Understanding the Links between Coaching, OCB, and Individual Performance among MSME Employees

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Abstract - This study investigates whether increased attention paid to coaching practices affects performance, while considering the mediating effect of OCB. Data were collected from 170 MSME employees in Jabodetabek using quantitative methods and confirmatory surveys. This study shows that coaching has a positive and significant impact on employee performance, either directly or indirectly through OCB mediation. The results of this study could have significant implications for HR managerial decision making regarding the process of implementing and practicing coaching in MSME organizations. This study also helps MSME HR management to seriously assess HR development investment plans in the form of coaching practices and direct their MSME HR strategic planning.

Keywords: Coaching, performance, OCB

I. INTRODUCTION

With the sources of pressure and competition, the task of managing people effectively has become a key success factor for any company. Thus, companies permanently seek to increase their competitive advantage mainly through human resources (Asbari, Purba, et al., 2021b, 2021a). Human resource management (HRM) practices, including coaching, training, selection, reward and participation play an important role in developing employee skills and therefore improving organizational performance (Johan et al., 2021; Jumiran et al., 2020; Nazelina et al., 2020; Novitasari, Asbari, & Sasono, 2021; Novitasari, Asbari, Putra, et al., 2021; Novitasari, Hutagalung, Amri, et al., 2021; Pramono et al., 2021). By implementing good recruitment and selection procedures, the company will attract many talented employees whose skills will be further improved through extensive training and coaching (Admiral et al., 2021a; Ahmad et al., 2020; Asbari et al., 2020; Asbari, Novitasari, et al., 2021; Asbari & Novitasari, 2021; Fikri et al., 2021; Hutagalung et al., 2021; Novitasari, Hutagalung, et al., 2020; Novitasari, Hutagalung, Silitonga, et al., 2021; Novitasari, Supiana, Supriatna, et al., 2021; Novitasari, Supriatna, Asbari, et al., 2021; Novitasari, Asbari, Amri, et al., 2021; Novitasari, Asbari, Sutardi, et al., 2020; Novitasari & Asbari, 2021a; Silitonga et al., 2021; Suroso et al., 2021; Sutardi et al., 2020). In addition, if properly involved in the decision-making process, the employee will be motivated and pushed to work harder which in turn will boost the company's performance. Coaching is one of the techniques in the development of human resources (HR) that can help companies create a competitive advantage. Currently, more and more business organizations are using coaching to empower their employees, because coaching can solve some problems on the spot and is also effective in improving poor performance. In addition, coaching is a career learning tool and can be considered as an opportunity for learning, and can be used to ensure sustainable
leadership. However, although coaching is becoming increasingly popular with many practitioners claiming its importance in improving performance, the literature offers little empirical evidence regarding the effects of this practice on performance and also how it works.

The literature gap is further highlighted by Grover & Furnham (2016) which emphasizes that coaching evaluation programs are limited to the level implemented by the organization. In addition, in a recent study examining the effect of coaching on employee performance, Sidhu & Nizam (2020) explained that although coaching is generally well covered by the literature, there is still a need to further investigate the mediating factors of coaching that affect performance, the types of coaching adopted by the organization and the relationship between coach and coachee. Thus, there is a need to explore this process and its effects empirically. This gap in empirical evidence places a risk on the value of investment, time and money in such a practice. Justifying the effect of coaching on performance helps human resource managers to maintain the use of this practice. Moreover, the previous literature still needs to explore the process through which managerial coaching brings positive results (Asbari & Prasetya, 2021; Novitasari, Asbari, Hutagalung, et al., 2021; Novitasari & Asbari, 2021b). Coaching practiced in organizations is based on behavioral and cognitive psychology. Coaching aims to change employee behavior through cognitive and motivational changes. Therefore, studying the internal changes of employees, related to performance improvement, is very important in order to understand the mechanism of coaching effectiveness. A better understanding of the coaching process can help managers and organizations use coaching more effectively. This study does not only look at the impact of coaching on performance; it also tries to unravel the internal changes in employees resulting from the coaching process such as learning and further studies the effects of coaching and learning on performance. In contrast, the HR function within the MSME organization is still in its early stages, where its role is focused on personnel administration rather than strategic issues. Knowing that coaching has a direct effect on performance at both organizational and individual levels in many European and American countries, there is still a dearth of studies investigating the impact of coaching and learning practices on employee performance in MSME environments in Indonesia.

