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STRATEGIES TO ENHANCE EMPLOYEE ENGAGEMENT IN INNOVATION: A CASE STUDY OF TELKOM INDONESIA WILAYAH MEDAN

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Abstract

This study aims to analyze the internal and external factors affecting employee engagement in innovation at PT Telkom Indonesia Wilayah Medan and formulate strategies to enhance it. The research methodology employs The Strategy Formulation Analytical Framework, including the Input Stage, Matching Stage, and Decision Stage. Data was collected through questionnaires completed by 43 employees, through interviews, and focus group discussions. The analysis revealed 20 internal factors (9 strengths and 11 weaknesses) and 20 external factors (9 opportunities and 11 threats) influencing employee engagement in innovation. From these findings, 10 strategies were formulated, and through focus group discussions, 5 key strategies were prioritized for implementation: providing dedicated time and space for innovation activities during working hours, adjusting workloads and tasks to include innovative activities, enhancing personal responsibility and innovative solutions with access to the latest technology, strengthening cross-departmental collaboration, and promoting a proactive sharing and implementation culture of innovative ideas.

Keywords: ***Innovation, Employee Engagement, The Strategy Formulation Analytical Framework.***

1. INTRODUCTION

Employee engagement is essential for fostering innovation within organizations, as it directly impacts their ability to remain competitive and adapt to market changes (Kahn, 2018). Engaged employees are more likely to exhibit innovative behaviors, collaborate effectively, and contribute significantly to organizational improvements (Ali et al., 2022). In a rapidly changing business environment, companies must prioritize employee engagement to drive innovation, ensuring long-term success and sustainability (Jaiswal & Dhar, 2015). At PT Telkom Indonesia Wilayah Medan, there has been a noticeable decline in the number of valid innovative ideas submitted by employees from 2017 to 2023. This trend highlights the need for an in-depth analysis of the factors influencing employee engagement in innovation and the development of strategies to enhance it. Understanding these factors and implementing effective strategies can lead to increased innovation, better employee satisfaction, and overall improved organizational performance. Employee engagement refers to the emotional and cognitive connection employees have with their organization, influencing their willingness to invest discretionary effort in their work (Osborne & Hammoud, 2017). High levels of employee engagement are associated with increased individual and organizational performance, better health outcomes, and higher job satisfaction (Sun & Bunchapattanasakda, 2019). Engaged employees are more likely to be proactive, take initiative, and contribute positively to the organization's goals (Turner, 2020). study aims to analyze the internal and external factors affecting employee engagement in innovation at PT Telkom Indonesia Wilayah Medan and to formulate strategies to enhance it. The research methodology employs The Strategy Formulation Analytical Framework, which includes the Input Stage, Matching Stage, and Decision Stage. Data was collected through questionnaires, interviews, and focus group discussions involving 43 employees.

2. LITERATURE REVIEW

2.1 Innovation

Innovation refers to the operationalization of creative potential for commercial and/or social motives, contributing to competitive advantage and economic growth (Singh & Aggarwal, 2021). It can be viewed as both a process and an outcome (Kahn, 2018). As a process, it involves discovery, development, and delivery phases. In the discovery phase, companies identify potential opportunities and define them. In the development phase, technical specifications are determined, and the offering is designed. Finally, in the delivery phase, the offering is introduced and utilized for specific purposes, including market sales. As an outcome, innovation includes product innovations, business model innovations, supply chain innovations, and organizational innovations (Acemoglu et al., 2020). In the context of business, innovation is crucial for maintaining competitiveness and achieving growth. It enables companies to offer new products and services, improve processes, and meet market demands more effectively than non-innovative organizations (Tohidi & Jabbari, 2012). There are two types of innovation: radical innovation, which introduces entirely new products or processes, and incremental innovation, which enhances existing products or processes (Lennerts et al., 2020).

2.2 Employee Engagement

Employee engagement is the emotional and cognitive connection employees have with their organization, influencing their willingness to invest discretionary effort in their work (Osborne & Hammoud, 2017). High levels of employee engagement are associated with increased individual and organizational performance, better health outcomes, and higher job satisfaction (Sun & Bunchapattanasakda, 2019). Employee engagement encompasses various factors, including emotional connection, motivation, and personal investment in work. Engaged employees are more likely to exhibit innovative behaviors, collaborate effectively, and contribute to organizational improvements (Ali et al., 2022). Leaders play a crucial role in fostering an environment that promotes employee engagement and innovation (Jaiswal & Dhar, 2015). Turner (2020) outlines four categories of benefits for companies that maintain high levels of employee engagement:

1. Strategic Business Benefits: Enhanced financial performance, profitability, market share, revenue growth, and efficiency.
2. Service Benefits: Improved quality of care, customer satisfaction, and reduced service errors.
3. Operational and Managerial Benefits: Alignment of employees with organizational goals, increased operational efficiency, reduced turnover, and enhanced collaboration.
4. Human Resource Benefits: Improved job satisfaction, employee well-being, reduced absenteeism, and positive outcomes from training and development programs.

