How to Gain Prime Performance? Lessons from the Pandemic
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Abstract
The significant effects of perceived organizational support, employee engagement, and employee creativity on organizational performance have been widely studied, but their interrelationships and the potential mediating role of employee creativity remain unexplored, especially in the context of state-owned companies in developing countries. This study aimed to investigate the direct and indirect effects of perceived organizational support and employee engagement on organizational performance, with employee creativity as the mediating variable. The research was conducted in an Indonesian state-owned company operating in the non-banking sector, using a quantitative approach and structural equation modeling. The findings revealed that perceived organizational support and employee engagement positively influenced employee creativity, while employee engagement had a direct positive effect on organizational performance. However, perceived organizational support did not directly affect organizational performance. Importantly, employee creativity fully mediated the relationship between perceived organizational support and organizational performance, and partially mediated the relationship between employee engagement and organizational performance. The study highlights the critical role of employee creativity in driving organizational performance, particularly in the post-COVID-19 pandemic era, and provides insights for practitioners and policymakers in optimizing organizational performance through fostering employee creativity.

Keywords: Perceived Organizational support, Employee engagement, Employee Creativity, Organizational performance

INTRODUCTION
The threat and reality of the COVID-19 pandemic resulted in many huge changes in businesses (Berger, Demirgüç-Kunt, Moshirian, & Saunders, 2021; Rabbani, Kayani, Bawazir, & Hawaldar, 2022). The pandemic had serious impacts on companies, including changes in revenue, operating profit, and net profit (Vo, Mazur, & Thai, 2022). Employees also faced changes, such as reduced welfare benefits, reduced performance bonuses, changes in their positions, and dismissal of temporary or even permanent employees (Zhang, Xie, & Morrison, 2021). In this situation of uncertainty, every company needed to achieve competitive advantage and be successful in the market. Companies had to improve their performance after dealing with the hardships of the COVID-19 pandemic era (Narayanamurthy & Tortorella, 2021; Vo et al., 2022).

Prior studies highlighted perceived organizational support as a major factor in escalating organizational performance in various types of organization during the pandemic (Imran & Aldaas, 2020; Kusi, Zhao, & Sukamani, 2021; Sabir, Ali, Majid, Sabir, Mehmood, Rehman, & Nawaz, 2021; Jeong & Kim, 2022; Li, Jameel, Ma, Sun, Hussain, Mubeen, 2022). On the other hand, some studies confirmed employee engagement as a critical antecedent of organizational performance either during the pandemic crisis or at normal times (Katsaros, 2024). However, another stream of studies confirmed the opposite across various types of organization, finding reports of pessimism regarding the effect of these two variables on performance improvement (Wann-Yih & Htaik, 2011; Chiang & Hsieh, 2012; Hinzmann, Rašticová, & Šácha, 2019; Putra, Kusumawati, & Kartikasari, 2024) thus, indicating that certain other determining aspects may be required to complement this relationship.

The current study has proposed employee creativity as a critical aspect that may bridge and ensure the leverage of both these antecedents. Employee creativity is an urgent issue in this competitive era, particularly in the context post COVID-19 pandemic (Breier, Kallmuenzer, Clauss, Gast, Kraus, & Tiberius, 2021). Organizations must be able to increase employee creativity to survive and gain competitive advantage (Amabile, Conti, Coon,

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Lazenby, & Herron, 1996). Individual-level creativity should transform into critical organizational resources (De Vasconcellos, Garrido, & Parente, 2019) which fundamentally and accumulatively contribute to a company’s capabilities and performance enhancement, especially when facing problems and unexpected changes (Madjar, Oldham, & Pratt, 2002).

