance commitment. Data collection was done through a survey by distributing questionnaires. The subjects of this study were 155 employees from 477 employees in 3 (three) generating units. Data analysis was performed using structural equation modeling-partial least squares (SEM-PLS). The analysis results show that openness to change is successfully predicted from individual differences and context-specific variables ( $R^2 = 0.650$ ), and the job satisfaction and continuance commitment variables are also successfully predicted ( $R^2 = 0.498$  and  $0.449$ ). It is also found that the self-esteem, information, participation, and self-efficacy variables have positive and significant relationships to the level of openness to change. However, the optimistic variable and perceived control are found to have no significant relationship ( $p < 0.05$ ). Three context-specific variables and an individual difference variable predict higher levels of acceptance of change, and lower levels of acceptance are associated with lower job satisfaction and lower employee continuance commitment.

**Keywords:** Organizational change · Job satisfaction · Individual differences · Context-specific variables · Continuance commitment

## 1 Introduction

In 2020, PT PLN UIKSBU was faced with the choice to change the pattern of power plant management in several of its units. Based on the explanation from the management,

© The Author(s) 2023

W. R. Murhadi et al. (Eds.): INSYMA 2022, AEBMR 223, pp. 511–519, 2023.

[https://doi.org/10.2991/978-94-6463-008-4\\_65](https://doi.org/10.2991/978-94-6463-008-4_65)

the company planned to carry out a management service scheme for asset management contract (AMC) at *Pangkalan Susu* power plant units 3 and 4 with the capacity of 220 MW, *Labuhan Angin* power plant with the capacity of 115 MW, and *Belawan* power plant with the capacity of 818 MW.

The management change plan received a response from the UIKSBU trade unions (SP), who supported the independence of power plant management and maintenance at PLN UIKSBU. Meanwhile, the asset management contract (AMC) scheme was an option to hand over power plant management and maintenance services to a subsidiary.

This change was intended as one of the strategic initiatives to improve governance and generation performance. However, this choice triggered a response from the company's trade unions. The same thing was stated by Cornescu & Adam [1] that although changes are intended to provide benefits for the organization or employees, employee behavior does not necessarily follow the direction of change. Changes made by organizations that are expected to be accepted by the organization members are not always accepted by members of the organization [2]. The union's visibly and publicly voiced opposition to the planned change in the power plant's administration and maintenance can be regarded as a type of employee resistance to change. Coping with change can be very difficult for employees [3]. A negative attitude toward change, as well as a desire to avoid or even reject it, characterizes resistance to change. People's attitudes vary based on the benefits they believe will be realized. They will support the change if they believe it will benefit them. They will fight the change if they believe they will lose status, prestige, power, or their job as a result of it [4]. Some employees may be unconcerned about organizational change and regard it as an opportunity to grow and learn, while others may not.

Employees with a resistive attitude are likely to be dissatisfied at work. Employee resistance to change is predicted by changing conditions, according to Wanberg and Banas [5], and resistance is related with poorer levels of job satisfaction. These factors may play a role in the company's poor performance. As previously said, people that are less accepting of change have lower job satisfaction, and vice versa. If it is known that PLN UIKSBU personnel are open to change, it is expected that this will be linked to a high degree of job satisfaction, and vice versa.

From the employee engagement survey result conducted by PLN UIKSBU in 2020, it was obtained that a total score of 79.02% or a very engaged level. The career management dimension has the lowest score of 72.46% of the 13 other measurement dimensions. Schaufeli & Bakker [6] stated that work engagement is something that is satisfying and characterized by a positive mental state. Although the level of engagement of PLN UIKSBU employees is at a very engaged level, career management is still considered low by employees, meaning that the level of employee satisfaction with the career management dimension is at the lowest level compared to other dimensions. This needs more attention when PLN UIKSBU reorganizes the implementation of AMC, where this condition can affect the level of employee job satisfaction.

The lower the resistance to change in an organization, the higher the openness to change. The term "resistance to change" is often used in the academic and practitioner literature on organizational change to describe why large-scale improvements in technology, industrial procedures, management practices, or pay schemes have failed as planned or altogether failed.