As such, this study will help bridge the gap in the theoretical framework that demonstrates the impact of coaching on performance and justifies the use of coaching as part of HRD. Recognizing that studies are scarce, there is a need to build on our knowledge of the effects of coaching on performance in the context of MSME in Indonesia. Thus, the purpose of this study is to demonstrate the effect of coaching on performance, either directly or indirectly through mediation learning. With regard to practical implications, this study offers valuable guidance to assist human resource managers in MSMEs in Indonesia to assess their willingness to invest in coaching and direct their organization's HR strategic planning. In the following sections, the literature is surveyed and hypotheses are proposed, followed by a description of the methods applied. The researchers then positioned the findings of this study against existing knowledge in this area to show how we can advance the understanding and practice of coaching in an MSME organization.

II. LITERATURE STUDY AND HYPOTHESES DEVELOPMENT

In the last two decades, the practice of coaching in organizations has received much attention as an important employee development and management tool (Hunt & Weintraub, 2016; Sidhu & Nizam, 2020). Coaching is broadly defined as a cooperative relationship between a coach and his coachee (Hamlin et al., 2009). Coaching is a systematic practice that helps in the development and growth of people whose abilities are being fostered by a professional coach (Hamlin et al., 2009). Many researchers have gone further in examining coaching outcomes and the variables that lead to improved employee performance. Various studies that identify a positive relationship between increased individual performance as a result of coaching practices and organizational performance use productivity to measure organizational performance (Szabó et al., 2019). Coaching improves employee performance by improving the relationship between coach and coachee, and increasing employee satisfaction, engagement, and retention (Lee et al., 2019). In addition, coaching has proven to be a learning enhancement tool (Maamari et al., 2021) that leads to behavior
change and enables employees to be more efficient and perform better (Maamari et al., 2021). Studies show that coaching is a tool that is able to create value (Asbari & Prasetya, 2021), which in turn increases the capabilities of human resources. Coaching turns human resources into a unique and valuable asset for the organization and difficult for competitors to imitate. As mentioned by Asbari & Prasetya (2021), a coachee will apply their new knowledge – gained from the coaching process of a professional coach – to their daily tasks at work, which has a positive impact on their individual performance. In another case, Aldrin & Utama (2019) examined the effects of coaching on teamwork performance and identified positive correlations between variables. As a result, coaching is able to develop and strengthen relationships among team members. Coaching increases group cohesion, encourages transparency and improves group communication which will ultimately improve employee and organizational performance. Therefore, organizations should continue to implement new HR development practices to encourage employee learning and therefore improve employee competencies in the workplace (Hsu et al., 2019). In the following, the authors will survey the effect of coaching on individual employee learning and performance, as well as measure the extent to which the influence of learning mediation is able to improve the relationship between coaching and individual performance.

