



# Job Satisfaction and Employee Performance Shoes Industry in Tangerang Regency Banten Province

Juanda Usman<sup>1\*</sup>, Dede Nuary Sukmayuda<sup>2</sup>, Sri Kurniawati<sup>3</sup>

<sup>1</sup>Sekolah Tinggi Ilmu Ekonomi PPI Tangerang, Indonesia, <sup>2</sup>Sekolah Tinggi Ilmu Ekonomi PPI Tangerang, Indonesia, <sup>3</sup>Faculty of Economic and Business, Universitas Persada Indonesia Y.A.I. Jakarta Indonesia. \*Email: [juanda.usman@gmail.com](mailto:juanda.usman@gmail.com)

Received: 07 November 2018

Accepted: 28 December 2018

DOI: <https://doi.org/10.32479/irmm.7447>

## ABSTRACT

The background of this research is how to improve employee performance shoes industry in Tangerang Regency, Banten Province. The purpose of this study is to identify and analyze influence both partial and simultaneously leadership, work compensation, work environment and job satisfaction toward employee performance Shoes Industry in Tangerang Regency, Banten Province. The research method used descriptive, verificative, causality to test the hypothesis. This study was conducted through a survey of 200 respondents from a population of 413 permanent employee in three shoes factories in Tangerang Regency, Banten Province. Instrument tests were also conducted on 30 respondents prior to field research. The research analysis used descriptive and explanatory statistic method. Data were analyzed with Structural Equation Model using LISREL 8.7 software. The results of this study, processed by using Second Order Confirmatory Factor Analysis. This research proves that there are positive and significant influence of leadership, work compensation and work environment to job satisfaction either partially or simultaneously with coefficient of determination  $R^2 = 60\%$ . Furthermore, this study proves that the variables of leadership, work compensation, work environment and job satisfaction influence employee performance with contribution of 85% with the most dominant variable influencing job satisfaction is work compensation. While the most dominant variables influencing employee performance is work environment. The findings of this study explain that job satisfaction variables mediate the three variables of leadership, work compensation and work environment on employee performance, so that job satisfaction variable as mediating variable, but the dominant variable influencing employee performance is work environment, especially physical environment dimension with work facility as indicator. Meanwhile, to increase job satisfaction need to pay attention to work compensation, especially in financial compensation, especially insurance.

**Keywords:** Leadership, Work Compensation, Work Environment, Job Satisfaction, Employee Performance

**JEL Classifications:** M12, M54, N75

## 1. INTRODUCTION

Human resources are central factors in the organization, whatever the form and purpose. An organization is founded based on vision and mission for the common interest and during mission implementation is managed and operated by humans. Without a qualified workforce or employee impossible organizational goals can be achieved, so that the workforce or employee is the most valuable resource in the organization (Nasriyah et al., 2016).

Organizational demands to acquire, develop, and sustain quality resources more urgent as dynamics environment and ever

changing technology of the globalization era. The final output of the organization or company is determined by the performance of individuals and groups in achieving organizational goals. According to (Sutanto and Kurniawan, 2016) performance is the records that have been obtained from certain worker functions or activities during a certain period of time.

In this research, the main problem is still not optimal shoes production in the largest shoes company in Tangerang Regency, namely: (1) PT. Horn Ming Indonesia, (2) PT. Adis Dimension Footwear, and (3) PT. Ching Luh Indonesia which is all indicated by the low performance of employees in shoes production.

One of shoes factory company in Tangerang is PT. Horn Ming can only produce 73.19% of shoes in 2013 from the target of 3,500,000 pairs of shoes. While in 2014 can only be achieved shoes production by 84.43% or an increase of 11.24%. However, the overall total cannot be fulfilled target of 3,500,000 pairs of shoes. Similarly, PT. Adis Dimension Footwear and PT. Ching Luh Indonesia.

In the achievement of corporate goals many elements that become important in the fulfillment, including the element of leadership. Resources that are available if not properly managed will not get the planned goals. So the role of leaders is very important that can use the authority and leadership to achieve the goals of the organization or company.

