

# Determining Employee Performance And Job Satisfaction Dimensionals In Multifinance Company Using Structural Equation Model Approach

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## **Abstract.**

*This study aims to determine the level of employee satisfaction with a structural model approach that can clarify the relationship between the variables of satisfaction, leadership work environment and employee performance. This research was conducted in a multinational company engaged in the multifinance sector, located in Banjarmasin, South Kalimantan, Indonesia. In this study, the sample was taken using purposive sampling with a total sample of 235 people from various existing departments. The analytical technique used is the Structural Equation Model (SEM). The results of the study found that (1) the SEM model has met the standards of the Goodness of Fit Index, (2) the employee satisfaction variable has a significant influence on employee performance because it provides a CR value > 1.96 and a probability value < 0.05, (3) The work environment variable has an effect on significant on employee performance and satisfaction because it provides a CR value > 1.96 and a probability value < 0.05, (4) the leadership variable has a very significant influence on employee performance and satisfaction because it provides a CR value > 1.96 and a probability value < 0.05.*

**Keywords:** Capital, Raw Materials, Energy, Production, Income

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## **I. INTRODUCTION**

Human resources are a very important value in the company in addition to other factors such as capital (Hariandja, 2002). Human resources are the main role in the company's system, without quality human resources, the company's system will not run well. The increase in the performance of employees is certainly supported by the support of various factors such as employee satisfaction, leadership style factors, and work environment factors. To create a good corporate system, the company needs to maintain good human resources through employee job satisfaction in the company.

Job satisfaction is also a general attitude that is the result of several special attitudes towards individual characteristics, group relationships outside of work and work factors (As'ad, 2000). Job satisfaction is one of the criteria that can determine the health of an organization, providing broad service effectiveness by relying on human resources (Khalique, 2016) and the experience of job satisfaction from employees will affect the quality of work they provide. Hamad (2015) says that job satisfaction can be interpreted as a positive emotional result of employee pleasure coming from work and as a form of affective and cognitive attitudes of employees about various aspects of their work then indirectly job satisfaction is related to the components of the entire job. Besides job satisfaction that affects one's performance, leadership factors, work environment can also affect one's performance. Several research results such as those conducted by Heather et al (2001), Chen, (2004), and Bryan (1999) provide empirical evidence that leadership has an effect on employee performance. Another factor that influences in increasing employee satisfaction is the work environment. Organizations must provide a comfortable and conducive work environment to increase employee satisfaction at work. According to (Badri, 2006), an unhealthy and uncomfortable environment can cause a decrease in work productivity and job satisfaction. According to (Sedarmayanti, 2009), the work environment has two dimensions, namely the physical and non-physical work environment. The physical work environment includes lighting, workspace decoration, workspace

temperature and others. As well as the non-physical work environment includes the relationship between employees and superiors.

The role of a leader in influencing his subordinates is very important for the progress of the organization. Koesmono (2007) revealed that the existence of a leader in the organization is needed to bring the organization to the goals that have been set. Leaders usually apply a certain leadership style to affect the performance of their subordinates. Kartono (2002), explains that "leadership style is the way the leader works and behaves in guiding his subordinates to do something". So the leadership style is the nature and behavior of the leader that is applied to his subordinates to guide his subordinates in carrying out the work.

The success of an organization as a whole or various groups in a particular organization, is very dependent on the effectiveness of the leadership contained in the organization concerned, a leader must be able to create harmonious working relationships, both between fellow employees, and between superiors and subordinates. The leader's ability to direct and coordinate the potential of all employees will be related to increased motivation in doing work. One of the interesting issues to be studied related to the achievement of a company's goals is regarding employee performance and job satisfaction.

## **II. LITARATURE REVIEW**

### **1.1. Employee Performance And Job Satisfaction**

Good employee performance or performance can be a special privilege for a company. The term employee performance is defined as achievement or work (output) both quality and quantity achieved by an employee in carrying out his work duties in accordance with the responsibilities given (Mangkunegara, 2002).

