

## The Impact of Employee Engagement on Work Performance: Observational Study In The Human Capital Division of PT KPI RU III

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### Abstract

**Purpose:** This study examines the impact of employee engagement on work performance within the Human Capital Division of PT KPI RU III Palembang, focusing on emotional, cognitive, and behavioral engagement as drivers of productivity and organizational commitment in the energy sector.

**Method:** Using participatory observation during an internship, data were collected through direct observation of employee interactions, work behavior, and task responses, analyzed contextually to understand engagement dynamics.

**Practical Applications:** Findings support HR strategies by emphasizing psychological safety, supportive leadership, and employee participation to enhance engagement, teamwork, and adaptability, particularly during digital transformation.

**Conclusion:** Employee engagement significantly improves performance, evidenced by discipline, enthusiasm, and teamwork. However, high workloads and limited decision-making involvement remain challenges. Strengthening engagement fosters sustainable performance and organizational success.



## **Introduction**

Refinery Unit III (RU III) is a key operational facility of PT Kilang Pertamina Internasional (KPI), located in Palembang, South Sumatra, Indonesia. The refinery comprises two geographically distinct operational zones—Plaju and Sungai Gerong—separated by the Komering River. The Plaju area spans approximately 230.06 hectares within Plaju District, Komperta Subdistrict, Palembang City, while the Sungai Gerong area covers about 136.57 hectares in Banyuasin I District, Banyuasin Regency. Together, these sites play a pivotal role in meeting national energy demands, particularly in southern Sumatra. Beyond its core function in energy production, RU III is actively engaged in corporate social responsibility initiatives, exemplified by the SERIKAYA program (Community-Based Wastewater Treatment System), which addresses environmental sustainability by managing industrial waste from local tempeh producers in Plaju Ulu.

In contemporary organizational contexts, employee performance is recognized as a critical determinant of operational effectiveness, organizational loyalty, and competitive advantage. There has been a growing scholarly and practical emphasis on psychological factors that influence individual and team performance. Positive Organizational Behavior (POB) and the concept of Psychological Capital (PsyCap)—comprising self-efficacy, optimism, hope, and resilience—have been empirically shown to enhance job satisfaction, reduce stress, and improve performance (Luthans, Youssef-Morgan, & Avolio, 2018). Complementary to this, holistic well-being models such as PERMA+4 (Seligman, 2018), which integrates positive emotion, engagement, relationships, meaning, accomplishment, gratitude, growth mindset, health, and supportive culture, provide a comprehensive framework for fostering motivation and resilience in dynamic work environments.

Conversely, psychosocial challenges such as inadequate psychological safety and high job demands can lead to burnout and disengagement. The Psychosocial Safety Climate (PSC) framework underscores the importance of organizational systems that protect employee mental health, while the Affective Events Theory (AET) posits that daily emotional experiences significantly influence job satisfaction and performance (Weiss & Cropanzano, 1996). Therefore, sustainable performance depends not only on technical competence but also on psychological well-being and a supportive work environment.

At PT KPI RU III, employee engagement is a strategic priority, particularly within the Human Capital Division, where precision, teamwork, and adaptability are essential. The Job Demands–Resources (JD–R) Model (Bakker & Demerouti, 2018) offers a relevant theoretical lens, suggesting that engagement flourishes when job resources—such as supervisor support, role clarity, autonomy, and development opportunities—offset job demands. The organization's investment in competency training, performance-based evaluations, and transparent reward systems exemplifies such enabling resources. Additionally, the Perceived Organizational Support (POS) theory (Eisenberger, Malone, & Presson, 2020) highlights that employees who feel valued are more likely to exhibit organizational commitment and discretionary effort.

Given these theoretical and organizational foundations, this observational study aims to examine the impact of employee engagement on work performance within the Human Capital Division of PT KPI RU III Palembang. By analyzing emotional, cognitive, and behavioral dimensions of engagement, the study seeks to provide practical insights into enhancing performance, well-being, and organizational resilience in a high-stakes industrial setting.

