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## THE ROLE OF WORK SATISFACTION AS INTERVENING VARIABLE IN THE INFLUENCE OF EMPLOYEE ENGAGEMENT AND COMPETENCY TO PERFORMANCE

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### Abstract

*This research is aimed to analyze the role of work satisfaction in the influence of employee engagement and competency to performance. This study is conducted on employees of a hospital in Central Java, Indonesia. One hundred respondents were taken by using simple random sampling method. Structural Equation Model (SEM) is used as an analytical technique. The result of this study shows that work satisfaction is able to be intervening variable; employee engagement and competency positively significantly influence work satisfaction; and employee engagement, competency, and work satisfaction positively significantly influence employee performance.*

**Keywords:** Employee engagement, competency, work satisfaction, employee performance

### Introduction

Hospital has a duty in providing health service. There are four basic functions of hospital such as patient health care, education, research, and public health. This research will study employee performance influenced by work satisfaction, employee engagement, and competency in hospital.

Empirical study on the influence of competency to employee performance has been conducted by Kim & Kim (2013), McConnell (2001), and Gijoh (2013). Based on the previous studies, it is concluded that competency positively significantly influences performance. While Echdar (2014), and Linawati & Suhaji (2012) mentioned the opposite that competency does not influence work satisfaction. The research gap motivates this study to test the relation between competency and performance through work satisfaction.

The studies conducted by Mekel (2014), Gill et al. (2014), Hanim et al. (2014), Joushan et al. (2015), , Soieb et al. (2015), Harter et al. (2002), and Wefald & Downey (2009), concluded that employee engagement holds an important role in improving employee performance for better organizational performance.

This study is aimed to analyze the influence of employee engagement to work satisfaction, competency to work satisfaction, employee engagement to performance, competency to performance, and work satisfaction to performance on Dr. Ario Wirawan Hospital, Salatiga, Central Java, Indonesia.

### Relation among Variables

Rachmawati (2013) stated that organization is demanded to pay attention to employee engagement as it is closely related to important business outcome for instance intention of employee to keep working for the company, productivity, revenue, loyalty, and comfort of customers. Higher employee engagement stimulates revenue growth. Employee engagement is also positively related to work satisfaction. The previous researches studying the relation between employee engagement and work satisfaction are conducted by Rachmawati (2013), Wefald & Downey (2009), and Lamidi (2010). Based on the explanation above and previous studies, hypothesis one (H1) is arranged as Employee engagement positively influences work satisfaction.

Better organizational achievement can be reached when the employees contribute maximally according to their duty and ability. In other word, they are able to serve the best performance. Best performance refers to stable achievement in any circumstance. Organizational achievement is measured based on period, stage, contribution, and the effect to organization. The theory and previous study testing the influence of competency to work satisfaction are those told by Herzberg (1959) and Gijoh (2013). Based on the theory and previous study, hypothesis two (H2) is arranged as Competency positively influences work satisfaction.

Employee engagement is important for employees since there have been many studies indicating that high level of employee engagement contributes benefit to organization such as productivity, good performance, low labor turn over, low absence, and good safety (Armstrong, 2010). The previous studies

having proven the influence of employee engagement to employee performance are told by Cendani & Tjahnarningsih (2015), Joushan et.al (2015), Ramadhan & Sembiring (2013), and Retnoningtyas (2014). Based on the theory and previous studies above, hypothesis three (H3) is arranged as Employee engagement positively influences employee performance.

Employee competency can be related to performance both directly and indirectly through work satisfaction showing that goal, attitude, self concept, and knowledge created by work environment are able to form intention, behavior, and action in order to reach the best result. Intention, behavior, and action influence quality, productivity, innovation, new product and service (Mitrani, 1995). High competency drives good achievement. It means that organization is supposed to have core business. Generally, core competency is the component of organizational mission and culture. Higher competency is able to improve individual, group, and organizational performance. The previous studies supporting the finding that competency influences employee performance are those told by Hutapea & Thoha (2008), Lestari et. al (2014), and Mudayana & Suryoko (2016). There is research gap found in this relation since Echdar (2014), Kim & Kim (2013), and Linawati & Suhaji (2012) stated that competency does not influence employee performance. Based on the theory and research gap, hypothesis four (H4) is arranged as Competency positively influences employee performance.

Wirawan (2009) stated that work satisfaction is a feeling supporting or unsupporting employees related to their job and its condition. The feeling refers to wage or salary, career opportunity, relationship among employees, placement, type of job, organizational structure, and supervision quality. Work satisfaction is measured based on satisfaction on take home pay, satisfaction on promotion, satisfaction on co-workers, satisfaction on supervisor, and satisfaction on work itself. The previous studies supporting that work satisfaction influences employee performance are mentioned by Devi (2009), Koesmono (2006), and Malonda (2013). Based on the statement and previous studies, hypothesis five (H5) is arranged as Work Satisfaction positively influences employee performance.

