

## **The Influence Of Organizational Restructuring On Employee Performance In The Housing And Residential Areas, North Sumatra Province, Indonesia**

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**ABSTRACT:-** The new regulation set by the government requires the PKP Department to reform the organizational structure, thereby affecting the performance of former PKP Officer employees with the old organizational structure. The purpose of this study is to analyze the most influential factors that cause a decrease in employee performance after the restructuring of the PKP Department. Using quantitative research methods. Population in this research is the officer in PKP Department, with a sample of 99 officers. Data collection technique in this research is questionnaires. The result of this research is simultaneously the independent variables of working flow, the complexity of tasks, formal authority, formal control, communication system, had significantly affect employee performance. Partially independent variables of workflow, formal authority, formal control, communication systems had significantly affect employee performance, except task complexity, which has an insignificant and positive effect. The implication of the research result is the form of the audit team, evaluating and using an information system based assessment system.

**Keywords:-** Restructuring, Employee Performance, Working Flow. The complexity of tasks, Formal Authority, Formal Control, Communication System, PKP's Services.

### **I. INTRODUCTION**

The housing and settlement areas or PKP is the separation of housing affairs from government affairs mapping from the spatial and settlement service. Mapping is the implementation of Government Regulation Number 18 the Year 2016 on Regional Devices. Finalization of mapping of SKPD in North Sumatra province is set through Regional Regulation Number 6 the Year 2016 regarding the establishment and arrangement of provincial North Sumatera province. The division of concurrent government affairs between the Central and Provincial Governments and the District or Municipalities has been enumerated in Law Number 23 the Year 2014 on Regional Governance. the PKP's office conducts one of the governmental affairs, namely the division of government affairs on housing and settlement areas.

Contrary to the stipulation of government regulation number 18 in 2016 about this regional device then all provincial and district or municipal governments are obliged to restructure their respective regional device organization. The order for organizing the Regional Device Organization of North Sumatra is set out in article 4 of North Sumatera Province Regulation Number 6 the Year 2016 on the Establishment and Regulation of Local Area of North Sumatera Province. The Provincial Government of North Sumatra through Governor's Decree No. 38 of 2016 establishes Regional Office of the Provincial Service of North Sumatra Province. This Governor's Regulation establishes the Housing and Settlement Registry to handle housing affairs with a head of the Department of Echelon II.

Achievement of the performance of the spatial and settlement services is still in the good performance category only a slightly lower percentage since the restructuring of the organization. As stated in PP 18 the Year 2016, organizational development is one of the organizational restructuring undertaken to improve ethos and performance, while the results are not satisfactory. Melcher (1995) describes the dimensions used in measuring the bureaucratic restructuring ie size, workflow, task complexity, infrastructure, formal authority, formal control, communication systems.

Organizational structure is a high combination of relationships between organizational elements that shape the existing philosophy of organizational activity. A systematic view of the organization against the structure indicates that the structure consists of a hard element on one side and a soft element on the other. Hard

dimension as a hierarchical group and organizational unit. The relationship between these units and these groups showed soft dimensions in the organizational structure (Ahmady et al., 2016).

## II. LITERATURE REVIEW

### Organizational Restructuring

Organizational restructuring at the regional government level is the reorganization of the regional organizational structure, which is due to the establishment of government regulation number 18 in 2016 about this regional device so all provincial and district or city governments are obliged to restructure their respective regional device organization. The order to compile the Regional Device Organization of North Sumatra is set out in article 4 of North Sumatra Province Regulation Number 6 the Year 2016 regarding the establishment and arrangement of the provincial North Sumatra province. Associated with the development of management science as stated in Savage (1996) in Sedarmayanti (2000), the restructuring demands can be described as the embodiment, implementation, and manifestation of the fifth generation of management, namely dynamic teaming, knowledge networking, cross a border or out of board virtual enterprise. The restructuring policy in a formal organization in principle has two very basic objectives. First, it concerns the internal empowerment of the organization.

### Financial Statements

In the Basis of Preparation and Presentation of Financial Accounting Standards Statements, financial statements are part of the financial reporting process. Complete financial statements generally include a balance sheet, statement of income, statement of changes in financial position (which can be presented in various ways, for example, cash flow statements, or cash flow statements), notes and other reports and explanatory materials that are an integral part of the financial statements. (Indonesian Institute of Accountants, 2007)

According to the Indonesian Institute of Accountants (2007) in PSAK No.31 on Banking Accounting, the Bank's financial statements comprise: 1) The Bank's balance sheet presents assets and liabilities in the balance sheet based on its characteristics and is compiled based on its liquidity order. 2) Profit and Loss Statement, Bank's profit and loss report provides detailed revenue and expense elements and distinguishes between the elements of income and expenses arising from operational and non-operational activities. 3) Cash Flow Statements Cash flow statements should report cash flows for a specified period and are classified according to operating, investing, and financing activities. 4) Statement of Changes in Equity The statement of changes in equity represents the increase and decrease of net assets or bank's assets during the period based on certain measurement principles adopted and should be disclosed in the financial statements. 5) Notes to Financial Statements The notes to the financial statements should be presented systematically.