Furthermore, one of the efforts to improve employee performance is done by considering the aspect of work environment. The overall facilities and infrastructure that exist in the company should really be considered because it will influence the company's employees in doing the job.

In addition to the work environment for employees or workers, the compensation factor is also critical to improving employee performance. Furthermore, if the value of the contribution provided to employees or workers is low and does not meet their standard of living will likely have an impact on production in achieving the annual production targets that have been planned by company.

Based on the results of interviews involving thirty respondents, it can be seen that from six aspects of job satisfaction are leadership, workload, work environment, work culture, workmates, and salary/wages, only two aspects of work culture and co-workers, the rest stated still not satisfied. The highest level of job satisfaction is on the aspect of co-workers, and the lowest is on the aspect of the work environment.

In addition, based on the results of preliminary observations can be seen that of the four indicators of employee performance that is quantity, quality, creativity and initiative, there is only one indicator that has a performance value above the standard value, that is creativity. Another indicator in this case is still below the standard value which means that employee performance in the aspect of quantity, quality, and initiative has not been achieved.

Referring to the background that has been described above, then Researchers want to prove empirically about employee performance in some shoes factory Tangerang Regency, Banten Province. For that, the researcher took the title of Influence Leadership, Work Compensation, and Work Environment on Job Satisfaction and its Implication toward Employee Performance Shoes Industry in Tangerang Regency, Banten Province.

## 2. LITERATURE REVIEW

### 2.1. Leadership

Harwiki (2016) defines leadership as the ability to influence a group to achieve a defined vision or set of goals. While (Aga et al.,

2016) says leadership is a process to influence others to understand and agree with what needs to be done and how it is done effectively, as well as processes to facilitate individual and group efforts to achieve common goals. According to (Geier, 2016), leadership behavior of a leader in managing human resources uses two approaches. First, the task-oriented behavioral approach, are all forms of behavior to achieve organizational goals including directing, one-way communication and task delegation. Second, relationship-oriented behavioral approaches, i.e., all forms of leader behavior that are supportive of task implementation such as two-way communication and encouragement.

### 2.2. Work Compensation

According to (Hirshleifer and Teoh, 2003) explained that compensation is divided into two forms, namely:

#### 2.2.1. Financial compensation

Financial compensation is divided into two parts, namely direct paid financial compensation such as salary, wages, commissions and bonuses. Indirect financial compensation, such as medical allowance, retirement allowance, holiday allowance, housing allowance, educational allowance and so on.

#### 2.2.2. Non-financial compensation

Compensation in the form of nonfinancial is divided into two type, that is related to work and related to work environment. Work-related, such as good corporate policy, appropriate work (interesting, challenging), opportunities to be promoted, get a status symbol. While non-financial compensation associated with the work environment, such as placed a conducive working environment, good work facilities and so forth.

### 2.3. Work Environment

While (Koubova and Buchko, 2013) revealed that work environment is the entire tools and materials encountered, the surrounding environment in which a person works, methods of work, as well as arrangement of work either as individuals or as a group. Furthermore, (Chung, 2011) describes that in general, there are 2 types of work environment, namely:

#### 2.3.1. Physical work environment

Physical work environment are all physical circumstances that can affect employees either directly or indirectly. Physical work environment can be divided into 2 categories, namely:

- a. Environment directly related to employees (such as: Work center, chairs, tables, etc.).
- b. An intermediate environment or general environment may also be called a work environment that affects the human condition, for example: Temperature, humidity, air circulation, lighting, noise, mechanical vibration, odor, color, to minimize the influence of the physical environment on employees, the first step is to study people, both about physical and behavior, then used as a basis in thinking of the appropriate physical environment.

#### 2.3.2. Non-physical work environment

Non-physical work environment is all the circumstances that occur related to work relationship, either relationship with superiors or

co-workers, or relationships with subordinates. This non-physical environment is also a group of work environments that cannot be ignored.