2.3 Relationship between Employee Engagement and Innovation

Engaged employees are more likely to exhibit innovative behaviors, collaborate effectively, and contribute to organizational improvements (Ali et al., 2022). Leaders play a crucial role in fostering an environment that promotes employee engagement and innovation (Jaiswal & Dhar, 2015). Employee engagement positively influences innovative behavior, with engaged employees more willing to go beyond their individual roles to collaborate with colleagues, suggest improvements, and enhance the organization's position in the market (Rao, 2016). According to Gichohi (2014), social exchange theory (SET) explains that when employees feel valued through empowerment and training, they are more likely to reciprocate with engagement behaviors. Sun and Bunchapattanasakda (2019) identify three factors influencing employee engagement in innovation: organizational factors (e.g., superior support, reward systems), job factors (e.g., work environment, job characteristics), and individual factors (e.g., self-efficacy, optimism, resilience).

3. RESEARCH METHODOLOGY

2.4 Research Design and Data Collection

The research employed a qualitative approach, utilizing The Strategy Formulation Analytical Framework. Data were collected through questionnaires, interviews, and focus group discussions with 43 employees at Telkom Indonesia Wilayah Medan. Data collection was conducted through both primary and secondary methods. Primary data were obtained through questionnaires, interviews, and focus group discussions with 43 employees, including 10 managers and 33 officers and assistant managers. Secondary data were gathered from company documents, archives, books, and literature.

2.5 Strategy Formulation Analytical Framework

The Strategy Formulation Analytical Framework (David et al., 2023) was used to analyze and formulate strategies. It consists of three stages: the Input Stage, the Matching Stage, and the Decision Stage as shown in Figure 1.

THE INPUT STAGE	
External Factor Evaluation (EFE Matrix)	Internal Factor Evaluation Matrix (IFE Matrix)
THE MATCHING STAGE	
Internal – External Matrix (IE Matrix)	Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis
TAHAP 3: THE DECISION STAGE	
Quantitative Strategic Planning Matrix (QSPM)	

Figure 1 The Strategy Formulation Analytical Framework

4. RESULTS AND DISCUSSION

4.1 Internal Factors and External Factors

The analysis identified nine strengths and eleven weaknesses as internal factors that influencing employee engagement in innovation at Telkom Indonesia Wilayah Medan. Strengths included a high capability to adapt to change, a strong sense of responsibility for sharing innovative ideas, and high initiative in proposing innovative solutions. Weaknesses included a lack of confidence in leading innovative projects, insufficient skills in applying innovations at work, and low motivation to innovate under job pressure. Nine opportunities and eleven threats were identified as external factors. Opportunities included high potential for significant innovation impacts, supportive market trends, and a conducive environment for technological advancements. Threats included increasing competition, regulatory challenges, and potential economic downturns.

4.2 The Input Stage

4.2.1 The Result of IFE Matrix

Table 1 The result of IFE matrix

Factor Code	Factor	Weight	Rating	Weighted Score
Strengths				
S1	Company has high adaptability to changes.	0.05	3.7	0.19
S2	Company has high innovation impact.	0.05	3.63	0.18
S3	High resilience in continuing innovation.	0.05	3.53	0.17
S4	Innovations have a significant impact.	0.05	3.56	0.17

S5	Strong sense of responsibility in sharing ideas.	0.05	3.47	0.16
S6	High initiative in proposing innovative efforts.	0.05	3.4	0.16
S7	The future of the company depends on innovation.	0.04	3.28	0.15
S8	Communication about failure being part of innovation is clear.	0.05	3.95	0.21
S9	High personal initiative in identifying and implementing solutions.	0.05	3.93	0.21
Total Strengths		**0.44**		**1.6**
Weaknesses				
W1	Lack of confidence in leading innovative projects.	0.05	3.74	0.19
W2	Low motivation to innovate under job pressure.	0.05	3.56	0.17
W3	Insufficient innovative solutions for operational challenges.	0.05	3.93	0.21
W4	Lack of skills in applying innovations at work.	0.05	3.58	0.17
W5	Low personal responsibility in contributing to innovation.	0.05	3.72	0.19
W6	Inability to maintain focus on innovative goals.	0.05	3.53	0.17
W7	Inadequate support for innovative efforts.	0.05	3.6	0.18
W8	Lack of recognition for innovative contributions.	0.05	3.42	0.16
W9	Limited resources for innovation.	0.05	3.93	0.21
W10	Inadequate training on innovation.	0.05	3.88	0.21
W11	Low engagement in innovation activities.	0.05	3.95	0.21
Total Weaknesses		**0.55**		**2.08**
Total Internal Factors		**1**		**3.68**

From Table 1, it shows 3.68 as total weighted score of internal factors. This result will be the x axis of IE Matrix in the second stage.