All hypotheses can be joined into one model showing the relation among variables tested in this study using Structural Equation Model (SEM). Employee engagement and competency are believed to hold important roles in achieving work satisfaction and employee performance. Work satisfaction is emotional stage of employee on job condition related to both financial and non financial reward. Financial reward can be in form of salary, wage, incentive, and bonus. Non financial reward can be in form of career opportunity, relationship among employees, and supervision quality. Work satisfaction affects productivity, performance, absence, turnover, and dissatisfaction responses.

### **Research Method**

This study is done by doing survey with explanatory research approach using Structural Equation Modeling (SEM) analysis technique. There are two kinds of variable in this study such as exogenous variable (independent) consisting of employee engagement and competency; and endogenous variable (dependent) consisting of work satisfaction and employee performance.

Employee Engagement is positive attitude of employee to the organization and organizational values shown as involvement and dedication. In this study, it is measured using three indicators such as Vigor (the whole effort), Dedication (strong involvement), and Absorption (full concentration and seriousness).

Competency is supporting capability of employee required for doing work in order to achieve the goal. It is measured using three indicators such as Knowledge, Skill & ability, and Attitude.

Work Satisfaction is a feeling supporting or unsupporting employees related to job and its condition. The feeling refers to wage or salary, career opportunity, relationship among employees, placement, type of job, organizational structure, and supervision quality. It is measured using five indicators such as Wage or salary, Promotion, Co-workers, Supervision, and Job itself.

Employee performance is measured based on organizational standard or criteria such as Work Quality, Efficiency, Ability, Work Quantity, and Innovation.

The population in this study is all of 446 fixed employees of a hospital in Central Java, Indonesia. This study decides to take 100 respondents using simple random sampling. The respondents chosen are fixed employees having been working for minimal 5 years.

This study tests the hypotheses using structural equation model (SEM). Before hypotheses test, exogenous and endogenous construct confirmatory factor analysis are done in order to fulfill goodness of fit criteria. After goodness of fit is fulfilled, hypothesis test is conducted by considering the value of *Critical Ratio* (C.R). C.R value over 1.96 and significance value below 0.05 indicate that the hypothesis is accepted.

Test on work satisfaction as intervening variable is conducted by using Sobel Test (Ghozali, 2011). If the value of indirect t test is over 1.64 (t test value with significance value 0.05), it is concluded that work

satisfaction is intervening variable. Sobel test uses Sobel Test Calculator for the Significance of Mediation (www.danielsoper.com).

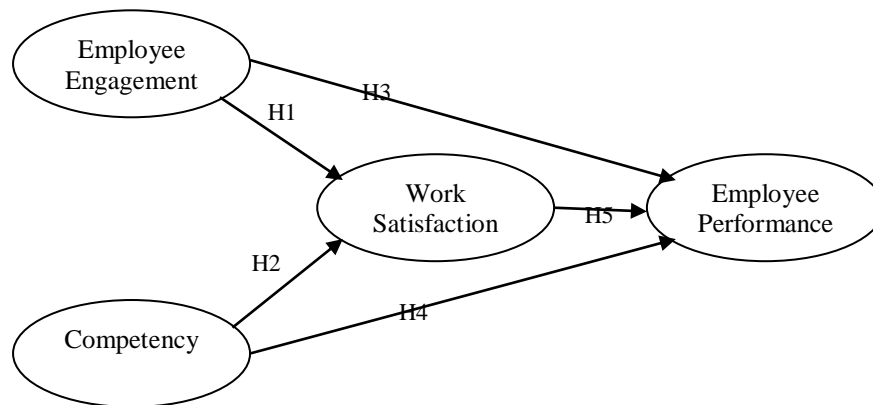
**RESULT**

Inferential statistic analysis used in this study is Structural Equation Model (SEM). The result of exogenous construct confirmatory factor analysis fulfills goodness of fit criteria since probability value is 0.155 over 0.05. It means that assumption of convergent validity is fulfilled.

Endogenous construct confirmatory factor analysis fulfills goodness of fit criteria since probability value is 0.656 over 0.05. It means that assumption of convergent validity is fulfilled.

After exogenous and endogenous construct confirmatory factor analysis are fulfilled, analysis on full Structural Equation Model (SEM) is conducted. The analysis is aimed to test model and hypotheses. The full model test is shown in figure 1.

Figure 1.  
Full Structural Equation Model (SEM)



Proper test on full Structural Equation Model (SEM) conducted using indicators consisting of Chi-square, probability, GFI, AGFI, TLI, CFI, CMIN/DF, and RMSEA in order to fulfill goodness of fit index. The value of several indicators such as GFI, AGFI, and TLI do not fulfill the standard but it is close (marginal). While the value of Chi-square, CFI, CMIN/DF, and RMSEA is good since it fulfills the standard. Five of eight indicators fulfill the standard. It means that the full structural equation model is accepted and can be used in hypothesis test.

Hypothesis test is done by comparing value of Critical Ratio (CR) to the standard value (over 1.96) and standard value of Probability (below 0.05). The result of hypothesis test using IBM SPSS Amos 21 is shown in table 1.

