



# The Effect of Self-Efficacy and Readiness for Change on Employee Performance with Motivation as Intervening Variable (Study on Frontliner Employees at State-Owned Enterprise Bank Branch Offices in North Sumatra)

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**Abstract.** This study examined the influences of self-efficacy and readiness for change on the performance of employees through motivation. This research was a quantitative study with a path analysis model. The analysis method used was a questionnaire method. As many as 572 frontline employees of Bank X, a State-Owned Enterprise (SOE) in North Sumatra made up the population of this study, while 150 responses made up the sample using the proportionate random sampling method. The findings of this study showed that motivation (Y1), an intervening variable, and the independent variables self-efficacy (X1) and readiness for change (X2) had a positive and significant impact on the performance of employees (Y2) of Bank X.

**Keywords:** Employee Performance · Motivation · Readiness for Change · Self-Efficacy

## 1 Introduction

### 1.1 A Subsection Sample

With the advancement of technology, digitalization has evolved from a must to an absolute imperative across all industries. Industry 4.0, a new and more profound transition based on virtualization and the linking of intelligent industrial things, is taking place right now. As a result, just like other industries, the financial sector has been impacted by the advancement of information technology, the widespread use of computers, the internet, and mobile phones, which has resulted in the introduction of new businesses, financial instruments, and products [1].

People's lives have been seriously and permanently disrupted by the COVID-19 epidemic in both developed and developing nations alike. The pandemic's enormous effects, which have had an influence on every aspect of our society, are still being felt

during the crisis and are expected to have a long-lasting impact on people's livelihoods and national economies. The development and delivery of services and technologies that have at least partially lessened the impact of the pandemic on various facets of people's lives around the world have been made possible by the digital technology sector, particularly Fintech (Financial Technology). Fintech businesses and start-ups have been instrumental in reducing the annoyance [2].

The epidemic has a short-term effect on the economy, but it is also forcing that country to adjust its growth trajectory. 2020's Covid-19 pandemic could serve as a spark for the digital economy's quick growth. Online offices, online education, online health care, online games, and new e-commerce are just a few of the quickly emerging new business models that have quickly replaced the traditional economy. The epidemic has not slowed down but rather increased, with the need for the development of leisure, learning, and office employment [3].

The problems with financial transactions with fintech are becoming clearer in the context of the present crisis after COVID-19 and the growing unpredictability of the global economy. Therefore, it can be argued that using fintech for financial transactions encourages a risk-reduction strategy when interacting with other people. Additionally, fintech-enabled financial transactions help protect customers' financial resources. Fintech applications may therefore be seen as being more competitive than the conventional banking system during times of crisis [4].

A company expects optimal performance from its employees, and one of the efforts to achieve optimal performance is by building and strengthening employee motivation. Positively motivated employees can increase their effectiveness and efficiency to achieve organizational goals [5].

Facing the rapid development of technology, agile organization, and the ongoing pandemic conditions, company has expected that their employees have ability to accept the changes and high confidence in their ability to carry out the tasks assigned by management. Employees' level of effort and perseverance when learning challenging tasks is also influenced by self-efficacy [6]. Individual readiness for change, motivation, and performance all correlated with each other, with the conclusion that employee performance can be enhanced by both. By having self-efficacy and an attitude of readiness for change, employees are believed to have high motivation to provide the best performance.

In general, self-efficacy is someone who believes in himself that he had ability to carry out certain tasks well. Self-efficacy, or self-confidence, is one of the factors that might affect whether a person is successful in attaining the goals of their employer [7]. Employees who have self-efficacy will carry out activities and tasks that they believe they can complete. Self-efficacy is considered as an important factor for individuals at work that can encourage the growth of intrinsic motivation [8].

In the mid of this pandemic condition and the flow of highly disruptive technological developments, companies must be agile in responding the market needs. Employees' attitude of being ready for change is one of the keys to achieving objectives in the changing market conditions. Employee's readiness for change is a positive attitude that can have a positive influence on the organization to be superior and dynamic in a competitive environment.

Self-efficacy is defined as a belief in one's own capacity to succeed under specific conditions. Self-efficacy attitudes influenced people's choices and how much they were willing to work and persevere until they get achievement. They control how opportunities and obstacles are perceived. A person's self-efficacy is based on past accomplishments, particularly those that test them and are conquered with a lot of effort. Otherwise, failures could quickly damage a person's feeling of self-efficacy, especially if they only ever earned successes with ease [9].

## 2 Methods

This study used a descriptive quantitative research methodology. A questionnaire was used to collect study data from front-line employees of a state-owned enterprise bank from 76 branch offices in the North Sumatera, which was divided into 4 (four) districts. There were 572 people in the population, and 150 samples were calculated as a consequence of the proportionate random sampling approach. Self-efficacy and change readiness were the independent variables in this study, whereas performance was the dependent variable and motivation was the intervening variable. Path analysis was the method of data analysis employed in this study.