#### 2.4. Job Satisfaction

Bentley et al. (2013) describes that job satisfaction is the level of pleasure that perceived a person for the role or work in the organization. Job satisfaction is the level of individual satisfaction that they are rewarded according to various aspects of the work situation of the organization in which they work. Thus, job satisfaction involves the psychological individual within the organization, caused by the circumstances he feels from his environment.

According to (Bailey et al., 2016) there are several dimensions of job satisfaction that can be used to reveal important characteristics of work, in which people can respond. The dimensions are:

1. Work itself, each job requires specified skill according to their respective fields. It is difficult for a job and a person's feelings that his or her skills are needed in doing the job, will increase or decrease job satisfaction.
2. Supervision, a good leader means to appreciate the work of his subordinates. For subordinates, superiors can be considered as a figure of father/mother/friend and at the same time his leader.
3. Workers, is a factor associated with the relationship between employees with superiors and with other employees, both the same and different types of work.
4. Promotion, Is a factor associated with the presence or absence of opportunities to obtain career improvement during work.
5. Pay, is a factor to meet the needs of employees who are considered feasible or not.

#### 2.5. Employee Performance

Sutanto and Kurniawan (2016) provide a definition of performance as follows: "Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period."

Meanwhile (Siahaan et al., 2016), proposed six primary criteria that can be used to measure employee performance, namely:

1. Quality, is the level to which the process or outcome of the work is close to perfection or close to expected goal.
2. Quantity, is the amount generated, for example the amount of rupiah, the amount of units or the amount of completed activity cycles.
3. Timeliness, is the length of an activity completed at the desired time, taking into account the amount of other outputs as well as the time available for other activities.
4. Cost effectiveness, the amount of use of organizational resources to achieve maximum results or reduction of losses in each unit of resource use.
5. Need for supervision, the ability of employees to be able to perform job functions without requiring supervisory supervision to prevent undesirable actions.
6. Interpersonal impact, the ability of an employee to maintain self-esteem, good name and ability to work together between colleagues and subordinates.

### 3. METHODOLOGY

This research using quantitative approach, descriptive, explanatory and causality with object of research permanent employee from three shoes factories in Tangerang Regency, Banten Province. Total population of research is 413 employees, pretest samples 30 employees and research sample 200 employees as respondents. The research method is survey by using questionnaire as an instrument of data collection. While for data analysis on pretest instrument: Validity and reliability test using SPSS and hypothesis testing with structural equation modelling using Lisrel.

### 4. RESULTS

Based on Figures 1 and 2, the results are as follows: Path coefficient leadership toward job satisfaction shows coefficient value at 0.39 and tvalue at 9.79. The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of leadership has a positive and significant influence on job satisfaction.

Path coefficient work compensation toward job satisfaction shows coefficient value at 0.72 and tvalue at 13.56. The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of work compensation has a positive and significant influence on job satisfaction (Chung, 2011).

Path coefficient work environment toward job satisfaction shows coefficient value 0.55 and  $t = 8.70$ . The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of work environment has a positive and significant influence on job satisfaction (Singh, 2013).