The Influence of Coaching on Organizational Citizenship Behaviour

Studies that address the direct relationship between coaching and employee organizational citizenship behavior are extremely rare. However, most scholars treat this subject emphasizing on OCB dimensions of conscientiousness, altruism, sportsmanship, civic virtue and courtesy, to reflect the influence of coaching on OCB employees (Maamari et al., 2021). First, in this case, Mithalia (2002) argues that coaching strengthens employees' caution at work. It aligns employee values with organizational principles; values that form the basis of individual behavior (Raza et al., 2018). This alignment increases employees' sense of responsibility on the organization, which ultimately benefits the company by influencing employee OCB and awareness. Furthermore, Maamari et al. (2021) argue that when management encourages coaching, employees are more willing to put in extra effort to complete additional work beyond their job descriptions in return for the HRM support provided by coaching. Second, coaching improves employee outcomes by encouraging collaboration between coworkers, and therefore fosters employee altruism. Moreover, it encourages the replacement of negative employee attitudes with positive ones, increasing employee sportsmanship (Maamari et al., 2021). Third, some researchers emphasize the positive effect of coaching on employee engagement and commitment to their work and organization. This is also upheld by the relationships created by trusted coaches (Admiral et al., 2021a; Ali et al., 2020; Hsu et al., 2019). With such a bond, employees are increasingly motivated to participate in organizational activities and contribute to the success of the organization. Therefore, coaching practice improves, increasing employee OCB. Fourth, the coach must be qualified, respectful, understanding, responsible, polite, friendly and diplomatic, for better coaching results (Admiral et al., 2021b; Asbari & Prasetya, 2021; Novitasari, Asbari, Hutagalung, et al., 2021; Novitasari & Asbari, 2021b). These characteristics then affect employee rewards which increase their politeness and develop OCB.

Finally, based on the above discussion, coaching develops employee awareness, altruism, sportsmanship, civic virtue and courtesy behavior and is therefore reported to improve employee organizational citizenship behavior. Therefore, the author has made the first hypotheses of this research as follows:

H1: Coaching improves organizational citizenship behaviour (OCB).

The Influence of Organizational Citizenship Behaviour on Performance

Many studies highlight the positive effect of OCB on employee performance (Chidir et al., 2020; Hutagalung et al., 2020; Kusumaningsih et al., 2020; Maesaroh et al., 2020; Novitasari, Asbari, Wijayanti, et al., 2020; Santoso et al., 2020). When co-workers help each other in achieving the assigned tasks, a conducive work environment is created, ultimately encouraging other employees to join together with more optimal motivation and performance. As such, problems are better resolved and challenges are addressed, leading to improved performance. Similarly, an employee with good OCB behavior is able to improve performance. Furthermore, OCB increases employee confidence
especially when extra work is rewarded, encouraging creative behavior, initiative and subsequently better performance. In fact, when employees express sportsmanship behavior, the working relationship becomes harmonious and further oriented on the achievement of strategic organizational goals. In addition, OCB improves employee performance while encouraging altruism that stimulates knowledge sharing (Lin & Peng, 2010; Organ et al., 2005). By sharing information, problems are solved more quickly and difficulties are resolved. In addition, Laski & Moosavi (2016) claim that OCB improves organizational functioning and employee benefits by creating a more attractive workplace and encouraging superior performance. Callea et al. (2016) explain that OCB increases employee morale and productivity, by creating a favorable work environment. Thus, based on the discussion above, employee OCB improves employee performance and the author has made the second hypotheses of this research as follows:

H2: Organizational Citizenship Behaviour (OCB) improves employee performance.

The Influence of Coaching on Performance

According to Sudiyono et al. (2020), management support is an important resource that employees can use to improve their performance. Managerial coaching can be seen as a form of social support provided by MSME management in information and feedback related to their work. MSME management uses a feedback process to express their gratitude to employees for their efforts and achievements. When employees feel valued by MSME, it allows them to devote more energy and time to improving their performance and thus benefits MSME (Asbari, 2019; Jumiran et al., 2020; Nuryanti et al., 2020; Suroso et al., 2021; Yuwono et al., 2020).

With regard to the relationship between managerial coaching and work outcomes, Ellinger et al. (2003) studied the impact of coaching behavior on employee performance and satisfaction with MSME management. The results of research by Ellinger et al. (2003) revealed that MSME management who used coaching behavior not only increased employee job satisfaction, but also increased their level of work commitment and ultimately improved their performance compared to their peers. A longitudinal study by Liu & Batt (2010) found that the more employees received effective managerial coaching, the better their performance, and significantly improved. Pousa & Mathieu (2014) also conducted two international field studies, one using salespeople working in Latin America and Canada. The empirical results of their study show that coaching can improve employee performance. In addition, Hsu et al. (2019) examines the effect of managerial coaching behavior on work performance and the role of organizational commitment and role clarity among 283 employees from different banks in Rawalpindi and Islamabad. The results of their regression analysis revealed a positive relationship between managerial coaching and role clarity, as well as between performance and organizational commitment. Previous research supports a positive relationship between managerial coaching and performance. Therefore, the author has made the third hypotheses of this research as follows:

H3: Coaching improves employee performance.