### Hypothesis

The hypotheses of this study are:

1. Hypothesis 1: Self Efficacy (X1) affects motivation (Y1). Research of self-efficacy on motivation has been carried out by Lunenburg (2011) which stated that self-efficacy affected the level of employee effort or employee motivation and persistence when learning difficult tasks. Research by Cherian and Jacob (2013) found that self-efficacy had an impact on motivation.
2. Hypothesis 2: Readiness for Change (X2) affects motivation (Y1). The results of research by Conrado and Jensen (2017) found that readiness for change could increase employee motivation. Matthews et al. (2018) found that employee readiness had an effect on motivation.
3. Hypothesis 3: Motivation (Y1) affects employee performance (Y2). The results of Noviawati's research (2016) found that there was a positive impact of staff motivation on performance. Nabi (2017) found that positive motivation increased the effectiveness and efficiency of employees drastically to achieve organizational goals.
4. Hypothesis 4: Self Efficacy (X1) affects employee performance (Y2) through motivation (Y1). The results of Noviawati's research (2016) showed that employee performance was influenced by self-efficacy via the intervening variable of motivation. The motivation variable was a conduit via in which the self-efficacy variable had an indirect influence on employee performance. Syahputra (2019) found that on employee performance, self-efficacy through motivation had a positive and significant impact..
5. Hypothesis 5: Readiness for Change (X2) affects employee performance (Y2) through motivation (Y1). Matthews, et al. (2018) found that motivating factors, including employee readiness, had an impact on job satisfaction and performance. Asim (2012) found that employee performance was impacted by readiness for change mediated by motivation.

The path analysis equation used in this work has the following form:

Equation 1. Path analysis was used to obtain the results that self-efficacy as an independent variable ( $X_1$ ) affects employee performance as a dependent variable ( $Y_2$ ) through employee motivation as a mediating variable ( $Y_1$ ).

Direct Effect  $X_1 \rightarrow Y_1 = b_1$

Direct Effect  $Y_1 \rightarrow Y_2 = b_2$

Indirect Effect  $X_1 \rightarrow Y_1 \rightarrow Y_2 = b_2 \times b_3$

Equation 2. Path analysis was used to obtain the results that readiness for change as an independent variable ( $X_2$ ) affects employee performance as a dependent variable ( $Y_2$ ) through employee motivation as a mediating variable ( $Y_1$ ).

Direct Effect  $X_2 \rightarrow Y_1 = b_3$

Direct Effect  $Y_1 \rightarrow Y_2 = b_2$

Indirect Effect  $X_2 \rightarrow Y_1 \rightarrow Y_2 = b_2 \times b_3$

Where:

$Y_2$  = Employee performance

$Y_1$  = Motivation

$X_1$  = Self Efficacy

$X_2$  = Readiness for Change

$b$  = Coefficient value of regression of each variable

### 3 Results and Discussion

The SPSS Statistics program was used to calculate the validity test. Each item's score was compared to the variable score using the validity test. With a significance level of 0.05 or 5%, the Pearson Correlation method was used to correlate the data from 30 respondents. If a question item has a sig value of 0.05, it is considered valid.

A reliability test measures how consistent and stable a set of facts or findings is. A measuring equipment is considered reliable if the measurement yields consistent results throughout time. Unreliable data cannot be processed further since it would result in biased conclusions. It is reliable if the Cronbach's Alpha value is greater than 0.60 and unreliable if the value is less than 0.60. Considering the outcomes as described in Table 1, the Cronbach's Alpha value is more than 0.60, then all variables can be regarded reliable.

**Table 1.** Instrument Reliability Test Results

Variable	Cronbach's Alpha	Status
Self Efficacy	0,867 > 0,60	Reliable
Readiness for Change	0,848 > 0,60	Reliable
Motivation	0,913 > 0,60	Reliable
Employee Performance	0,837 > 0,60	Reliable

From the respondents, it can be seen that majority of respondents who became the research sample by range age of 30–34 years-old are as many 71 employees or 47,3%, by sex as many as 112 employees are female or 74,7%, and by formal education as many as 130 employees or 86,7% are from diploma/undergraduate.

As show in Table 2, the significance value of 0.013 is found to be less than 0.05 indicating that self-efficacy (X1) has an impact on motivation in Hypothesis I (Y1). The findings also indicate that t count has a value of 2.511, higher than 1.976 indicating that self-efficacy affects motivation.

As for Hypothesis 2, it was determined that the significance value of 0.000 is less than 0.05, indicating that there is a relationship between motivation and readiness for change (X2) (Y1). Table 2 from the results demonstrates that t has a value of 11.739, higher than 1.976, indicating that motivation is influenced by readiness for change.

According to Table 3, the calculated r square value of 0.633, the contribution of the self-efficacy and readiness for change variables is that the variable self-efficacy and engagement have a significant effect by 63.3% while the remaining 36.7% is the contribution of variables not taken into account in this study.