Very few literatures have simultaneously configured the influences of these three antecedents on performance; thus, this research gap has arisen. This indicates the necessity for the current study which examined the leverage of these variables on organizational performance. Additionally, few studies have tried to explore the effects in the public sector setting, particularly in a state-owned company. To fill this gap, this paper try to answer these following question: Do perceived organizational support and employee engagement influence employee creativity?; Do perceived organizational support and employee engagement directly affect organizational performance?; Does employee creativity mediate the relationships between perceived organizational support, employee engagement, and organizational performance?” examine the effects of both perceived organizational support and employee engagement on performance, by employee creativity posited as the mediator. This research was carried out in Indonesia in a state-owned company, hence its inadequate performance (Suwignjo, Gunarta, Wessiani, Prasetyo, & Yuwana, 2022; Joseph, Cahaya, Yusuf, Probobudono, & Kurniawati, 2023). The study may help practitioner and policy makers to formulate appropriated efforts through which to gain optimum performance in the future, based on experience gained during the COVID-19 pandemic era.

LITERATURE REVIEW

Perceived Organizational Support

Perceived organizational support defined as an employee’s perception of the organizational values demonstrated by how the organization cares for each employee’s welfare (Rhoades & Eisenberger, 2002). It is about how companies and managers adopt policies and behavior that respect employees and consider employees’ happiness and well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986). In this case, the two major aspects of perceived organizational support are, firstly, an organization’s appreciation for employee contributions and, secondly, its concern for employee well-being. This creates ample positive impacts, comprising job satisfaction and other organizational outcomes (Rhoades & Eisenberger, 2002).

Employee Engagement

Employee engagement refers to a positive form of physical, cognitive, and emotional expression expressed by employees when performing their role (Schaufeli, Salanova, González-Romá, & Bakker, 2002). It is meaningful behavior characterized by vigor, dedication, and concentration (Aldabbas, Pinnington, Lahrech, & Blaïque, 2023) Employee engagement is the tier of involvement and commitment actualized by employees within their organization (Schaufeli et al., 2002). An engaged employee is adaptive to changes in the business environment, and collaborates with companions to escalate their achievement for the advantage of the organization.

Employee Creativity

Employee creativity refers to the initiation of new and beneficial ideas by individuals within organizations, with this including new services, products, manufacturing methods, and administrative processes which contribute to organizational renewal, survival, and growth. It also comprises new solutions to business problems and business strategies (Coelho, Lages, & Sousa, 2018). Creative individuals have certain characteristics including a good memory, and high levels of ability to adapt, awareness, and sensitivity to problems (Dampérat, Jeannot, Jongmans, & Jolibert, 2016). Employee creativity is a critical aspect in resolving organizational challenges and social problems in today’s fluctuation and tomorrow’s competitive business environment. Pair fundamental aspects of this concept are novelty and utilization (Zhou & George, 2001; Elidemir, Oztüren, & Bayıghomog, 2020),
Organizational Performance

Performance is a comprehensive display of the company’s condition over a certain period of time (Wang, Wang, & Liang, 2014). It is the periodic achievement of the organization’s operational effectiveness and its employees based on previously established targets, standards, and criteria. Organizational performance measures the development and working process in organizations, with this determine the organization’s survival as well as competitiveness (Wang et al., 2014). It shows how an organization reaches its objectives as well as generates value to serve its customers (Antony & Bhattacharyya, 2010).

Hypotheses’ Development

Perceived organizational support strengthens employees’ emotional bonds with their company. Engaged employees increase their efforts to achieve organizational goals through greater participation (Eisenberger, Aselage, Sucharski, & Jones, 2004). This builds an atmosphere which increases employees’ voluntary, brave, and creative behavior (Kahn, 1990; Rhoades & Eisenberger, 2002). Tang, Yu, Cooke, and Chen (2017) have provided evidence of the positive leverage of this antecedent on employee creativity.

Moreover, employees with robust engagement with their organization are enthusiastic and have the potential to implement creative ways of doing their jobs (Pattnaik & Sahoo, 2021). Previous research has confirmed that employee engagement strengthens employee creativity within the organization (Bakker, 2009; Pattnaik & Sahoo, 2021). Therefore, the current research proposed the hypotheses below:

H1  Perceived organizational support has a positive effect on employee creativity.