Mediation effect from Organizational Citizenship Behaviour (OCB)

Regarding the mechanism that links coaching with employee performance, several previous researchers have provided various empirical evidence. Kim & Chung (2018) investigated the effect of managerial coaching behavior on employee reactions to work among 482 employees in Korean public organizations. Kim & Chung (2018) view managerial coaching behavior as an independent variable, consider learning as a mediator variable, and consider employee performance as the dependent variable. They found a significant mediating effect in the model-mediated role clarity hypothesis on performance, where job satisfaction mediated career and organizational commitment. In addition, Maamari et al. (2021) used a structural equation model (SEM) analysis technique to examine the effect of managerial coaching on the employee learning process. Their findings reveal that well-developed learning processes in the workplace significantly mediate the relationship between managerial coaching and performance. The study above has confirmed the existence of a mediator variable in the relationship between coaching and work outcomes. Following this line of thought, this study considers employee OCB as a potential mediator and assumes that managerial
coaching indirectly affects employee performance through OCB. Based on the OST, the current study predicts that MSME management that exhibits effective coaching behavior can improve OCB state, which in turn improves employee performance. Therefore, the author has made the fourth hypotheses of this research as follows:

H4: Organizational Citizenship Behaviour (OCB) significantly mediates the relationship between coaching and performance.

In conclusion from the above related literature review, the following is a conceptual framework that has been developed for this study (see Figure 1) and continued for hypothesis testing.

![Figure 1. Research Conceptual Model](image)

### III. METHOD

The purpose of this research is to collect maximally useful knowledge to form valid hypotheses away from subjective input. Thus, the positivist theory was adopted in this study because it identified similarities that were seen through observation and work investigations. Therefore, a deductive approach is followed, seeking to propose and test hypotheses to fit existing theories. This study adopted a survey technique using quantitative analysis and to collect data on the effect of coaching on employee performance, either directly or indirectly through OCB mediation. The survey allowed the researchers to collect data from employees who participated in coaching sessions conducted by their supervisors, and assisted them in assessing the employee's perceived performance. This technique was adopted because of its ability to collect data quickly compared to other tools, while allowing random sample selection, and allowing the researcher to measure and control multiple variables. After that, to identify findings or patterns in the related sample, the collected data is then analyzed in depth.

For the purposes of this study, the questionnaire was designed in several parts: The first part includes demographic questions in which employees anonymously state MSME's gender, age, education, and years of service. The second part includes six questions that capture the extent to which coaching is applied in MSME. The measurement items (X1-X6) are taken from Ye et al. (2016). The instrument used to measure OCB was adapted from Mithalia (2002) using 8 items (Z1-Z8). Meanwhile, the instrument used to measure employee performance was adapted from Kim et al. (2013) using 5 items (Y1-Y5). The questionnaire was designed in such a way as to target MSME employees in Jabodetabek, Indonesia. To ensure the adequacy of the research tools in context, the researcher forwarded a questionnaire to four researchers whose notes were then entered. Next, the questionnaire was piloted on 30 employees. The trial resulted in a few word changes in the questionnaire item scale for better understanding. The
probability sampling process uses a list received from MSME. From the list, a random sample was used to collect data from employees who had previously undergone coaching. Researchers collected data anonymously according to research ethical standards and were able to receive a sizable response rate through online communications. In detail, the question items used in this study are mentioned in Table 1.