According to Soedjono (2005), job satisfaction is also important for self-actualization and the influence of employee job satisfaction can improve employee performance because they feel that their work needs have been fulfilled so that employees are more comfortable carrying out their work. Employee performance that continues to increase can also encourage increased organizational performance. Because they feel involved in achieving organizational goals, employees are truly motivated in achieving organizational goals and get greater satisfaction.

### **1.2. Work-Environment**

The work environment is a situation where a good workplace includes physical or non-physical that can give the impression of being pleasant, safe, peaceful and so on. If working conditions are good then it can spur the emergence of a sense of satisfaction in employees which in the end can have a positive influence on employee performance, and vice versa, if working conditions are bad then employees will not have job satisfaction (Parlinda, 2003).

Physical work environment variables have a significant influence on employee performance, because if the physical work environment such as: lighting, color, air, music, cleanliness, and security is getting better, the employee's performance will also improve (Putra et al., 2018). The work environment has two dimensions, namely the physical and non-physical work environment. The physical work environment includes lighting, workspace decoration, workspace temperature and others. As well as the non-physical work environment includes the relationship between employees and superiors (Sedarmayanti (2009).

With the awareness of employees that the work environment is important, they will be motivated and feel that they are needed in the development of the company so that a sense of loyalty to the company arises and does not want to disappoint their superiors and the company (Stanley, 2019).

### **1.3. Leadership**

A leader will always be an example and role model in working in the company because the leader has a duty as an internal facilitator in carrying out his control functions that are directed to each of his subordinates because in fact human relations with one another are symbiotic mutualism, namely a mutually beneficial and mutual relationship between the two parties. (Nugraha, 2009).

Leadership style has an effect on employee performance at Maju Makmur Banjarmasin. This means that the better the leadership style, the higher the performance of the employees of the Maju Makmur

Banjarmasin company. In other words, the leadership style applied is able to contribute to increasing the performance of Maju Makmur Banjarmasin company employees or increasing leadership style will have an effect on increasing employee performance and vice versa (Fariansyah & Putra, 2017).

Leadership as the ability to influence a group towards the achievement of goals. The ability of employees to achieve the goals and objectives of the organization is a reflection of employee performance (Robbins, 2007). Leaders will influence the perceptions of subordinates and motivate them, by directing employees to task clarity, goal achievement, job satisfaction, and effective work implementation (Thoha, 2010). Leadership has a significant positive effect on employee job satisfaction, which means that the better the leadership, the higher employee satisfaction (Suprpta et al., 2015; Rumawas, 2013)).

### III. RESEARCH METHODS

This research was conducted in a multinational company engaged in the multifinance sector, located in Banjarmasin, South Kalimantan, Indonesia. This study is a descriptive study with the population and samples are employees who work in a multi-finance company. The sampling technique was purposive sampling, with a total sample of 235 people. The instruments used are offline and online questionnaires, where the answers to each instrument item using a Likert scale have a gradation from very positive to very negative with 5 alternative answers.

The variables studied were employee performance variables, job satisfaction, work environment, and leadership. While the analysis technique used is the Structural Equation Model which can describe the relationship of all variables. The data analysis technique used to discuss the problems in this study is structural equation model (SEM). Stages in SEM modeling and structural equation analysis include seven stages as follows:

- 1) Development of theory-based model.
- 2) Development of path charts to show causality relationships.
- 3) Convert flowcharts into a series of structural equations and measurement model specifications.
- 4) Selection of input matrix and estimation techniques on the built model.
- 5) Assess identification problems.
- 6) Evaluation of the model.
- 7) Interpretation and Modification of models.