H2  Employee engagement has a positive effect on employee creativity.

Employees’ perceptions that organizational support is available occurs when the organization satisfies their expectations of rewards and their welfare needs (Eisenberger et al., 2004). Organizational bolster ensures that employees feel the company cares for them and values their contribution. When employees perceive that the organization appreciates their performance and provides them with appropriate welfare support, they respond with greater efforts to increase their individual performance which cumulatively leads to the enhancement of overall organizational performance. Thus, the organization’s ability to create the perception of organizational support is closely related to the possibility of achieving a higher level of performance (Imran & Aldaas, 2020). Foregoing studies have confirmed the critical role of perceived organizational support in performance improvement (Imran & Aldaas, 2020; Kusi et al., 2021; Jeong & Kim, 2022).

Furthermore, engaged employees are more involved in their tasks, even contributing voluntary efforts (Salanova, Agut, & Peiro, 2005). Perceived organizational support encourages them to contribute greater efforts to their organization leading them to improve their individual performance (Salanova et al., 2005). This, in turn, contributes, in aggregate, to overall organizational performance including organizational performance. Liu, Yu, Guo, and Li (2022) reported the positive effect of employee engagement on performance. This study therefore formulated the following hypotheses:

H3  Perceived organizational support has a positive effect on organizational performance.

H4  Employee engagement has a positive effect on organizational performance.

Perceived organizational support and employee engagement together may not be sufficient to obtain superior performance improvement; therefore, employee creativity may first need to be encouraged (Ismail, Iqbal, & Nasr, 2019; Astuty & Udin, 2020; Pattnaik & Sahoo, 2021). Employee creativity fundamentally and cumulatively contributes to the improvement of company performance (Madjar et al., 2002; Rumanti, Rizana, & Achmad, 2023). Foregoing research has confirmed the relationship between creativity and finding meaning in one’s work, with this leading to performance improvement (Akgunduz, Alkan, & Gök, 2018; Al-Hawari, Qura tulain, & Melhem, 2021; Khan & Abbas, 2022).

Several prior studies have confirmed that employee creativity has a intercede role in the intercourse of perceived organizational support and employee engagement with organizational performance enhancement (Ismail et al., 2019; Astuty & Udin, 2020; Pattnaik & Sahoo, 2021). To survive in a competitive environment and maintain
prime performance, companies must be creative (Filipe et al., 2019). Thus, this research proposed the following hypotheses:

**H5** Employee creativity has a positive effect on organizational performance.

**H6** Perceived organizational support has a positive indirect effect on organizational performance through employee creativity.

**H7** Employee engagement has a positive indirect effect on organizational performance through employee creativity.

In accordance with these hypotheses, the study drew up the conceptual framework below, as shown in Figure 1.

**Legend:**

- Direct effect

- Indirect effect

**Conceptual Framework**

The conceptual model illustrates the direct leverage of both perceived organizational support and employee engagement on organizational performance and the indirect effect through employee creativity.

**Data And Method**

This study’s unit of analysis was a state-owned company in Indonesia which operates in the non-banking sector, whereas the observation unit was the company’s employees in the Sumatra region, comprising five provinces and, hence, one of the largest company branch areas in Indonesia. The study used a quantitative method, the survey technique, to gather data. Primary data aggregation utilized a 5-point Likert scale questionnaire. The population of this research comprised 675 employees. The minimum limit needed to perform structural equation modeling (Hair, Black, Babin, & Anderson, 2009) was 226 employees. Using the proportional random sampling technique, the study therefore exceeded the requisite number, based on the number of employees per division and area.