Table 1.  
Result of Hypothesis Test

Independent Variable	Dependent Variable	Estimate	S.E	CR	P	Remark
Employee Engagement	Work Satisfaction	0.299	0.116	2.579	0.010	H1 Accepted
Competency	Work Satisfaction	0.314	0.108	2.920	0.004	H2 Accepted
Employee Engagement	Employee Performance	0.344	0.159	2.159	0.031	H3 Accepted
Competency	Employee Performance	0.339	0.148	2.288	0.022	H4 Accepted
Work Satisfaction	Employee Performance	0.606	0.249	2.434	0.015	H5 Accepted

Source: Primary data

Table 1 shows that all hypotheses are accepted. Hypothesis 1 is accepted. It means that employee engagement positively significantly influences work satisfaction. Hypothesis 2 is accepted. It means that competency positively significantly influences work satisfaction. Hypothesis 3 is accepted. It means that

employee engagement positively significantly influences employee performance. Hypothesis 4 is accepted. It means that competency positively significantly influences employee performance. Hypothesis 5 is accepted. It means that work satisfaction positively significantly influences employee performance.

Based on hypotheses test in this study, it is found that all of the five hypotheses are accepted and support the previous studies.

Sobel test is used to test intervening variable in this study. It is indirect influence of employee engagement and competency to employee performance through work satisfaction. The value of indirect t test for the influence of employee engagement to employee performance is 1.77 over 1.64 (t test value with significance value 0.05), with mediation coefficient value  $0.299 \times 0.606 = 0.162$ . It is concluded that work satisfaction is intervening variable for the influence of employee engagement to employee performance.

The value of indirect t test for the influence of competency to employee performance is 1.87 over 1.64 (t test value with significance value 0.05), with mediation coefficient value  $0.314 \times 0.606 = 0.172$ . It is concluded that work satisfaction is intervening variable for the influence of competency to employee performance.

### **Discussion**

Based on the result of test on hypothesis 1, it is known that employee engagement positively significantly influences work satisfaction. It means that better employee engagement in form of active involvement in organization drives strong enthusiasm in working. Strong enthusiasm reflects satisfaction of employee on his work. Employee having high degree of employee engagement tends to be emotionally bound to his work in gaining worthy work experience. Rachmawati (2013) stated that maximal satisfaction is supposed to be balanced with maximal contribution to his work in form of enthusiasm and commitment in continual effort. The finding of this study that employee engagement influences work satisfaction supports the previous study by Wefald & Downey (2009) that employee engagement and work satisfaction are strongly related. It also support the study of Lamidi (2010) finding that *employee engagement* significantly influences work satisfaction.

The second finding of this study is competency positively significantly influences work satisfaction. It means that higher competency in form of good knowledge, high technical skill, and good attitude in working supports achievement. The achievement makes employee get esteem and reward creating work satisfaction. It is suitable with the theory of Herzberg (1996) telling that work satisfaction is created by intrinsic factors such as achievement, esteem, responsibility, development, career opportunity, and job itself. This finding supports the study of Gijoh (2013) that competency influences work satisfaction.

The third finding of this study mentions that employee engagement positively significantly influences employee performance. It indicates that an employee deeply involved in his job struggles more in innovation, enthusiasm, and strong motivation in order to make good achievement. This finding supports the previous studies by Joushan et.al (2015), and Retnoningtyas (2014) that employee engagement positively significantly influences employee performance.

The fourth finding of this study is competency positively significantly influences employee performance. It means that competency improvement in form of skill, knowledge, and attitude stimulates better quality and quantity of work. It is suitable with the study of Hutapea & Thoha (2008) that competency one of requirements to achieve the expected result of work. It also supports the previous studies by Lestari et. al (2014), and Mudayana & Suryoko (2016) that competency influences employee performance. On the other hand, this finding is the opposite of the previous studies by Echdar (2014), Kim & Kim (2013), and Linawati & Suhaji (2012) that competency does not influence employee performance.

The fifth finding of this study is work satisfaction positively significantly influences employee performance. It means that high degree of work satisfaction on compensation, promotion, supervision, co-worker, and job itself is believed to be able to improve quality and quantity of work result. It supports the statement of Gibson et.al (1996) that work satisfaction and employee performance are resulted from various organizational behavior. It also supports the previous studies by Devi (2009), Koesmono (2006), and Malonda (2013).

This study on hospital is conducted to show that doctors, nurses, and administration staffs hold an important role in giving good and consistent service to patients and their family. Therefore, work satisfaction is a pivotal variable as intervening variable for employee performance in providing good services to patients. It has been proven by the result of this study.

### **Conclusion**

Based on hypothesis test analysis in this study, it is concluded:

1. Employee engagement and Competency positively influence Work satisfaction.

2. Employee engagement, Competency, and Work satisfaction positively influence employee performance.
3. The most important finding in this study is that work satisfaction is able to be intervening variable for the influence of employee engagement and competency to employee performance

### Suggestion

Based on the conclusion, the effort of organization to improve work satisfaction and employee performance can be done by improving employee engagement and competency. It is recommended for future study to analyze variables influencing performance consisting of individual, group, and organizational level. Variables on individual level are individual characteristics, personality, emotion, value, attitude, motivation, and learning. Variables on group level are communication, conflict, power & politics, work team, structure, leadership, trust, and decision making. Variables on organizational level are corporate culture, career system, control system, and organizational climate.

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