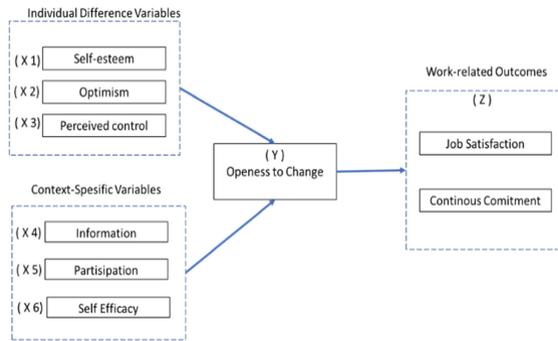


Fig. 1. Conceptual Model

The majority of empirical investigations have focused on context characteristics linked to resistance, such as engagement or management trust. Other critics of resistance studies have argued that much is lost in attempts to understand resistance because of an integral view of the phenomenon [7, 8]. Resistance change, according to recent theoretical approaches, is made up of cognitive and affective components that play a role at different stages of the resistance process [8–10]. Similarly, Piderit [7] stated that resistance is frequently characterized by ambivalence, in which employees’ feelings, behaviors, and attitudes concerning change do not necessarily align. As a result, he advocated that resistance to organizational change be understood as a multidimensional attitude toward change that includes taking into account individual characteristics as well as the combined function of context and personality in forecasting employee reactions to organizational change [3]. In this study, both personality and context are considered indicators that indicate employee acceptance of the change. High levels of acceptance, in turn, are expected to be correlated with job-related consequences, such as job satisfaction and employee continuance commitment which indicate levels of employee acceptance of the change.

Based on the background conditions that occurred at PLN UIKSBU, a study was carried out that aimed to assess employee openness to changes in the reorganization of the implementation of asset management contracts (AMC) that occurred at UIKSBU. Three different values of individual variables self-esteem, perceived control, and optimism, as well as three context-specific variables: changes in information, involvement, and self-efficacy, are used as indicators of measuring instruments. Furthermore, the level of job satisfaction and continuance commitment will be assessed as the impact of the level of openness to changes in the reorganization of the implementation of asset management contracts (AMC) at UIKSBU, shown in Fig. 1.

## 2 Research Method

The research method used in this study is quantitative research which aims to see the effect between two or more symptoms based on their correlation coefficient. This study is intended to determine employee openness to changes in the application of asset management contracts (AMC) by measuring individual and context-specific variables as

the measuring tools or indicators of employee openness (predictors) to change and the effects on job satisfaction. The research location was at the State Electricity Power Service company PT PLN (Persero) Pembangunan Sumatera Bagian Utara (Northern Sumatera power plant) at Pangkalan Susu, Labuhan Angin, and Belawan power plants.

The population in this study was all employees of the PLN UIKSBU unit that will be applied to AMC in the unit totaling 477 people. This study used 155 research samples. The method used in this research was probability sampling, while the sampling technique used simple random sampling. The selection of this technique was based on the reason that the population members are considered homogeneous because the population taken is in the same unit.

By distributing a list of statements consisting of 85 statements with 5 dimensions of assessment variables using a 5-point Likert scale to assess respondents' perceptions of change consisting of individual variables: self-esteem, perceived control, and optimism as well as three context-specific variables: information, participation, and self-efficacy, and the impact of openness to change: job satisfaction and continuance commitment which is distributed to employees in units that will experience organizational change. To obtain additional information related to this research, direct interviews with related parties were also conducted.

The structural equation modeling-partial least squares (SEM-PLS) data analysis technique was used in this investigation, and SmartPLS software was used. Based on how it was developed, SEM is divided into two types: covariance-based SEM (CB-SEM) and variance-based SEM (PLS) (SEM-PLS). SEM-PLS can handle small sample sizes and complex models with ease. Furthermore, in SEM-PLS, the data distribution assumption is weaker than in CB-SEM. A variety of assumptions are required for CB-SEM estimation, including multivariate data normality, minimum sample size, and homoscedasticity. SEM-PLS can be used as a substitute for CB-SEM because the estimation results are similar. SEM-PLS may yield estimates even with small sample sizes and deviations from the multivariate normality assumption. [11].

The outer model, also known as the outer relation or measurement model, specifies how each indicator block influences the latent variables. The Convergent Validity, Discriminant Validity, and Composite Reliability tests are used to assess the validity and reliability of the measurement model (outer model).