The concept of organizational restructuring is basically a redesign of the organizational structure to suit development. The organization is said to be successful in the future if it is able to always re-engineer itself. Reincarnated can be interpreted as rearrangement, also called Restructuring (Nugroho, 2001). Restructuring can also be linked to reform. Kaelan (2010), The meaning of "reformation" is etymologically derived from the word reformation with the root of reform which semantically means "make or become better by removing or putting right what is bad or wrong". This formula illustrates that basically reforms are changing or making things better than existing ones.

According to Robbins (2006), the organizational structure has three components or dimensions namely task complexity, formalization, and centralization. Melcher (1995) mentions that organizational restructuring dimensions include workflow, task complexity, formal authority, formal control, communication systems.

### Performance

Performance is an abbreviation of the work-energy kinetics that are in English translated performance. Performance is the output produced by the functions or indicators of a job or a profession within a certain time (Wirawan, 2009). According to Wirawan (2009), performance dimensions can generally be grouped into three types, including 1) work output, in the form of goods and services that can be calculated and measured quantity and quality. 2) work behaviour, is a requirement in executing a job, with a particular job behaviour, employees can carry out their work well and produce the expected performance of the organization. 3) personal nature, relating to work is the personal nature of the employees required in carrying out their work.

Pasolong (2013) explains some of the indicators used in measuring public bureaucracy performance: 1) Productivity, i.e. not only measures the level of efficiency but also measures the effectiveness of the service. 2) Service quality, which is likely to be important in explaining the performance of public service organizations. 3) Responsiveness, ie bureaucratic fraud in identifying community needs, drafting agenda and service priorities, and developing public service programs in line with community needs and

community aspirations.4) Responsibility, which explains whether the implementation of public bureaucracy activities is conducted in accordance with the proper administration principles with bureaucratic policies, both explicit and implicit.5) Accountability, which refers to how much public bureaucracy policies and activities are subject to politicians chosen by the people. The assumption is that the political officials are chosen by the people, by themselves will always prioritize public interest

**Hypotheses Development**

The hypotheses of this study are as follows:

H1: Organizational restructuring has a simultaneous effect on employee performance in the housing and residential area of North Sumatra province.

H2: Organizational restructuring has a partial effect on employee performance in the housing and residential area of North Sumatra province

**III. RESEARCH METHODS**

The present study uses quantitative research methods with correlational research methods. The data were obtained from the questionnaire distributed and related to the problem studied. The research population is the housing and settlement area and it is the separation of housing affairs from government affairs mapping from the spatial and settlement service. The sample size produced from the Slovin formula is 98 respondents. Data collection was obtained from the questionnaire, and supported by interviews and observations. Data analysis methods are a way to process data into easy-to-understand and useful information to find solutions to problems within a study. Some of the data analysis used are Regression Analysis, Partial Test, and Simultaneous Test

**IV. RESULT & DISCUSSION**

**Regression Model**

The classic assumptions of regression models have been met with no constraints. This indicates that the prediction model of the model sub-structure I already meet BLUE (best, linear, unbiased estimate) criteria. Model predictions are approaching the real situation. Regression results from the first model sub-structure by reviewing the prediction of independent variable prediction in explaining dependent variables through the adjusted coefficient of adjusted R-square values, predictive significance simultaneously via F-test on ANOVA, and the effect of each independent variables on dependent variables through regression coefficient.

**Table 1 F-Test Results**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	838,930	5	167,786	93,796	,000 <sup>b</sup>
	Residual	166,363	93	1,789		
	Total	1005,293	98			
<b>a. Dependent Variable: employee performance</b>						
<b>b. Predictors: (Constant), communication system, formal authority, workflow, formal control, task complexity</b>						

The above table presents information that simultaneously the variable of the workflow (X1), the complexity of tasks (X2), formal authority (X3), formal control (X4) and communication system (X5) significantly affect employee performance. This decision is obtained based on F-value value greater than F-table, or through F-test significance value smaller than 0.05 (Sig F = 0,000). Thus, the working flow (X1), the complexity of tasks (X2), formal authority (X3), formal control (X4) and communication system (X5) are true as predictors of employee performance in the Housing and Residential Area of North Sumatera.