4.2.2 The Result of EFE Matrix

Table 2 The result of EFE matrix

Factor Code	Factor	Weight	Rating	Weighted Score
Opportunities				
O1	Supportive market trends for innovation.	0.05	3.95	0.21
O2	Conducive technological environment for innovation.	0.05	3.91	0.20
O3	High potential for significant innovation impacts.	0.05	4.16	0.23
O4	Government support for innovation.	0.05	3.88	0.20
O5	Partnership opportunities with other organizations.	0.05	4.07	0.22
O6	Increasing demand for innovative solutions.	0.05	4.12	0.22
O7	Availability of external funding for innovation.	0.05	4.07	0.22
O8	Growing innovation ecosystem.	0.05	3.95	0.21
O9	Positive public perception of innovative	0.05	3.79	0.19

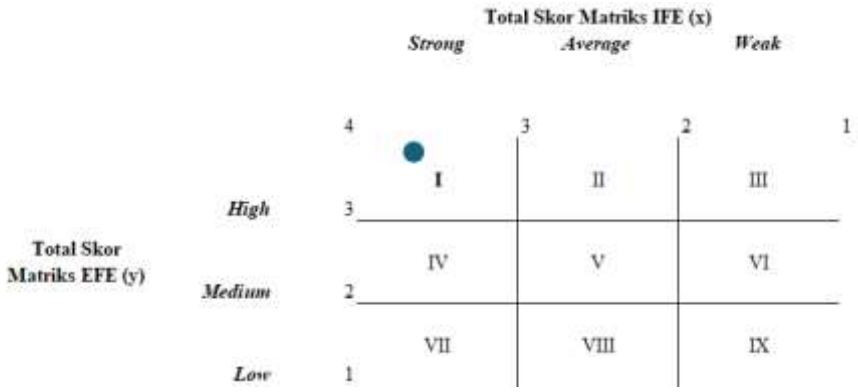
	companies.			
Total Opportunities		**0.47**		**1.88**
Threats				
T1	Increasing competition.	0.05	3.65	0.17
T2	Regulatory challenges.	0.05	3.65	0.17
T3	Economic downturns.	0.05	3.70	0.18
T4	Rapid technological changes.	0.05	3.72	0.18
T5	Shortage of skilled workforce.	0.04	3.37	0.15
T6	Intellectual property issues.	0.05	3.49	0.16
T7	Security and privacy concerns.	0.05	3.51	0.16
T8	Cultural resistance to change.	0.05	3.93	0.20
T9	Limited access to innovation networks.	0.04	3.37	0.15
T10	Customer reluctance to adopt new solutions.	0.05	3.86	0.20
T11	High costs of innovation.	0.05	4.05	0.21
Total Threats		**0.53**		**1.94**
Total External Factors		**1**		**3.83**

From Table 2, it shows 3.83 as total weighted score of internal factors. This result will be the y axis of IE Matrix in the second stage.

4.3 The Matching Stage

4.3.1 The Result of IE Matrix

In this stage, x and y axis is taken from the IFE matrix and EFE matrix to determine the position of the company whether to do "grow and build strategy" (Category I, II, and IV), "hold and maintain strategy" (Category III, V, and VIII), and "harvest or divest strategy" (Category VI, VIII, and IX). From Figure 2, the position of the blue dot shows Category I in IE Matrix, which means that the company must execute "grow and build" new strategies.