### 3 Results and Discussion

Hypothesis 1, self-esteem is positively and significantly correlated with high openness to change. The results of this study support hypothesis 1 by showing that information has a positive effect on the level of openness to change and is significant with P-Values  $0.035 < 0.05$ . This condition shows that employees who highly value themselves are also individuals who will accept changes that occur in the company, so changes will be more easily accepted by employees who individually have high levels of self-esteem. The results of this study are supported by the opinion of Latif and Boon [12], which recognizes the relationship between self-esteem, optimism, and perceived control in dealing with organizational change. The results show that self-esteem and perceived control have a significant relationship in dealing with organizational change, with the highest correlation of the self-esteem variables.

Hypothesis 2, optimism is positively and significantly correlated with a high level of openness to change. From the results of data analysis, it is proven that optimistic self-esteem has a positive effect on the level of openness to change. However, the results are not significant with P-Values  $0.178 > 0.05$ , so hypothesis 2 is rejected. This means that even though the employee has a high level of optimism regarding himself, it does not mean much to influence the employee is accepting the changes that occur in this case, namely the implementation of AMC. This is in line with the results of research Latif and Boon [12] that showed optimism does not have a significant relationship in dealing with organizational change. So, optimism does not directly provide a significant relationship to openness to change. A study conducted by Munawaroh and Meiyanto [13] stated that the dimension of optimism does not make a significant contribution to predicting individual readiness to change. There are only three dimensions of psychological capital which have contributed to predicting the readiness to change: self-efficacy, hope, and resilience. Psychological capital and perceptions of organizational support have a role in predicting individual readiness to change. This confirms the importance of the role of resilience as one of the dimensions of psychological capital in increasing individual readiness for change in organizations.

Hypothesis 3, there is a positive and significant effect between perceived control and the level of openness to change. The results of this study indicate that perceived control has a positive effect on the level of openness to change. However, the results are not significant (P-Values  $0.295 > 0.05$ ), not as expected that the perceived control has a significant relationship, so hypothesis 3 is rejected. Similar to the optimism variable, the high perceived control variable also does not have a significant effect in accepting the changes that occur. So even though the individual believes he/she can do many things quite well in his/her work and life, that belief does not fully influence the decision to accept the changes, namely, the implementation of AMC. Optimism, perceived control, and self-esteem variables have been known as the concept of cognitive adaptation [14, 15]. In Aspinwall and Taylor [14], the combination (optimism, perceived control, and self-esteem) called personal resilience has been tested, and the results have a significant effect on the level of acceptance of the change. However, a partial test of the perceived control is not carried out. So, it is possible that the new control perception variable will have a significant effect if it is tested simultaneously with other individual variables, but not when it is done partially.

Hypothesis 4, there is a positive and significant effect between information and the level of openness to change. The results of this study support hypothesis 4 by showing that information has a positive effect on the level of openness to change (P-Values  $0.013 < 0.05$ ). The information variable is one of those with a high level of significance on the level of employee openness in accepting change. Receiving relevant, timely, and clear information is very influential in determining employee attitudes in accepting the changes. It can be said that the low level of acceptance of the changes that occur in the context of the large AMC implementation plan is influenced by the information received by employees that do not meet the needs of employees to be able to understand what AMC is and other impacts caused by changes to employees and their work in the future. In line with previous findings that the more information employees receive about change, the less they resist it, and employees who receive timely, informative, and

valuable information about organizational change assess the change more positively and further increase their willingness to cooperate [5, 16, 17].

Hypothesis 5, there is a positive and significant effect between participation and the level of openness to change. The results of this study support hypothesis 5 by showing that participation has a positive and significant effect on the level of openness to change with P-Values  $0.006 < 0.05$ . The participation variable is the factor that has the highest significant effect besides information. This is in line with the research conducted by Susyanto, [18], which tested employee engagement on readiness to change in the PT Holcim Tbk Cilacap factory, which showed a positive and significant correlation indicating that higher employee involvement tends to increase the readiness to change. Employee involvement in change can reduce resistance because understanding the need for change and the perceived ability to change is very important [5]. Previous research stated that the role of the agent of change, appropriate process, participation, belief, environment, fairness, and commitment are related to employee readiness [19, 20].