Pair dimensions and eight indicators, as developed by Akgundai et al. (2018) and Rhoades and Eisenberger (2002), were used to measure perceived organizational support. To measure employee engagement, the current study utilized three dimensions and 13 indicators based on instruments developed by Schaufeli et al. (2002) and Aldabgas et al. (2023). Furthermore, to measure employee creativity, this research applied two dimensions and
13 indicators, adopted from studies by Zhou and George (2001) and Elidemir et al. (2020). Finally, two dimensions and eight indicators were used to measure organizational performance, with these adopted from the research findings of Kim (2004), as well as Rifatullah, Imas, Hilmiana, and Joeliaty (2022).

The current study applied two stages of confirmatory factor analysis (CFA) to specify the validity and reliability values of each instrument. The first phase is first-order factor analyses that aimed to determine the validity and reliability values of each dimension, followed by the next stage, second-order factor test which aimed to assess the validity and reliability values of each latent variable. Both phases applied average variance extracted (AVE) and construct reliability (CR) values as criterion to specify the validity and reliability of each dimension and latent variable. Overall, CR values and AVE values of each dimension surpassed the respective threshold values of 0.5 and 0.7 (Hair et al., 2009). Moreover, the validity and reliability test results of the second-order factors were semblable with the previous step, with CR and AVE values of each variable surpassing the verge values. Thus, this study’s instruments were all confirmed as valid and reliable.

RESULTS AND ANALYSIS

Direct Effect Testing Results

The results from testing the hypotheses, as shown in Table 1, confirmed that perceived organizational support had a significant and positive effect on employee creativity ($\beta=0.297, t=18.856$, significant at the 1% level), with this also found for the effect of employee engagement on employee creativity ($\beta=0.274, t=18.732$, significant at the 1% level). Thus, both H1 and H2 were supported, showing that both perceived organizational support and employee engagement contributed to encouraging employee creativity within organizations. Furthermore, this study also confirmed that employee engagement had a positive influence on organizational performance ($\beta=0.411, t=12.362$, significant at the 1% level). Contrarily, this research found that perceived organizational support did not affect the enhancement of organizational performance, with the $t$-statistic value is not significant ($\beta=0.115, t=1.521$). Thus, H3 was rejected, while H4 was supported.

Finally, the results supported H5 which proposed a positive direct effect of employee creativity on organizational performance. This effect was directly statistically significant ($\beta=0.439, t=12.939$, significant at the 1% level).

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Regression weights</th>
<th>SE</th>
<th>$t$-statistic</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Perceived organizational support $\rightarrow$ Employee creativity</td>
<td>0.297</td>
<td>0.015</td>
<td>18.856</td>
<td>***</td>
</tr>
<tr>
<td>H2: Employee engagement $\rightarrow$ Employee creativity</td>
<td>0.274</td>
<td>0.017</td>
<td>18.732</td>
<td>***</td>
</tr>
<tr>
<td>H3: Perceived organizational support $\rightarrow$ Organizational performance</td>
<td>0.115</td>
<td>0.078</td>
<td>1.521</td>
<td>0.126</td>
</tr>
<tr>
<td>H4: Employee engagement $\rightarrow$ Organizational performance</td>
<td>0.411</td>
<td>0.033</td>
<td>12.362</td>
<td>***</td>
</tr>
<tr>
<td>H5: Employee creativity $\rightarrow$ Organizational performance</td>
<td>0.439</td>
<td>0.029</td>
<td>12.939</td>
<td>***</td>
</tr>
<tr>
<td>R$^2$ Employee creativity</td>
<td>0.436</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R$^2$ Organizational performance</td>
<td>0.623</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: SE=standard error; ***Significant at 1%; **Significant at 5%; *Significant at 10%.