4.3.2 The Result of SWOT Analysis

Based on the recommendation to "grow and build" new strategies, the strategies that combine strengths and opportunities (SO), weaknesses and opportunities (WO), strengths and threats (ST), weaknesses and threats (WT) is formulated in the focus group discussion. From that discussion, 3 SO strategies, 3 WO strategies, 2 ST strategies, and 2 WT strategies are formulated using the SWOT matrix. Those ten strategies are:

1. SO Strategies
    a. Strengthening cross-departmental or unit collaboration to discuss innovation (S1, S2, O1, O6).
    b. Focusing on the development and implementation of strategic innovation strategies by utilizing available infrastructure (S4, S7, O3, O8).
    c. Enhancing the culture of sharing and proactively implementing innovative ideas (S5, S9, O2, O4).
2. WO Strategies
    a. Developing leadership skills for innovation projects with a transparent reward system (W1, W4, O7, O9).
    b. Developing technical competencies and innovation vision (W1, W5, O6, O7).
    c. Increasing personal responsibility and innovative solutions by utilizing access to the latest technology (W3, W5, O5, O8).
3. ST Strategies
    a. Developing adaptive behavior towards technological advancements (S1, S8, T4, T11).
    b. Developing soft skills, especially in dealing with failure in innovation projects as a learning experience to recover (S8, S9, T6, T10).
4. WT Strategies
    a. Adjusting workloads and job tasks to involve innovative activities (W10, W11, T9, T10).
    b. Providing dedicated space and time for employees engaging in innovation activities during working hours (W2, W6, T2, T4).

4.4 The Decision Stage

In the Decision Stage, the Quantitative Strategic Planning Matrix (QSPM) was used to prioritize the strategies identified in the Matching Stage. The QSPM allows for the objective evaluation of each strategy based on the attractiveness of various factors. The QSPM assigns weights to each factor identified in the SWOT analysis and rates the attractiveness of each strategy. The total attractiveness scores (TAS) for each strategy are calculated by multiplying the weights by the attractiveness scores and summing the results. The strategies are then ranked based on their TAS, identifying the most prioritized strategies for implementation. The result of QSPM can be seen in Table 3.

Table 3 The result of QSPM

Factor Code	**Strategy Code**									
	S1, S2, O1, O6	**S4, S7, O3, O8**	**S5, S9, O2, O4**	**W1, W4, O7, O9**	**W1, W5, O6, O7**	**W3, W5, O5, O8**	**S1, S8, T4, T11**	**S8, S9, T6, T10**	**W2, W6, T2, T4**	**W10, W11, T9, T10**
	TAS	**TAS**	**TAS**	**TAS**	**TAS**	**TAS**	**TAS**	**TAS**	**TAS**	**TAS**
S1	0.21	0.20	0.19	0.20	0.20	0.21	0.20	0.20	0.19	0.19
S2	0.20	0.18	0.21	0.20	0.19	0.19	0.20	0.19	0.20	0.18
S3	0.18	0.19	0.17	0.19	0.18	0.19	0.16	0.19	0.18	0.18
S4	0.19	0.19	0.17	0.19	0.19	0.19	0.19	0.20	0.16	0.18
S5	0.18	0.17	0.17	0.20	0.16	0.15	0.19	0.17	0.19	0.17
S6	0.19	0.18	0.19	0.17	0.16	0.19	0.18	0.17	0.18	0.18
S7	0.15	0.17	0.18	0.18	0.16	0.17	0.18	0.17	0.16	0.15
S8	0.18	0.20	0.23	0.22	0.19	0.22	0.19	0.20	0.21	0.21
S9	0.19	0.19	0.16	0.23	0.23	0.21	0.18	0.19	0.21	0.19
W1	0.19	0.18	0.22	0.20	0.19	0.22	0.20	0.19	0.19	0.21