**Table 1. Research Items List**

<table>
<thead>
<tr>
<th>Notasi</th>
<th>Item</th>
<th>Referensi</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coaching (X)</td>
<td>Ye et al. (2016)</td>
</tr>
<tr>
<td>X1</td>
<td>My leaders question their subordinates to understand why their organizational goals are important to the future of their own profession.</td>
<td></td>
</tr>
<tr>
<td>X2</td>
<td>My leader helps subordinates think about who, when and how to complete tasks.</td>
<td></td>
</tr>
<tr>
<td>X3</td>
<td>My leader spends a lot of time reviewing subordinates' progress to determine if adjustments are needed.</td>
<td></td>
</tr>
<tr>
<td>X4</td>
<td>My leader spends a lot of time helping subordinates to improve their performance.</td>
<td></td>
</tr>
<tr>
<td>X5</td>
<td>My leader tries hard to develop subordinates.</td>
<td></td>
</tr>
<tr>
<td>X6</td>
<td>My leader spends time looking for opportunities for the professional development of subordinates.</td>
<td></td>
</tr>
<tr>
<td>Z1</td>
<td>I helped another co-worker who wasn't present.</td>
<td></td>
</tr>
<tr>
<td>Z2</td>
<td>I am willing to give my time to help other people who have a work relationship with me</td>
<td></td>
</tr>
<tr>
<td>Z3</td>
<td>I am ready to adjust my work schedule to replace other employees who take time off</td>
<td></td>
</tr>
<tr>
<td>Z4</td>
<td>I try hard to make new employees feel welcome at work</td>
<td></td>
</tr>
<tr>
<td>Z5</td>
<td>I show genuine concern and courtesy on coworkers, even under the most difficult business or personal situations</td>
<td></td>
</tr>
<tr>
<td>Z6</td>
<td>I make time to help others who have problems, whether in work or non-work matters.</td>
<td></td>
</tr>
<tr>
<td>Z7</td>
<td>I'm ready to help other coworkers' tasks</td>
<td></td>
</tr>
<tr>
<td>Z8</td>
<td>I share my personal property with other co-workers to help with their work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance (Y)</td>
<td>Kim et al. (2013)</td>
</tr>
<tr>
<td>Y1</td>
<td>My overall performance is better compared to my colleagues</td>
<td></td>
</tr>
<tr>
<td>Y2</td>
<td>My ability to get along with other people is better than my peers</td>
<td></td>
</tr>
<tr>
<td>Y3</td>
<td>My ability to complete tasks on time is better than my colleagues</td>
<td></td>
</tr>
<tr>
<td>Y4</td>
<td>The quality of my performance (opposite of the quantity performance) is better compared to my colleagues</td>
<td></td>
</tr>
<tr>
<td>Y5</td>
<td>Achievement of my work goals better than my colleagues</td>
<td></td>
</tr>
</tbody>
</table>

**IV. RESULT AND DISCUSSION**

**Sample Description**

A total of 170 MSME employees participated, consisting of 56% men and 44% women. Respondents have different age groups, ranging from under the age of 25 years (22%), 25-30 years (56%), and over the age of 30 years (22%). Their tenure also varies, 33% of them are under 1 year, 54% have worked between 1-3 years, and the remaining 13% have worked more than 3 years. The highest education of respondents is the majority of senior high school level (73%), then undergraduate, which is 27%.
Results of Validity Test and Research Reliability Indicator

Stages of measuring on testing models involve convergent validity tests and discriminant validity. Meanwhile, the value of Cronbach’s alpha and composite reliability are needed in testing for construction reliability. PLS analysis results could be used to test for research hypotheses if all indicators in the PLS model have met the requirements of convergent validity, discriminant validity and reliability test (Purwanto et al., 2021a, 2021b, 2021c).