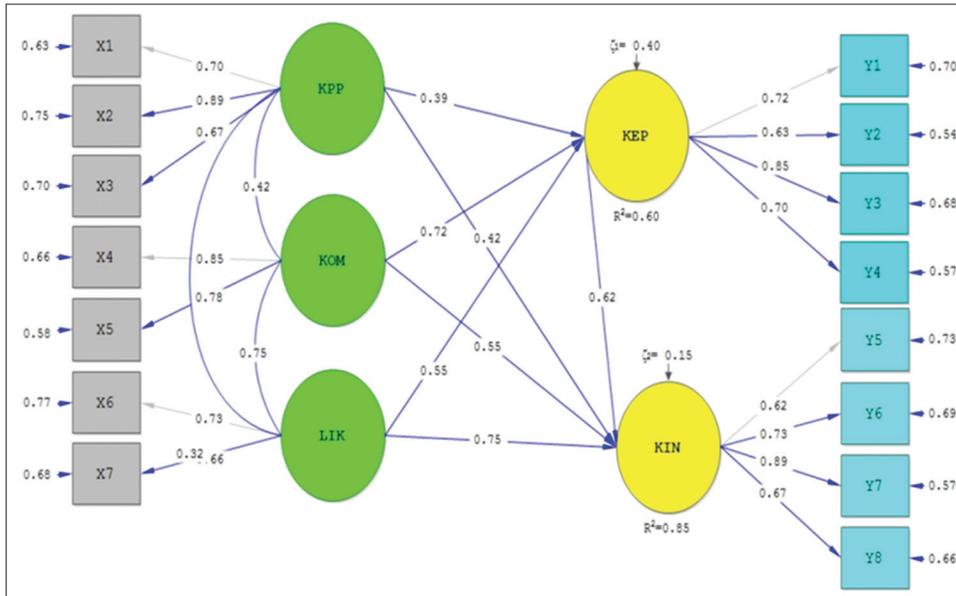
The equation derived from the model's job satisfaction through coefficient value as follows:  $KEP = 0.39 * KPP + 0.72 * KOM + 0.55 * LIK$ , Errorvar. 0.40  $R^2 = 0.60$ . Figures R square implies variation of job satisfaction can be explained by leadership, work compensation and work environment 60%, and the remaining 40% influence from other factors that is not examined in this model.

Path coefficient leadership toward employee performance shows coefficient value at 0.42 and  $t = 8.75$ . The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of leadership has a positive and significant influence on employee performance (Harwiki, 2016; Kurtessis et al., 2015; Style and Performance, 2015).

Path coefficient work compensation toward employee performance shows coefficient value at 0.55 and tvalue at 8.98. The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of work compensation has a positive and significant influence on employee performance (Riansari and Sudiro, 2012).

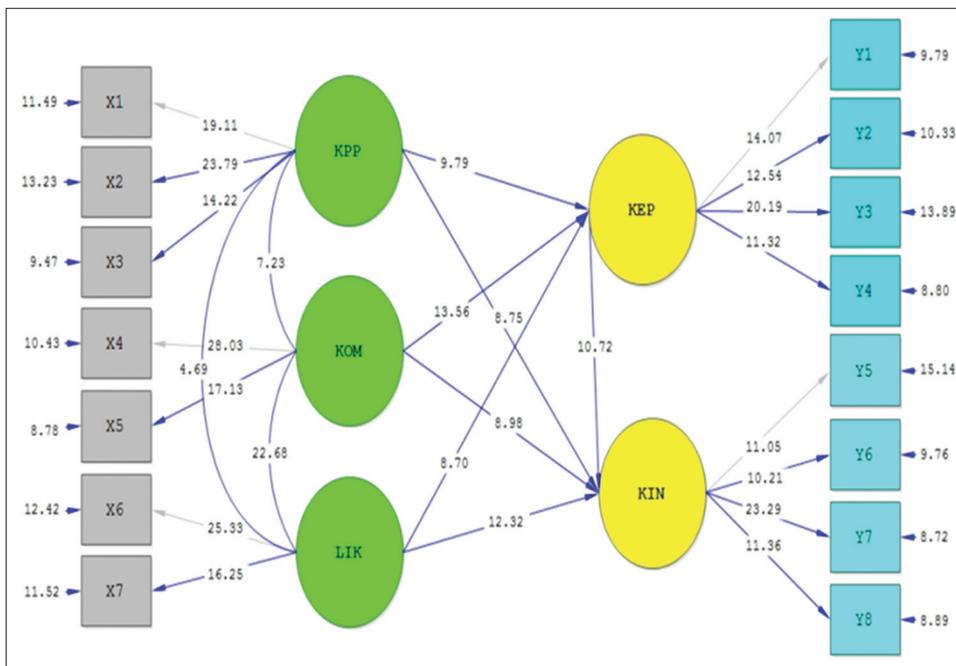
Path coefficient work environment toward employee performance shows coefficient value at 0.75 and  $t = 12.32$ . The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of work environment has a positive and significant influence on employee performance (Singh, 2013).