W2	0.20	0.17	0.17	0.19	0.20	0.19	0.16	0.20	0.17	0.18
W3	0.19	0.20	0.19	0.17	0.20	0.23	0.19	0.19	0.21	0.21
W4	0.17	0.19	0.19	0.17	0.18	0.18	0.19	0.18	0.18	0.16
W5	0.20	0.17	0.19	0.17	0.18	0.17	0.18	0.20	0.18	0.20
W6	0.16	0.17	0.17	0.20	0.17	0.19	0.20	0.21	0.19	0.18
W7	0.17	0.17	0.19	0.18	0.20	0.19	0.21	0.19	0.19	0.18
W8	0.21	0.16	0.19	0.15	0.15	0.16	0.19	0.19	0.18	0.18
W9	0.18	0.19	0.21	0.20	0.22	0.20	0.21	0.20	0.21	0.20
W10	0.21	0.21	0.21	0.22	0.21	0.21	0.21	0.19	0.20	0.21
W11	0.22	0.21	0.20	0.22	0.19	0.21	0.24	0.20	0.23	0.20
O1	0.22	0.21	0.20	0.19	0.20	0.20	0.19	0.18	0.23	0.19
O2	0.19	0.19	0.19	0.19	0.19	0.19	0.17	0.20	0.17	0.20
O3	0.19	0.19	0.18	0.19	0.17	0.20	0.18	0.19	0.16	0.18
O4	0.21	0.18	0.19	0.19	0.20	0.18	0.17	0.18	0.15	0.17
O5	0.19	0.16	0.18	0.19	0.17	0.17	0.17	0.16	0.17	0.18
O6	0.18	0.19	0.16	0.17	0.17	0.17	0.18	0.16	0.18	0.17
O7	0.19	0.21	0.21	0.20	0.22	0.19	0.20	0.19	0.21	0.23
O8	0.22	0.18	0.22	0.19	0.19	0.21	0.23	0.19	0.22	0.21
O9	0.21	0.20	0.21	0.22	0.23	0.21	0.17	0.22	0.21	0.24
T1	0.18	0.18	0.19	0.21	0.18	0.20	0.18	0.19	0.21	0.18
T2	0.21	0.20	0.18	0.21	0.17	0.17	0.18	0.21	0.18	0.19
T3	0.19	0.20	0.18	0.19	0.20	0.20	0.18	0.21	0.22	0.20
T4	0.19	0.21	0.19	0.19	0.19	0.21	0.19	0.20	0.21	0.20
T5	0.17	0.20	0.19	0.16	0.17	0.20	0.18	0.17	0.17	0.19
T6	0.16	0.18	0.18	0.16	0.18	0.18	0.17	0.15	0.18	0.21
T7	0.17	0.20	0.17	0.17	0.16	0.20	0.20	0.17	0.17	0.19
T8	0.22	0.22	0.19	0.20	0.19	0.18	0.19	0.22	0.22	0.23
T9	0.17	0.18	0.19	0.16	0.15	0.19	0.17	0.16	0.18	0.19
T10	0.18	0.20	0.23	0.19	0.19	0.20	0.19	0.18	0.22	0.18
T11	0.21	0.21	0.21	0.22	0.20	0.19	0.21	0.22	0.22	0.21
Total	**7.63**	**7.62**	**7.63**	**7.63**	**7.47**	**7.68**	**7.57**	**7.60**	**7.70**	**7.69**

Table 4 shows the ranked strategy based on calculations in QSPM. Focus group discussion is conducted once again to discuss strategies that can be considered as priorities. From the focus group discussion, it is concluded that management of PT Telkom Indonesia Wilayah Medan has chosen 5 strategies to be considered as priorities. The strategies are in the rank of 1 to 5.

Table 4 Ranked strategy

Strategy	Total
Providing dedicated space and time for employees engaging in innovation activities during working hours (W2, W6, T2, T4).	7.70
Adjusting workloads and job tasks to involve innovative activities (W10, W11, T9, T10).	7.69
Increasing personal responsibility and innovative solutions by utilizing access to the latest technology (W3, W5, O5, O8).	7.68
Strengthening cross-departmental or unit collaboration to discuss innovation (S1, S2, O1, O6).	7.63
Enhancing the culture of sharing and proactively implementing innovative ideas (S5,	7.63

S9, O2, O4).	
Developing leadership skills for innovation projects with a transparent reward system (W1, W4, O7, O9).	7.63
Focusing on the development and implementation of strategic innovation strategies by utilizing available infrastructure (S4, S7, O3, O8).	7.62
Developing soft skills, especially in dealing with failure in innovation projects as a learning experience to recover (S8, S9, T6, T10).	7.60
Developing adaptive behavior towards technological advancements (S1, S8, T4, T11).	7.57
Developing technical competencies and innovation vision (W1, W5, O6, O7).	7.47

5. CONCLUSION AND RECOMMENDATION

This study highlights the critical factors affecting employee engagement in innovation at PT Telkom Indonesia Wilayah Medan and provides actionable strategies to enhance it. Implementing these strategies can lead to increased innovation, better employee satisfaction, and overall improved organizational performance.

Some recommendations are:

1. Implement Dedicated Innovation Time: Allocate specific time during work hours for employees to focus on innovation without distractions.
2. Integrate Innovation into Daily Tasks: Adjust workloads to include innovative activities, fostering a culture of continuous improvement.
3. Provide Access to Latest Technology: Ensure employees have the tools and resources needed to innovate effectively.
4. Encourage Cross-Departmental Collaboration: Promote teamwork and idea-sharing across different units to leverage diverse perspectives.
5. Foster a Culture of Innovation: Create an environment where sharing and implementing new ideas is encouraged and rewarded.

By adopting these recommendations, PT Telkom Indonesia Wilayah Medan can enhance employee engagement in innovation, driving sustainable growth and competitive advantage in the rapidly evolving telecommunications industry.

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