Convergent Validity Test

Convergent validity test is done by seeing the value of loading factor of each indicator on the construct. In most references, a factor weighing from at least 0.7 is considered having validity that is strong enough to explain the latent construct (Chin, 1998; Ghozali, 2014; Hair et al., 2010). In this research, the minimum limit of loading factor that is accepted is 0.7, with the condition of AVE score for every construct, which is > 0.5 (Ghozali, 2014). After going through data processing with SmartPLS 3.0, all indicators have the loading factor value above 0.5 or have met the requirements of AVE score above 0.5. The fit or valid model in this research can be seen in Figure 2. Therefore, convergent validity of this research model has met the requirements. Loading factors, cronbach’s alpha, composite reliability and AVE in every construct can be seen in Table 2.

Discriminant Validity test

Discriminant validity is done to ensure that every concept of each latent variable is in contrast with the other latent variables. A model has a good discriminant validity if the quadratic value of AVE in each exogenous construct (value on the diagonal) exceeds the correlation between the construct with the other construct (value below diagonal) (Ghozali, 2014). Result of discriminant validity research is done by the quadratic value of AVE, which means by seeing the Fornell-Larcker Criterion Value that is mentioned in Table 3. Discriminant validity test result shown in the Table 3 above indicates the whole construct having square root value of AVE above correlation value with the other latent construct (through Fornell-Larcker Criterion). Likewise, cross-loading the value of all items from other indicators as mentioned in Table 2, so it can be concluded that a model has met a discriminant validity (Fornell & Larcker, 1981).

Next, collinearity evaluation is done to discover whether there is a collinearity in the model. To find out about collinearity, VIF estimation from every construct is required. If the VIF score is higher than 5, then the model will show a collinearity (Hair et al., 2014). As shown in Table 4, all VIF scores are less than 5, i.e. the results of the collinearity structural model reveal VIF values below 2. This shows that this research model does not have multicollinearity problems.

Construct Reliability Test

Construct reliability can be assessed from the value of Cronbach’s alpha and composite reliability from each construct. Value of composite reliability and Cronbach’s alpha is suggested to be more than 0.7 (Ghozali, 2014). Reliability test result in the Table 2 above shows that all constructs have composite reliability value and Cronbach’s alpha value higher than 0.7 (> 0.7). In conclusion, all constructs have met the reliability that is required.
Table 2. Items Loadings, Cronbach’s Alpha, Composite Reliability, and Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Loadings</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coaching (X)</td>
<td>X1</td>
<td>0.813</td>
<td>0.893</td>
<td>0.918</td>
<td>0.652</td>
</tr>
<tr>
<td></td>
<td>X2</td>
<td>0.770</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X3</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X4</td>
<td>0.824</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X5</td>
<td>0.827</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X6</td>
<td>0.768</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational Citizenship Behaviour (Z)</td>
<td>Z1</td>
<td>0.703</td>
<td>0.858</td>
<td>0.889</td>
<td>0.501</td>
</tr>
<tr>
<td></td>
<td>Z2</td>
<td>0.749</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z3</td>
<td>0.729</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z4</td>
<td>0.755</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z5</td>
<td>0.743</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z6</td>
<td>0.647</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z7</td>
<td>0.641</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Z8</td>
<td>0.685</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance (Y)</td>
<td>Y1</td>
<td>0.759</td>
<td>0.817</td>
<td>0.872</td>
<td>0.577</td>
</tr>
<tr>
<td></td>
<td>Y2</td>
<td>0.763</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y3</td>
<td>0.764</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y4</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y5</td>
<td>0.780</td>
<td></td>
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</tbody>
</table>

Source: SmartPLS 3.0 Processing Results (2021)
Table 3. Discriminant Validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
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<tbody>
<tr>
<td>X</td>
<td>0.808</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td>0.744</td>
<td>0.760</td>
<td></td>
</tr>
<tr>
<td>Z</td>
<td>0.766</td>
<td>0.726</td>
<td>0.708</td>
</tr>
</tbody>
</table>

Source: SmartPLS 3.0 Processing Results (2021)

Table 4. Collinearity (VIF)

<table>
<thead>
<tr>
<th>Variables</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>2.422</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td></td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Z</td>
<td>2.422</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SmartPLS 3.0 Processing Results (2021)