**Figure 1:** Path diagram structural model (standardized solution)



Source: Lisrel output

**Figure 2:** Path diagram structural model (t-value)



Source: Lisrel Output

Path coefficient job satisfaction toward employee performance shows coefficient value at 0.62 and tvalue at 10.72. The values obtained are eligible for admission H1,  $t > 1.96$ . It can be concluded dimensions of job satisfaction has a positive and significant influence on employee performance (Bin, 2016).

The equation derived from the model of employee performance through coefficient value as follows:  $KIN = 0.42 * KPP + 0.55 * KOM + 0.75 * LIK + 0.62 * KEP$ , Errorvar. 0.15  $R^2 = 0.85$ . Figures R square implies variation of employee performance can be explained by leadership, work compensation, work environment, and job

satisfaction 85%, and the remaining 15% influence from other factors that is not examined in this model.

## 5. CONCLUSION

1. Leadership has a positive and significant influence on job satisfaction. This shows that leadership plays a role in supporting job satisfaction. It means job satisfaction is determined by leadership. The most dominant dimension in constructing leadership is leader's behavior ( $X2 = 0.89$ ) leadership influencing job satisfaction equal to 0.39.

2. Work compensation has a positive and significant influence on job satisfaction. This shows that work compensation plays a role in supporting job satisfaction. It means job satisfaction is determined by work compensation. The most dominant dimension in constructing work compensation is financial compensation ( $X_4 = 0.85$ ) work compensation influencing job satisfaction equal to 0.72.
3. Work environment has a positive and significant influence on job satisfaction. This shows that the work environment plays a role in supporting job satisfaction. It means job satisfaction is determined by work environment. The most dominant dimension in constructing work environment is physical environment ( $X_6 = 0.7$ ), work environment influencing job satisfaction equal to 0.55.
4. Leadership, work compensation and work environment simultaneously have a positive and significant influence on job satisfaction. This shows that leadership, work compensation and work environment also strengthen to support job satisfaction. The most dominant variable that influence job satisfaction is work compensation with coefficient value 0.72 and the most dominant dimension in constructing job satisfaction is coworker ( $Y_3 = 0.85$ ). Contribution of leadership, work compensation and work environment to job satisfaction 60%. While the remaining 40% from other variable that influence job satisfaction but not examined in this model. The influence of exogenous variables on endogenous variables shows that F value ( $7.87$ ) > F table ( $3.04$ ), it means  $H_0$  rejected and there is influence of leadership, work compensation and work environment simultaneously on job satisfaction.
5. Leadership has a positive and significant influence on employee performance. This shows that leadership plays a role in supporting employee performance. It means that employee performance is determined by leadership. The most dominant dimension in constructing leadership is leader's behavior ( $X_2 = 0.89$ ), leadership influencing employee performance equal to 0.42.
6. Work compensation has a positive and significant influence on employee performance. This shows that work compensation plays a role in supporting employee performance. It means that employee performance is determined by work compensation. The most dominant dimension in constructing work compensation is financial compensation ( $X_4 = 0.85$ ), work compensation influencing employee performance equal to 0.55.
7. Work environment has a positive and significant influence on employee performance. This shows that the work environment plays a role in supporting employee performance. It means that employee performance is determined by work environment. The most dominant dimension in constructing work environment is physical environment ( $X_6 = 0.73$ ), work environment influencing employee performance equal to 0.75.
8. Job satisfaction has a positive and significant influence on employee performance. This shows that job satisfaction plays a role in supporting employee performance. It means that employee performance is determined by job satisfaction. The most dominant dimension in constructing job satisfaction is coworker ( $Y_3 = 0.85$ ), job satisfaction influencing employee performance equal to 0.62.
9. Leadership, work compensation, work environment and job satisfaction simultaneously have a positive and significant influence on employee performance. This shows that leadership, work compensation, work environment and job satisfaction are very supportive in improving employee performance. The most dominant variable that influence employee performance is work environment with coefficient value 0.75 and the most dominant dimension in constructing employee performance is creativity ( $Y_7 = 0.89$ ). Contribution of leadership, work compensation, work environment and job satisfaction on employee performance 85%. While the remaining 15% from other variable that influence employee performance but not examined in this model. The influence of exogenous variables on endogenous variables shows that F value ( $18.76$ ) > F table ( $2.65$ ) means  $H_0$  rejected and there is influence of leadership, work compensation work environment and job satisfaction simultaneously on employee performance.