**Table 2. Coefficient of determination**

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate	Durbin-Watson
1	,914 <sup>a</sup>	,835	,826	1,33748	1,866
<b>a. Predictors: (Constant), communication system, formal authority, workflow, formal control, task complexity</b>					
<b>b. Dependent Variable: employee performance</b>					

Table 2 shows the adjusted value of R-square in the research model which indicates that the workflow variables (X1), the complexity of tasks (X2), formal authority (X3), formal control (X4) and communication system (X5) 82.6 % variance of data on employee performance variable (Y). A total of 17.4% variance of data on employee performance is explained by other unexplored variables in this model.

**Table 3. Regression coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3,182	,752		4,230	,000
workflow	,190	,061	,218	3,092	,003
task complexity	,055	,071	,068	,786	,434
formal authority	,193	,070	,238	2,763	,007
formal control	,235	,074	,262	3,191	,002
communication system	,213	,079	,243	2,698	,008

**a. Dependent Variable: employee performance**

Based on Table 3 above the model regression equation is written as follows:

$$Y = 3,182 + 0,190 X1 + 0,055 X2 + 0,193 X3 + 0,235 X4 + 0,213 X5 + e$$

The regression equation above indicates that employee performance variables are influenced by workflow (X1), the complexity of tasks (X2), formal authority (X3), formal control (X4), the communication system (X5), and other variables beyond research.

if the flow of work gets better then it will encourage the achievement of better employee performance too.

if the complexity of the task gets better then it will encourage the achievement of employee performance better.

if a formal authority is better then it will encourage the achievement of better employee performance too.

if formal control is better then it will encourage the achievement of better employee performance too.

if the communication system is better then it will encourage the achievement of better employee performance too.

**Table 4 Results of hypothesis testing**

Variable	T-count	T-table	Sig	Conclusion
<b>workflow</b>	3,092	1.98	0,003	Accepted
<b>complexity of tasks</b>	0,786	1.98	0,434	Rejected
<b>formal authority</b>	2,763	1.98	0,007	Accepted
<b>formal control</b>	3,191	1.98	0,002	Accepted
<b>communication system</b>	2,698	1.98	0,008	Accepted

From the calculation result, it is known that the t-counting for X1 is 3,092 greater than t-table 1.98 with the significance of 0.003 smaller than the significance level of 0.05, it is concluded that Hypothesis is accepted. That means partial workflow has a positive and significant effect on employee performance in the PKP office.

From the calculation result, it was found that t-counting for X2 was 0,786 smaller than t-table 1.98 with significance equal to 0.434 greater than the significance level of 0.05, it was concluded that Hypothesis was rejected. it means partial task complexity does not have a positive and significant effect on employee performance in the PKP office.

From the calculation result, it is known that the t-counting for X3 is 2,763 bigger than t-table 1.98 with the significance of 0.007 smaller than the significance level of 0.05, it is concluded that the hypothesis is accepted. This means that partial formal authority has a positive effect and significant to the performance of employees in the PKP service.

From the calculation result, it is known that obtained t-count for X4 equal to 3,191 bigger than t-table 1.98 with a significance equal to 0,002 smaller than significance level that is 0,05, concluded that Hypothesis accepted. That means partially formal control has a positive and significant effect on employee performance in the PKP office.

From the calculation result, it is known that t-counting for X5 is 2.698 greater than t-table 1.98 with the significance of 0.008 smaller than the significance level of 0.05, it is concluded that the Hypothesis is accepted. That means partially communication systems have a positive and significant effect on employee performance in the PKP office.

Formal control has the biggest influence among the three other variables that partially have a positive and significant effect on employee performance.

## V. CONCLUSIONS & SUGGESTIONS

Based on the research that has been done by the author, it can be concluded that formal control has the most dominant effect with the other three variables that partially have a positive and significant effect on employee performance.

Some suggestions that may be considered are as follows from the results of the research, it is found that formal control that explains the existence of clarity or procedures in carrying out the task has a significant effect on the improvement of employee performance. Therefore it is recommended that the CPP Office needs to increase the Standard Operating Procedure for each activity on the fieldwork unit to be a blend of employees to carry out tasks, especially technical tasks and service-related tasks to the community. In addition to the formal control of workflows describing specialization or task assignments for each employee has a significant influence on employee performance. Therefore, the PKP's office needs to elaborate on every task that is the authority of the Office and to place the person who has the appropriate competence in that position. It can improve the performance of employees and overall service performance. To facilitate evaluation and monitoring, an information system based assessment system needs to be created to create sustainable performance improvement.

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