### IV. RESULT AND DISCUSSION

#### Research SEM Result

The research was conducted to obtain a model of the relationship between variables that have met the standards of the Goodness Of Fit Index with the results of the chi-square being 7.553 with probability 0.376 0.05, GFI value 0.926 0.90, AGFI value 0.965 0.90, TLI value 0.985 0.95, the CFI value is 0.973 0.95, and the RMSEA value is 0.02 0.08 which indicates that the model fit test can be accepted well (Table 1). So in this study, it can be concluded that the structure of the modeling analysis can be done.

Based on 8 parameters, the goodness of fit index value of the goodness of fit index parameter is classified as good, so it can be said that the overall SEM model is fit (there is a match between the model and the data).

**Table 1.** Goodness Of Fit Index Model Penelitian

Goodness of Fit (GOF) Index	Cut Off Value	SEM Result	Model Evaluation
Chi Square	Kecil	7.553	Good
Probability	≥ 0.05	0.376	Good
GFI	≥ 0.9	0.926	Good
AGFI	≥ 0.9	0.965	Good
TLI	≥ 0.95	0.985	Good
CFI	≥ 0.95	0.973	Good

RMSEA ≤ 0.080 0.02 Good

While the research model obtained is presented in the following figure.

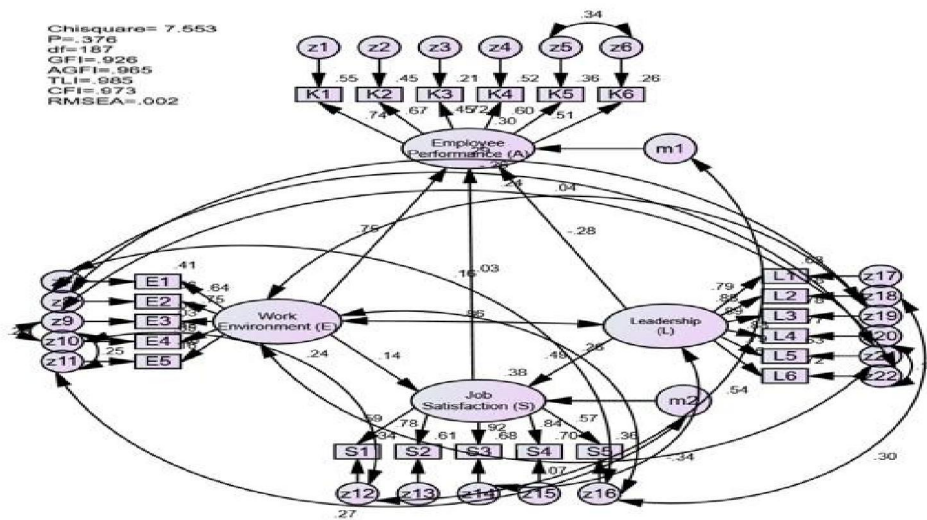


Fig 1. Research SEM Result

**Effect Test Result**

The effect test is carried out to see whether the independent variable has an impact on the dependent variable, and the results of the effect test are presented in the following table.

**Table 2.** Effect Test Result

			Estimate	S.E.	C.R.	P	Conclusion
Performance	←	Satisfaction	1.766	0.152	11.600	0.000	Significant
Performance	←	Work Environment	1.438	0.132	10.885	0.000	Significant
Performance	←	Leadership	0.585	0.128	4.577	0.000	Significant
Satisfaction	←	Work Environment	0.583	0.111	5.240	0.000	Significant
Satisfaction	←	Leadership	0.692	0.136	5.097	0.000	Significant

\*) Significant if CR > 1.96 dan p < 0.05

Based on the results of the influence test, the relationship between variables can be explained by the description as follows:

1. Employee satisfaction variables have a significant impact on performance variables because cr values (11,600) > 1.96 and P (0,000) values < 0.05. This finding is in line with previous research (Sari, 2015) If a person feels satisfaction in his work then his work spirit will be increased. Such encouragement can make it easier to achieve the goals set by the company. Research conducted by (Fitrianasari, 2013) revealed that the improvement of an employee's performance is preceded by improved job satisfaction and OCB. (Merry Ristiana M, 2013 which shows that the relationship of Job Satisfaction with Employee Performance has a positive and significant influence. The relationship means that the more satisfied employees are to the company, the better the work performance and work results shown will be better.
2. Work environment variables have a significant impact on employee performance variables because cr values (10,885) > 1.96 and P (0,000) values < 0.05 These findings suggest that an employee will be satisfied if the atmosphere of the work environment makes them comfortable, similar to previous research that employee satisfaction in the workplace plays an important role in an effectively and sustainably evolving company. Encouraging and creating a professional work environment for employees to have good working conditions is necessary to help them prove their worth. (VUONG et al., 2013).

3. Leadership variables have a significant influence on performance variables because  $t$  values (4,577) > 1.96 and  $P$  (0.000) values < 0.05. The results of this study are in line with some findings that leadership significantly affects employee performance (Siswanto & Hamid, 2017) and Khairizah et al. (2010) research that states that the leadership directive has a significant effect on employee performance, meaning that when the leadership gives firm orders to subordinates to do their job. A leader will always be an example and an example in working in the company because the leader has the task as an internal facilitator in carrying out his control function directed to each subordinate because in fact human relationship with each other is symbiotic mutualism that is mutually beneficial and mutually needy relationship between the two parties (Nugraha, 2009). Variabel lingkungan kerja berpengaruh secara signifikan terhadap kepuasan karyawan karena nilai  $CR$  (5.240) > 1.96 dan nilai  $P$  (0.000) < 0,05. These results are also in line with Stanley's findings (2019) which found that occupational environment variables affect job satisfaction.

With the awareness of the employees that the organizational culture and work environment is important, then they will be motivated and feel that they are needed in the development of the company so that there is a sense of loyalty to the company and do not want to disappoint the boss or the company. The improvement of job satisfaction in employees has an impact on the performance directed by the employee. It also supports the findings of Putra et al., (2018) which found that non-physical work environments have a significant impact on employee performance. This is because if the non-physical work environment such as: task structure, job design, leadership patterns, cooperation patterns and organizational culture are getting better, then the performance of employees also improves. According to (Sedarmayanti, 2001), non-physical work environment is all the circumstances that occur related to working relationships, both relationships with superiors and relationships with colleagues, or relationships with subordinates, this non-physical environment is also a working environment group that cannot be ignored.

4. Leadership variables have a significant effect on employee satisfaction variables because  $t$  values (5,097) > 1.96 and  $P$  (0.000) values < 0.05. These results are in line with the findings of Suprapta et al., (2015) which found that leadership has a significant positive effect on job satisfaction, which means that the better the leadership, the more employee satisfaction will increase. And strengthened by the results of the study (Wehelmina Rumawas, 2013) that Leadership Variables have a significant effect on Employee Job Satisfaction Variables in the use of cooking oil PT. Multi Vegetable Sulawesi in Bitung city. This means that if there is good leadership and quality will increase the job satisfaction of employees in the company.

## V. CONCLUSION

Based on the results of this study, it was found that an employee will feel comfortable in a company influenced by several factors such as the work environment and by the leader. An employee who does not have a good relationship with a co-worker or superior will have an impact on the employee's performance and satisfaction with the job. With the working environment conditions in a good company will have an impact on employees that is seen by the performance of those employees in completing the work given to them will be completed on time. And will feel comfortable in working in the company, because the company's work environment is very conducive in working. In addition, factors that can improve employee satisfaction and can improve the performance of an employee is a leader in the company.

With a leader's ability to do within the company such as the intelligence of a leader in solving problems that occur will have an impact on employee performance and the assertiveness of a leader in cracking down on undisciplined employees greatly affect employee satisfaction. But this study has some limitations. The wider level of coverage for example can provide different results because the research area only occurs in Banjarmasin city. Further research may include more companies and samples of respondents, in addition it is still possible to develop in different research such as analytical tool methods.

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