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# **Employee engagement as a mediator Work Motivation and Job Satisfaction on Employee Performance**

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## **Abstract**

Technological development is something that must be followed by companies. The company continues to compete with competitors to improve company performance. To achieve and maintain performance requires employees with good performance. Many factors can affect employee performance. This research was conducted to determine the motivation and job satisfaction that can affect employee engagement and its impact on employee performance. This research was conducted at IT companies in Indonesia, with respondents who were system developers who were handling system development activities for a project or part of an ongoing project. The research was conducted from January 2020 to May 2020. The locations of the companies studied were Jakarta and Bandung. The number of respondents in this study was 103 IT developers who were carried out by convenience sampling method. The analysis used is Partial Least Square (PLS) using the SMART PLS Ver 3.0 software with independent variables of motivation and job satisfaction. The results showed that the motivation variable has a positive and significant effect on the performance variable of IT developers, especially motivation that comes from a sense of togetherness with fellow colleagues.

**Keywords:** motivation, job satisfaction, employee engagement, employee performance

**JEL Classification:** D20, D23, M12, M14

## **INTRODUCTION**

Today's business environment is changing rapidly, and companies are forced to keep up with these changes. Companies that can follow the direction of change are companies that will

survive. It cannot be denied that companies must prepare strategies and employees who are able to compete with competitors. One of the biggest challenges facing organizations today is how to manage the workforce turnover that will be caused by the migration of many industrial workers; meanwhile, the IT system development industry relies heavily on the inherent competence of people, namely the developers of their systems. Several previous studies have shown that such massive competitive pressure, high company demands, and work situations have caused a decrease in the motivation of system developers to stay in the company; this is due to a lack of motivation and employee commitment to the organization Varma, 2017).

HRM policies and practices must be directed in a way that is in line with the organization's strategy and also understands employee expectations. Therefore, it is important to review and understand the factors that can motivate and build job satisfaction among employees, considering that employees are very valuable assets for the company. The company's performance will increase if it has people who have good quality work. However, getting or maintaining good employee performance is not easy. Managers must understand the case and know how employees are involved in their work because low involvement can affect company performance. In fact, there are not a few problems that can be caused by moving a system developer from one company to another; this is due to the transfer of intellectual capital. According to the Gallup Institute, globally, only 15% of workers can be described as being fully engaged in their work, while 85% are either not engaged or not actively involved. The explanation for deepening the "payback crisis" lies in a lack of support to employees in achieving what they perceive to be meaningful results.

The educational community also sees the problem of low employee engagement as having a negative impact on business outcomes. In line with Teresa Amabile from Harvard Graduate School, this causes the company's income level to be lower and a decrease in its profitability indicators (Motyka, 2019). Engaged employees are expected to be more productive in completing their tasks, thanks to their dedication, physical, mental, and emotional to the organization. Recently, several studies in two different contexts revealed that employee engagement has a significant role in improving employee performance. In addition, other empirical studies conducted state that there is a positive direct and indirect relationship between the amount of employee work involvement and work performance (Arshadia, 2010).

## **1. LITERATURE REVIEW**

### **1.1. Work Motivation**

Work motivation is an impulse that appears in a person consciously or unconsciously to demand action with a specific goal. It can be an important component, be it in work, education, or lifestyle. Motivational energy can move any job easier and faster. Work motivation theory is usually associated with justification, not ability; that is, some people do their jobs better than others (Dal Forno & Merlone, 2010). According to equity theory, motivation is generally a function of justice in social exchange. If employees understand organizational truth, they are more likely to be involved in their organization. Conversely, if they see injustice, they will tend to reduce their involvement. As a result, expectations for work and organization restore a balance between their contributions and work situations (Giauque et al., 2011). Measurement of work

motivation determines the direction, intensity, and persistence of work-related behavior desired by the organization (Arshadia, 2010). A person's motivation to pursue chosen goals can be determined by situational stimuli, personal preferences, and also interactions. The resulting tendency can be a combination of various incentives related to activities, outcomes, and internal (self-evaluation) and external consequences, each of which is weighted in line with personal motives (Barbuto & Story, 2011). Sometimes it can change this may conflict between the original intention and the action taken. Therefore to achieve the right balance between intrinsic and extrinsic motivators will help (Farrell & Finkelstein, 2011). Intrinsic motivation implies that "workers are proud enough of their work that every business can achieve a certain level and increase utility." Such assumptions can be tested considering that the utility of choice can be a quadratic function of working hours (Kattenbach et al., 2010). There are good reasons to continue to use the terms 'motive' and 'motivation.' The term 'motive' is used in the context of a certain kind of in ordinary language. Psychologists use this term in general, who are considered to have a motive for everything they do (Yurchisin & Park, 2010).

Achievement motivation observes that some new task approaches are goal-oriented, whereas others perform tasks in any way to get good grades or avoid negative judgments from others (Reio & Ghosh, 2009; Ryan, 2010). If we think about it together, there are three motivational perspectives used (the value of hope, hope, and self-determination), which show that individual motivation can increase through contextual conditions (Kenny et al., 2010; Setiyani et al., 2020).