The significance value of 0.021 is less than 0.05 for Hypothesis 3, which indicates that there is a relationship between employee performance and motivation (Y1) (Y2). The findings above also demonstrate that t count has a value of 2.327, which is higher than 1.976, as seen in Table 4 leading to the conclusion that employee performance is influenced by motivation.

**Table 2.** T-Test result of X1, X2, and Y1

<b>Coefficients<sup>a</sup></b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	0,983	1,628		0,604	0,547
	X1 (Self Efficacy)	0,113	0,045	0,150	2,511	0,013
	X2 (Readiness for Change)	0,585	0,050	0,703	11,739	0,000

**Table 3.** Regression of X1, X2 and Y1

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.796 <sup>a</sup>	0,633	0,628	1,66218

a. Predictors: (Constant), X2, X1

**Table 4.** Regression of X1, X2, Y1, and Y2

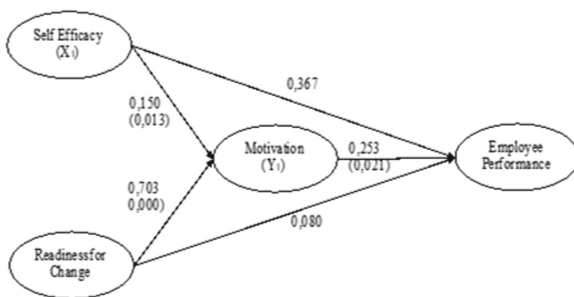
No	Model	Coef. Direct Effect	Coef. Indirect Effect	Remarks
1	X1 → Y1	0,150	–	Significant
2	X2 → Y1	0,703	–	Significant
3	Y1 → Y2	0,253	–	Significant
4	X1 → Y1 → Y2	–	0,038	
5	X2 → Y1 → Y2	–	0,178	

Self-efficacy and readiness for change variables have a considerable impact on motivation simultaneously, according to the resulting f value of 126.998 bigger than f table 3.06 with a significance value of 0.001.

Path analysis as seen in Fig. 1 indicates that self-efficacy and readiness for change influence employee performance via motivation. It means that the higher level of employee’s self-efficacy and acceptance of changes in the workplace, the more motivation and better performance can be achieved.

Based on the findings of the research, the first hypothesis that motivation is positively impacted by self-efficacy was confirmed. This is in line with earlier findings where high self-efficacy in employees can increase employee intrinsic motivation. Self-efficacy is applied in working environment in terms of motivating various aspects related to employees and organizational activities [10].

The second hypothesis test revealed that motivation is positively impacted by readiness for change. Motivation is the level of employee openness to organizational change that turns the change process into success. Readiness to change can determine individual attitudes and behavior towards organizational change. Employees will perceive organizational change procedures favorably when they are ready for change [11]. Multiple contextual elements, including beliefs and attitudes, social systems and connections, current and ongoing stressors, and individual or organizational traits, have an impact on a person’s or an organization’s willingness and capacity to change. All of these elements are referred as readiness-affecting factors.



**Fig. 1.** Path Analysis

The third hypothesis test revealed that employee performance is positively impacted by motivation. Employees who are motivated well will work harder and more effectively to meet organizational objectives [5]. Employees with high motivation will take risks and give new ideas to deliver creative performance.

The fourth hypothesis test revealed that, through motivation as an intervening variable, self-efficacy has a favorable impact on employee performance. The concept of motivation was first recognized by Murray which is defined as a prolonged and repeated intention to complete difficult things, work regularly to achieve goals, and a determinant to achieve success. Self-efficacy also encourages employee motivation in the effective use of strategies in completing tasks [12].

The fifth hypothesis test revealed that, through motivation as an intervening variable, preparedness for change has a favorable impact on employee performance. Matthews, et al. [13] found that readiness for change affects satisfaction and performance through motivational factors. Matthews, et al. (2018) shows that readiness for change affects satisfaction and performance through motivational factors. Employees who are ready to change will be better equipped to motivate themselves in cooperating with the change process [14].

## 4 Conclusions

Several inferences can then be taken from the evidence supporting the five hypotheses put forth, the findings, and the explanation of the findings of prior research:

1. With a t-count significance value of 0.013, it is concluded that self-efficacy significantly influenced motivation.
2. With a t-count significance value of 0.000, it means that there was a substantial relationship between readiness for change and motivation.
3. With a t-count significance value of 0.021, it shows that there was a statistically significant relationship between employee motivation and performance.
4. The self-efficacy variable's effects value on employee performance was 0.038.
5. The readiness for change variable's indirect effects value on employee performance was 0.178.

Based on the research described above and the responses to the questionnaire, it came to the conclusion that self-efficacy and readiness for change, in fact, had a significant impact on motivation. The survey elements (self-efficacy, readiness for change, and motivation) pragmatically predominated employees' willingness to perform and attain organizational goals, according to the data analysis shown above.

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