## REFERENCES

- Aga, D.A., Noorderhaven, N., Vallejo, B. (2016), Transformational leadership and project success: The mediating role of team-building. *International Journal of Project Management*, 34(5), 806-818.
- Bailey, A.A., Albassami, F., Al-Meshal, S. (2016), The roles of employee job satisfaction and organizational commitment in the internal marketing-employee bank identification relationship. *International Journal of Bank Marketing*, 34(6), 821-840.
- Bentley, P.J., Coates, H., Dobson, I.R., Goedegebuure, L., Meek, V.L. (2013), Factors associated with job satisfaction amongst Australian university academics and future workforce implications. In: *Job Satisfaction around the Academic World*. Dordrecht: Springer. p29-53.
- Bin, S.A.S. (2016), The relationship between job satisfaction, job performance and employee engagement: An explorative study. *Issues in Business Management and Economics*, 4(1), 1-8.
- Chung, C.E.E. (2011), Job stress, mentoring, psychological empowerment, and job satisfaction among nursing faculty. *Journal of Nursing Education*, 51(7), 381-388.
- Geier, M.T. (2016), Leadership in extreme contexts: Transformational leadership, performance beyond expectations? *Journal of Leadership and Organizational Studies*, 23(3), 234-247.
- Harwika, W. (2016), The impact of servant leadership on organization culture, organizational commitment, organizational citizenship behaviour (OCB) and employee performance in women cooperatives. *Procedia Social and Behavioral Sciences*, 219, 283-290.
- Hirshleifer, D., Teoh, S.H. (2003), Limited attention, information disclosure, and financial reporting. *Journal of Accounting and Economics*, 36(1), 337-386.
- Koubova, V., Buchko, A.A. (2013), Life-work balance. *Management Research Review*, 36(7), 700-719.
- Kurtessis, J.N., Eisenberger, R., Ford, M.T., Buffardi, L.C., Stewart, K.A., Adis, C.S. (2015), Perceived organizational support. *Journal of Management*, 43(6), 1854-1884.
- Nasriyah, R., Arham, Z., Aini, Q. (2016), Profile matching and competency based human resources management approaches for employee placement decision support system (case study). *Asian Journal of Applied Sciences*, 9(2), 75-86.
- Riansari, T., Sudiro, A.R. (2012), Pengaruh Kompensasi dan Lingkungan Kerja terhadap Kepuasan Kerja dan Kinerja Karyawan (Studi Kasus PT Bank TabunganPensiunan Nasional, TbkCabang Malang). Malang: Jurnal Aplikasi Manajemen Terakreditasi Sk Dirjen Dikti No. 66b/DIKTI/KEP/2011.

- Siahaan, E., Gultom, P., Lumbanraja, P. (2016), Improvement of employee banking performance based on competency improvement and placement working through career development (case study in Indonesia). *International Business Management*, 10(3), 255-261.
- Singh, J.K. (2013), Study of employees' job satisfaction and its impact on their performance. *Journal of Indian Research*, 1(4), 105-111.
- Style, L., Performance, E. (2015), From information to knowledge: Technology status of Indian companies. *Arabian Journal of Business and Management Review*, 5(5), 1-6.
- Sutanto, E.M., Kurniawan, M. (2016), The impact of recruitment, employee retention and labor relations to employee performance on batik industry in Solo city, Indonesia. *International Journal of Business and Society*, 17(2), 375-390.