Hypothesis 6, there is a positive and significant influence between self-confidence and the level of openness to change. The results of this study support hypothesis 6 by showing that participation has a positive and significant effect on the level of openness to change with P-Values  $0.016 < 0.05$ . This study supports Cunningham (2002) finding that employees who have higher self-efficacy towards change and contribute more to change interventions will make it easier for organizations to make changes. However, a different opinion was expressed by [21], which tested the effect of a positive relationship on employee self-efficacy on affective commitment to change Level of Individual Change to determine the extent of employee readiness at the Provincial Financial Management Office of West Sumatra, where the results of employee self-efficacy on affective commitment to change Level of Individual Change found that self-efficacy has no effect on affective commitment to change, the same opinion was expressed by Wanberg and Banas [5], and Neves [22].

Hypothesis 7, there is a positive and significant effect between the level of openness to change and the level of job satisfaction. The results of this study support hypothesis 7 by showing that participation has a positive effect on the level of openness to change with P-Values  $0.000 < 0.05$ . This study supports Rush et al. [23] that pressure change is associated with increased stress and is associated with lower job satisfaction, and increased intention to quit. It is also stated that employees' effective resistance to change will negatively relate to job satisfaction [3].

Hypothesis 8 shows a positive and significant effect between the level of openness to change and continuance commitment. The results of this study support hypothesis 8 by showing that the level of openness has a positive and significant effect on continuance commitment with P-Values  $0.000 < 0.05$ . This is in line with previous research [2] that employees' effective resistance to change will negatively relate to job satisfaction. However, it is not as simple as previous research believed because although anxiety due to organizational change can reduce job satisfaction, it does not necessarily increase the intention to leave the organization [3]. Foster [24] revealed that employees' dispositional resistance to change has a negative effect on continuance commitment, revealing that employees who perceive a high degree of fairness associated with organizational change are more likely to want to commit to change (affective), more likely to feel that they

should be committed to change (normative), and are less likely to commit to change because of the perceived cost (continuance commitment).

## 4 Conclusion

This study tries to investigate the relationship between the dimensions of individual differences and the context-specific dimensions that affect the level of employee acceptance in accepting changes in the reorganization of the application of asset management contracts (AMC) at PLN UIKSBU, based on the results of employee respondents who dominantly have high education (undergraduate), were in the mature and productive age range (30–39 years), and have experience in carrying out their work (6–15 years), especially in the engineering field, described as follows:

This study reveals that the dimensions of individual differences known as the concept of cognitive adaptation or development referred to as psychological capital, including self-esteem, optimism, and perceived control, positively influence the level of acceptance of the change. However, only self-esteem has a significant influence, while optimism and perceived control are found to have no significant effect.

This study also finds that context-specific dimensions as measured by information, participation, and self-efficacy have positive and significant effects on the level of acceptance of the change. Supportive research shows that employees' involvement in change, receiving timely, informative, and valuable information about the change, and high self-confidence can reduce resistance because employees understand the need for change and assess the change more positively. These further increase the willingness to cooperate.

The level of acceptance of the change has a positive and significant effect on job satisfaction, and a positive and significant relationship is also found on continuance commitment. Change pressure can be influenced by increased stress, which has an effect on lower job satisfaction. Although anxiety because organizational changes can reduce job satisfaction, it does not necessarily increase the intention to leave the organization and will tend not to commit to change due to economic value considerations that are perceived as the reasons to stay compared to leaving the organization (continuance commitment).

The level of acceptance of change is successfully predicted by individual differences and context-specific variables of 65% and by other not-examined variables of 35%, and the level of acceptance of change succeeded in explaining job satisfaction of 49.8% and succeeded in explaining the continuance commitment of 44.9%. Three context-specific and individual difference variables predict higher acceptance levels of changes.

## References

1. Cornescu, V., & Adam, R. (2016). Organizational change—managing employees resistance. *Challenges, performances and tendencies in organisation management* (pp. 381–389). World Scientific.
2. Kreitner, R., Kinicki, A., & Buelens, M. (2001). Organizational behavior, chapter 11: Individual and group decision making [Web page]. Retrieved December 1, 2001.
3. Oreg, S. (2006). Personality, context, and resistance to organizational change. *European Journal of Work and Organizational Psychology*, 15(1), 73–101.