## **Method**

This applied research study employed a qualitative approach using participatory observation as the primary method for data collection. The observation was conducted during an internship program within the Human Capital Division of PT Kilang Pertamina Internasional (KPI) RU III Palembang, providing the researcher with direct access to the organizational

environment and daily work activities. The researcher was actively involved in various administrative and coordination tasks, enabling immersive engagement and firsthand insight into employee behaviors, interactions, and operational dynamics.

Data were collected through systematic direct observation over a defined period, focusing on key aspects of employee engagement, including emotional, cognitive, and behavioral dimensions. Specific observational foci included employee interactions, responses to tasks, work behavior, teamwork, adherence to deadlines, and adaptation to digital work systems. No formal sampling design was applied, as the study centered on the entire observed unit—the Human Capital Division—during the researcher's active participation. Field notes were used as the primary data collection instrument, documenting detailed, real-time observations and contextual insights.

Prior to analysis, observational data were transcribed and thematically organized into categories aligned with the research objectives: emotional engagement (e.g., enthusiasm, commitment), cognitive engagement (e.g., focus, initiative), and behavioral engagement (e.g., collaboration, adaptability). The data analysis followed a thematic analysis approach, involving coding of recurring patterns and significant events. Analytical rigor was ensured through continuous comparison of observations with established theoretical frameworks, including the Job Demands–Resources (JD–R) Model (Bakker & Demerouti, 2018) and Perceived Organizational Support (POS) theory (Eisenberger et al., 2020).

Interpretation of results was conducted inductively, integrating observed behaviors with theoretical concepts to identify relationships between employee engagement and work performance. To enhance credibility, interpretations were cross-verified against documented employee behaviors and contextual factors such as workload fluctuations and leadership support. All procedures—data collection, coding, thematic categorization, and interpretation—were systematically documented to ensure transparency and replicability for future researchers. This methodological transparency supports both academic validation and practical application within similar organizational settings.

## **Result**

The "Results" section of this observational study details the implementation of the participatory observation and its findings within the Human Capital Division of PT KPI RU III Palembang. The observation was conducted during an internship program, with the researcher actively involved in administrative and coordination activities, enabling direct engagement with employees and firsthand insight into daily operations. The study took place across the Plaju and Sungai Gerong refinery areas, focusing on employee behaviors, interactions, and work dynamics within the division.

Tangible observations revealed that employee engagement manifested in three key dimensions: emotional, cognitive, and behavioral. Emotionally, employees demonstrated enthusiasm, a strong sense of responsibility, and willingness to participate in activities beyond core duties, such as weekly evaluations, internal training, and process improvement discussions. Cognitively, staff exhibited high focus, initiative, and role clarity, actively contributing ideas and reflecting on performance. Behaviorally, teamwork and cross-departmental collaboration were evident, with employees proactively assisting colleagues, reflecting a culture of solidarity and shared accountability.

The impact of this engagement was observed in improved work performance: tasks were completed on time, with high discipline, adherence to standards, and effective adaptation to digital HR systems. These positive outcomes were supported by a psychologically safe and supportive work environment, characterized by open communication, regular training, and informal recognition—factors aligned with Perceived Organizational Support (POS) and the JD–R Model. However, challenges were also documented. Signs of work fatigue and reduced motivation emerged during peak workloads, particularly at month-end. Junior employees reported limited involvement in strategic decision-making, indicating a gap in participatory

culture. These findings are supported by direct observational evidence, including field notes and a photograph (Figure 1) depicting employee discussions, which illustrate active engagement and collaborative work practices. The results suggest that while engagement significantly enhances performance and organizational commitment, sustainable improvement requires better workload management and expanded opportunities for employee participation, especially for junior staff.

*Figure 1. Employee discussion*



Source: Private Documentation, 2025

## **Discussion**

The findings of this observational study highlight the significant role of employee engagement in shaping work performance within the Human Capital Division of PT KPI RU III Palembang. The results confirm that emotional, cognitive, and behavioral engagement are critical drivers of productivity, discipline, teamwork, and adaptability—key competencies in a high-demand industrial environment. The observed enthusiasm, initiative, and collaborative spirit among employees reflect a positive organizational culture that aligns with the principles of Positive Organizational Behavior (POB) and Psychological Capital (PsyCap) (Luthans, Youssef-Morgan, & Avolio, 2018). Furthermore, the supportive work environment, characterized by open communication, regular training, and informal recognition, reinforces the Perceived Organizational Support (POS) theory (Eisenberger et al., 2020), which posits that employees who feel valued are more likely to exhibit organizational commitment and discretionary effort.