Table 5. R Square

<table>
<thead>
<tr>
<th>Variables</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>0.612</td>
<td>0.607</td>
</tr>
<tr>
<td>Z</td>
<td>0.587</td>
<td>0.585</td>
</tr>
</tbody>
</table>

Source: SmartPLS 3.0 Processing Results (2021)

Table 6. Hypotheses Testing

| Hyp. | Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O|/STDEV) | P Values | Decision |
|------|--------------|---------------------|-----------------|-----------------------------|----------------|----------|----------|
| H1   | X -> Z       | 0.766               | 0.768           | 0.034                       | 22.840         | 0.000    | Supported |
| H2   | Z -> Y       | 0.377               | 0.382           | 0.075                       | 5.041          | 0.000    | Supported |
| H3   | X -> Y       | 0.455               | 0.451           | 0.071                       | 6.381          | 0.000    | Supported |
| H4   | X -> Z -> Y  | 0.289               | 0.293           | 0.058                       | 4.967          | 0.000    | Supported |

Source: SmartPLS 3.0 Processing Results (2021)

Hypotheses Testing

Hypothesis test in PLS is also denoted as inner model test. This test covers a significance test that has a direct and indirect impact as well as how large is the measurement of the exogenous variable impact on the endogenous variable. To discover the influence of managerial coaching on employee’s performance through psychological capital as a mediation variable it needs a direct and indirect impact test. Direct impact test is done by using T-Statistic test in an analysis model called Partial Least Squared (PLS) with the help of SmartPLS 3.0 software. With the bootstrapping technique, R square value and significance test value can be obtained as shown in Table 4 and Table 5.

Based on Table 5 above, the R Square OCB (Z) value is 0.587 which means that the OCB variable (Z) can be explained by the coaching variable (X) by 58.7%, while the remaining 41.3% is explained by other variables not discussed in this study. Meanwhile, the R Square value of employee performance (Y) is 0.612 which means that the employee performance variable (Y) can be explained by the coaching variable (X) and the OCB variable (Z) of 61.2%, while the remaining 38.8% is explained by other variables not discussed in this study. This means that the substance
of influence in the relationship model in this research model is fairly strong (Chin, 1998). Meanwhile, Table 6 shows the t-statistics and p-values that show the influence between the research variables that have been mentioned. The result is that coaching practice has a positive and significant effect on OCB (H1 is accepted), OCB has a positive and significant effect on performance (H2 is accepted), coaching practice has a positive and significant impact on performance (H3 is accepted), and this study confirms that OCB works as a mediating variable between coaching practices and the performance of MSME employees, with a partial mediating nature (H4 accepted).

Discussion

According to organization support theory (OST) (Eisenberger et al., 1986), when employees believe that the organization values their contributions and cares about their well-being, there will be reciprocity (Gouldner, 1960), which evokes a sense of employee obligation to give back to the organization by increasing the spirit of learning and teaching performance. On the basis of organization support theory, this study assumes that when employees perceive that their MSME management exhibits effective coaching behaviors, such as communicating and setting clear expectations, creating and promoting a supportive learning environment, and providing resources, it will lead them to improve their performance. The results of this study indicate that coaching has a positive impact on performance, a finding that is in line with previous research (Akhtar & Zia-ur-Rehman, 2017). In addition, this study predicts that there is a positive relationship between coaching and OCB. Hamlin et al. (2009) stated that coaching is the practice of helping and guiding employees, groups, and organizations to acquire new skills, performance, and abilities and encourage their improvement, efficiency, and personal growth. Although the potential effect of coaching on OCB has not been widely explored by previous researchers, the results of this study have empirically confirmed and supported the hypothesis that coaching can improve aspects of managerial commitment, systems perspectives, openness and experimentation, and knowledge transfer and integration, which are OCB indicators. Furthermore, according to Hobfoll's (1989) resource conservation theory, OCB can be viewed as an individual resource. Employees with positive OCB often believe that they can do their job well and expect good things to happen at work (optimism). The results of this study indicate that OCB has a positive effect on employee performance. The results of this study are in line with previous research (Maamari et al., 2021) which showed that employees with higher OCB will show higher performance.