Mediating Effect Test Results

To verify the mediating effect of the interaction variable, this study utilized pair types of tests, firstly, the Sobel test and, secondly, the variance accounted for (VAF) value calculation, in accordance with Hair et al. (2009). Based on the results shown in Table 2, the current study confirmed that employee creativity mediated the influence of perceived organizational support on organizational performance (Sobel value=8.3781, significant at the 1% level). The VAF value calculation was aligned with the Sobel test result, with the VAF value of 83.23% exceeding the threshold value of 20%. Thus, employee creativity was found to bridge the effect of perceived organizational support on organizational performance.
Furthermore, this research confirmed the critical mediator role of employee creativity in the relationship between employee engagement and organizational performance, based on the Sobel test result (Sobel value=7.6893, significant at the 1% level). Likewise, the VAF value calculation had the similar result; hence the VAF value of 26.91% exceeding the threshold value of 20%.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Sobel test value</th>
<th>p</th>
<th>Indirect effect</th>
<th>Total effect</th>
<th>VAF value</th>
<th>Mediation types</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6: Perceived organizational support → organizational performance through employee creativity</td>
<td>8.3781</td>
<td>***</td>
<td>0.571</td>
<td>0.686</td>
<td>83.23%</td>
<td>Full mediation</td>
</tr>
<tr>
<td>H7: Employee engagement → organizational performance through employee creativity</td>
<td>7.6893</td>
<td>***</td>
<td>0.211</td>
<td>0.784</td>
<td>26.91%</td>
<td>Partial mediation</td>
</tr>
</tbody>
</table>

This study has strengthened the findings of prior studies by confirming the positive effect of both perceived organizational support and employee engagement on employee creativity. The current study also confirmed the significance of employee engagement as a driver of performance enhancement, with this in alignment with previous research (Bakker, 2009; Tang et al., 2017; Pattnaik & Sahoo, 2021).

An interesting finding in the current study is that perceived organizational support had no significant effect on organizational performance. This aligned with findings from previous studies that perceived organizational support failed to drive performance enhancement (Wann-Yih & Htaik, 2011; Chiang & Hsieh, 2012). In contrast, the current study provided a finding that differed from findings in other research which confirmed the contribution of perceived organizational support to performance improvement (Imran & Aldaas, 2020; Kusi et al., 2021; Jeong & Kim, 2022). The current research also provided evidence of the positive link between employee engagement and organizational performance, which supported previous research that had similar conclusion (Salanova et al., 2005; Liu et al., 2022).

Furthermore, this research revealed the positive effect of employee creativity on organizational performance, with the finding in line with prior studies which found similar results (Madjar et al., 2002; Rumanti et al., 2023).

CONCLUSION

This study contributes to our understanding of the interplay between perceived organizational support, employee engagement, employee creativity, and organizational performance in the context of an Indonesian state-owned company. The findings underscore the importance of employee creativity as a crucial mediator in enhancing organizational performance, particularly in the face of challenges and uncertainties posed by the COVID-19 pandemic. While perceived organizational support and employee engagement were found to be drivers of employee creativity, only employee engagement had a direct positive effect on organizational performance. Notably, employee creativity fully mediated the relationship between perceived organizational support and organizational performance, and partially mediated the relationship between employee engagement and organizational performance. These results highlight the pivotal role of employee creativity in translating
the benefits of perceived organizational support and employee engagement into tangible performance improvements.

To optimize organizational performance in the post-pandemic era, organizations should focus on simultaneously fostering perceived organizational support, employee engagement, and employee creativity. Efforts should be directed towards creating an environment that encourages and utilizes employees’ creative potential, as creativity has become a critical differentiating factor in today’s competitive and dynamic business landscape.

The study's findings have practical implications for practitioners and policymakers in state-owned companies and similar organizations, emphasizing the need to implement strategies and initiatives that promote employee creativity, such as providing opportunities for skill development, encouraging idea generation and knowledge sharing, and recognizing and rewarding creative contributions.

Future research may replicate, develop, or perhaps retest this study’s model in different sectors to strengthen the generalizability of its findings or, instead, to deliver meaningful reasons for divergence in findings. Moreover, what continues to be of interest is the need for a specific study that aims to explore and determine other antecedents that may be essential for gaining major improvement in organizational performance. This may help practitioners and policy makers in setting priorities.

REFERENCES


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