As illustrated in Figure 1, the collaborative nature of employee interactions underscores a psychologically safe work climate, a key factor in reducing stress and preventing burnout (Bakker & Demerouti, 2022). This observation supports the Job Demands–Resources (JD–R) Model, which emphasizes that engagement is sustained when job resources—such as supervisor support, role clarity, and development opportunities—effectively balance job demands (Bakker & Demerouti, 2018). In this context, the division’s investment in competency training and transparent performance evaluation systems serves as a strategic resource that enhances employee motivation and resilience.

However, challenges such as work fatigue during peak periods and limited involvement of junior staff in decision-making indicate an imbalance in the JD–R framework. These findings suggest that while engagement is generally high, it remains vulnerable to fluctuations in workload and hierarchical constraints. The temporary decline in motivation during high-pressure periods echoes Affective Events Theory (AET), which states that negative emotional triggers can impair performance and well-being (Weiss & Cropanzano, 1996).

The long-term implications of these findings are significant. A sustainable engagement strategy must go beyond episodic recognition and training by institutionalizing participatory decision-making, equitable workload distribution, and mental health support. The success of the SERIKAYA program at KPI RU III demonstrates that organizational initiatives integrating social responsibility and employee involvement can yield dual benefits—environmental sustainability and enhanced employee morale (PT Kilang Pertamina Internasional, n.d.). This

model can be replicated in other divisions or similar industrial settings to foster both community and employee engagement.

Nonetheless, this study has limitations. As a short-term participatory observation during an internship, the data are subjective and context-specific, limiting generalizability. Future research could employ mixed methods—such as surveys and interviews—to validate observational insights and track engagement trends over time. In conclusion, this study affirms that employee engagement is a dynamic and multidimensional construct that significantly influences performance. To ensure its durability, organizations must create systems that not only support but also empower employees at all levels. Active employee involvement, psychological safety, and balanced work design are not merely HR strategies but essential components of organizational resilience and long-term success.

## **Conclusion**

This observational study aimed to examine the impact of employee engagement on work performance within the Human Capital Division of PT Kilang Pertamina Internasional (KPI) RU III Palembang. The primary objective was to understand how emotional, cognitive, and behavioral dimensions of engagement influence productivity, teamwork, and organizational commitment in a high-demand industrial setting. The findings confirm that employee engagement plays a pivotal role in enhancing work performance. Engaged employees consistently demonstrated discipline, enthusiasm, initiative, and strong adaptability to digital transformation, contributing to operational efficiency and a positive work atmosphere.

The study reveals that a supportive organizational environment—characterized by open communication, regular training, and informal recognition—fosters high levels of engagement, aligning with the Perceived Organizational Support (POS) theory (Eisenberger et al., 2020) and the Job Demands–Resources (JD–R) Model (Bakker & Demerouti, 2018). These theoretical frameworks are evident in practice, as employees who feel valued and supported are more likely to go beyond their basic duties, participate in improvement initiatives, and assist colleagues proactively.

A key practical implication of this research is that organizations can enhance performance not only through technical training but also by strengthening psychological and social resources. Strategies such as promoting psychological safety, ensuring equitable workload distribution, and encouraging employee participation in decision-making can significantly improve engagement and prevent burnout. One of the strengths of this study is its real-world, immersive approach through participatory observation, which provided authentic insights into daily organizational dynamics. However, a limitation lies in its qualitative and observational nature, which restricts generalizability and statistical validation. The findings are context-specific and based on a relatively short internship period.

For future, it is recommended to conduct longitudinal studies using mixed methods—such as surveys and structured interviews—to quantify engagement levels and track changes over time. Comparative studies across different divisions or industrial sectors could also enrich the understanding of engagement dynamics. In conclusion, this study underscores the strategic importance of employee engagement as a driver of sustainable performance and organizational resilience. By integrating psychological well-being and participatory management into HR practices, companies like PT KPI RU III can build a more committed, adaptive, and productive workforce, ultimately contributing to long-term success in the evolving energy sector.

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