4. Tamunomiebi, M., & Akpan, E. (2021). Organizational change and the imperatives of managing employee resistance: A conceptual review. *Journal of Strategy and Management*, 6(1), 18–32.
5. Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. *Journal of Applied Psychology*, 85(1), 132–142.
6. Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi-sample study. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 25(3), 293–315.
7. Piderit, S. K. (2000). Rethinking resistance and recognizing ambivalence: A multidimensional view of attitudes toward an organizational change. *Academy of Management Review*, 25(4), 783–794.
8. George, J. M., & Jones, G. R. (2001). Towards a process model of individual change in organizations. *Human Relations*, 54(4), 419–444.
9. Major, B., Caroline Richards, M., Cooper, L., Cozzarelli, C., & Zubek, J. (1998). Personal resilience, cognitive appraisals, and coping: an integrative model of adjustment to abortion. *Journal of Personality and Social Psychology*, 74(3), 735–752.
10. Taylor, S. E., Kemeny, M. E., Reed, G. M., Bower, J. E., & Gruenewald, T. L. (2000). Psychological resources, positive illusions, and health. *American Psychologist*, 55(1), 99–109.
11. Sholihin, M., & Ratmono, D. (2021). *Analisis SEM-PLS dengan WarpPLS 7.0 untuk Hubungan Nonlinier dalam Penelitian Sosial dan Bisnis*. Penerbit Andi.
12. Abdul Latif, S. S., & Boon, Y. (2011). Hubungan Self-esteem, Optimism Dan Perceived Control Dengan Kesiapan Menghadapi Perubahan Organisasi Dalam Kalangan Guru Penolong Kanan Pentadbiran Sekolah Menengah Daerah Johor Bahru. Universiti Teknologi Malaysia.
13. Munawaroh, L., & Meiyanto, I. J. K. S. (2017). Peranan psychological capital terhadap kesiapan individu untuk berubah yang dimoderatori oleh persepsi dukungan organisasi. *Jurnal of Psikology*, 44(3), 198–210.
14. Aspinwall, L. G., & Taylor, S. E. (1992). Modeling cognitive adaptation: a longitudinal investigation of the impact of individual differences and coping on college adjustment and performance. *Journal of Personality and Social Psychology*, 63(6), 989–1003.
15. Taylor, S. E., & Brown, J. D. (1988). Illusion and well-being: a social psychological perspective on mental health. *Psychological Bulletin*, 103(2), 193–210.
16. Miller, V. D., Johnson, J. R., & Grau, J. (1994). Antecedents to willingness to participate in a planned organizational change. *Journal of Applied Communication Research*, 22(1), 59–80.
17. Coch, L., & French, J. R. P., Jr. (1948). Overcoming Resistance to Change. *Human Relations*, 1(4), 512–532.
18. Susyanto, H. (2019). Pengaruh Kepemimpinan, Keterlibatan Karyawan dan Kepuasan Kerja terhadap Kesiapan untuk Berubah dalam Menghadapi Perubahan Organisasi. *Jurnal Ekonomi, Bisnis, dan Akuntansi*, 21, 1.
19. Rafferty, A. E., & Simons, R. H. (2006). An examination of the antecedents of readiness for fine-tuning and corporate transformation changes. *Journal of Business and Psychology*, 20(3), 325–350.
20. Bernerth, J. B., Armenakis, A. A., Feild, H. S., & Walker, H. J. (2007). Justice, cynicism, and commitment: A study of important organizational change variables. *The Journal of Applied Behavioral Science*, 43(3), 303–326.
21. Azwar, A., & Puspa, D. F. (2013). Pengaruh Change Appropriateness dan Self-Efficacy terhadap Level of Individual Change dan Kinerja Pegawai dengan Affective Commitment to Change sebagai Variabel Intervening (Studi Empiris pada Dinas Pengelolaan Keuangan Daerah Prov. Sumbar). *Jornal of Apresiasi Ekonmics*, 1(3), 134–144.

22. Neves, P. (2009). Readiness for change: Contributions for employee's level of individual change and turnover intentions. *Journal of Change Management*, 9(2), 215–231.
23. Rush, M. C., Schoel, W. A., & Barnard, S. M. (1995). Psychological resiliency in the public sector: “Hardiness” and pressure for change. *Journal of Vocational Behavior*, 46(1), 17–39.
24. Foster, R. D. (2010). Resistance, justice, and commitment to change. *Human Resource Development Quarterly*, 21(1), 3–39.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