Previous research has shown that OCB plays a key role in enhancing positive work attitudes and behaviors of employees as an important concept in positive psychology theory. OCB was also found to be an important mediator in previous studies (Maamari et al., 2021). The results of this study are in line with the authors' previous hypothesis that superiors who exhibit effective coaching behavior can increase the positive psychological states of their subordinates (i.e., self-efficacy, hope, optimism, and resilience), which in turn can improve the performance of MSME employees (Grant et al., 2010; Park, 2007).

V. CONCLUSION

The current study contributes to the existing coaching literature by exploring the effects of coaching practice on employee performance and by examining the mediating effect of OCB. The results of this study indicate that coaching has a significant effect on OCB and employee performance, and that OCB plays a significant mediating role in the relationship between coaching practice and performance.

Theoretical Implication

Based on the above analysis, this study clearly demonstrates the impact of coaching on performance and positive outcomes. It also highlights the internal employee changes that result from coaching such as learning capabilities (OCB) and further the effects of all internal cognitive and behavioral changes on performance. OCB is clearly driven in employee behavior as a result of implementing coaching. There is a clear correlation between these factors and using coaching as an effective HR practice. These findings confirm and expand the body of literature on the effects of coaching (Akhtar & Zia-ur-Rehman, 2017; Aldrin & Utama, 2019; Hsu et al., 2019, 2019; Kunst et al., 2018; Raza et al., 2018). This study also uncovers several aspects of the influence of cultural, social and economic context on the relationship between coaching and performance that were absent from the literature review.

The core contribution of this research is to fill the gap in theory about the effect of coaching on performance, especially that there are very few MSME organizations that practice and evaluate the effect of their coaching program on the
performance of their employees or employees. This study also has an important contribution to shed light on important mediating factors, which are missing in most studies, dealing with coaching and performance. In addition, this study has contributed to the theory by adding to the existing literature on some insights into coaching which is an HR development tool in an area where studies of HR practices are still scarce. Meanwhile, a comprehensive review of HR development programs in general is still in its infancy.

Managerial Implication

This study confirms that supportive HR programs, such as coaching provide higher benefits for MSME organizations. Therefore, HR managers are encouraged to implement policies that allow their employees or employees to feel safe and valued. Employees need to feel highly valued and so not easily replaced, which in turn reduces aggressive competition among coworkers. In addition, achievements and promotions must be given based on the competence of each employee/employee and not based solely on subjectivity. As a result, HRM must communicate intensively and work to increase employee awareness about the importance of coaching in supporting their career advancement and development. Through coaching, MSME management helps employees/employees focus on developing skills that will make a major contribution to the individual and organizational success of MSME. Implementing coaching leads to improved customer service. It also helps improve employee/employee performance, overcome challenges, achieve aspirational goals and build self-confidence.

From a performance appraisal perspective, coaching helps identify and develop potential employees/employees. This helps identify organizational and individual strengths and opens up development opportunities. This study provides strong reasons for the need for coaching practices in MSME organizations that ensure the effectiveness of managerial coaching as a predictor of employee performance. MSME organizations need to emphasize the importance of coaching and encourage every element of MSME management to train their subordinates to improve performance. Organizations then need to create a coaching culture and support system, such as considerable effort and commitment from management. Coaching needs to be part of the MSME organizational development strategy. Therefore, routine implementation is needed with seriousness in following up on the results.

As a scientific study, of course this research still has shortcomings and needs to be improved in the future. Therefore, theoretically, the author's suggestions are: Regarding the current study to measure and assess employee performance as a result of work from coaching practice. Future researchers could investigate the impact of coaching on other important work outcomes, such as role and contextual performance, work motivation, turnover intention, or professional/career commitment.

REFERENCES