## 1.2. Job Satisfaction

Job satisfaction has a very broad definition, so that it cannot be seen from just one definition. Happy or positive emotions that result from assessing a person's work and work experience are also called job satisfaction (Valentine et al., 2011). The definition given by Tnay et al. (2013) states that job satisfaction is seen as a combination of environmental styles and psychological conditions that can make someone honestly admit satisfaction with the work done. To support this definition, the amount of job satisfaction is represented by what causes the sensation of satisfaction (Darmon, 2011). The essence of job satisfaction is feeling or comfortable. During work, job satisfaction becomes unstable, which can be influenced by mood and emotions. Mood states usually last longer, have a causal object and are short-lived. Events at work that trigger emotions are easier to remember than moody moods (Tabarsa & Nazari, 2016). Job Satisfaction consists of Intrinsic and Extrinsic Job Satisfaction. Intrinsic Job Satisfaction includes reactions that influence people's feelings and emotions to the job features associated with the job itself, e.g., variety, opportunity to use skills, autonomy. Meanwhile, extrinsic job satisfaction includes features outside of the job itself, e.g., salary, the way the company is managed (Spies, 2006). In other words, internal job satisfaction is related to employee fulfillment and job descriptions (Yurchisin & Park, 2010). Job satisfaction has a significant influence on Organizational Citizenship Behavior where these results prove that the hypothesis which states that the higher the job satisfaction of employees will show an increase in the behavior of organizational citizens. Satisfied employees are more likely to speak positively about the organization; their sensitivity to helping colleagues and employees who are satisfied is more in line with task decisions (Husin & Nurwati, 2014). on the other hand, if employees who feel dissatisfied or less satisfied are reluctant to accept the goals and values of the organization (Wu et al., 2019). Research on this is

an important part of organizational behavior and occupational psychology. The importance of psychological research is evaluated from two different perspectives (Albrecht, 2011). First, from a humanitarian perspective, fair treatment and respect are evidence of excellent treatment of employees. Second, from a utilitarian perspective, satisfaction should lead to employee behavior that supports organizational functions (Spies, 2006). Job satisfaction can also arise from the need to remain in the organization by choosing a career, learning, and development opportunities (Tnay et al., 2013). Employees can feel committed to their organization before they develop attitudes such as job satisfaction (Neininger et al., 2010).

Job satisfaction was found to be significantly related to both forms of perceived justice. It is the attitude of employees towards various aspects of their work (Choudhary et al., 2013). And also usually studied in a comprehensive manner, such as when examining the work as a whole or when exploring aspects of a particular task. There are many benefits of job satisfaction, namely the benefits for the organization are providing maximum work productivity and high profitability, while the benefits for workers are fun work, worker participation, control of the work environment, and feeling part of the company's work environment (Earle, 2003). It cannot be denied that certain characteristics associated with work addiction can have positive implications for workers and organizations, such as job satisfaction, career success, and high labor productivity. In addition, satisfaction is also a result of employees' perceptions of job content and what roles are assigned to valuable employees. From an organizational perspective, this reflects a high level of job satisfaction and a very supportive organizational climate that leads to recruitment and employee survival. Job satisfaction can even predict the distribution of results at the organizational level, including customer satisfaction, productivity, turnover and absenteeism rates, service quality, and financial performance (Holland et al., 2011). Factors related to supportive personnel management are indirectly related to intention through the mediating effect of job satisfaction (Chang et al., 2013). Both performance and job satisfaction are highly desirable and interdependent managerial goals. Their relationship is a major focus of diverse studies in organizational behavior and sales management. Understanding of the two main constructs is of interest (i.e., suitability and workplace aggression) because of the previous relationship between these variables. The conflict between these roles is thought to have an impact on job satisfaction. Researchers have revealed that increased conflict between roles usually leads to decreased job satisfaction (Love et al., 2010). Therefore, satisfaction is very important to predict job satisfaction by showing new relationships between the two while controlling for individual differences and other conceptually relevant variables such as communication and team satisfaction (Rogelberg et al., 2010).

### 1.3. Employee Engagement

In the terminology of "employee engagement" introduced by Gallup, attachment is defined as the status (in a positive sense) of an employee regarding the work environment or the company where he works. The definition of employee engagement varies widely across organizations. Among them is the Caterpillar company, which states that engagement is the extent to which the employees' commitment, work effort, and desire remain in the organization. Then a consultant from the Corporate Leadership Council also defines engagement as the extent to which

employees are committed to something or someone in their organization, no matter how hard they work and how long they last as a result of this commitment. Employee engagement is the antithesis of job fatigue. Engagement may be an employee's status that stems from the social exchange at work and ends with higher organizational performance. An employee shows a higher performance when he finds meaning in work, company culture, and policies. Employee involvement is also caused by self-association with job roles, which includes persistence in the workplace, strong involvement in work, and deepening in work activities' (Srivastava & Madan, 2016). This is supported by the concept that the psychological experience of the workforce encourages individual attitudes, behavior, and therefore levels of engagement and discharge from work. Kahn believes that psychological meaning is an important driver of work engagement. This suggests that the main drivers of total employee engagement (Albrecht, 2013). Recently, employee engagement as "individual goals and focused energy, adaptability, effects, and persistence directed toward organizational goals" (Albrecht, 2011). Engagement above and beyond simple gratification with a utilization arrangement or basic loyalty to the employer – a characteristic nearly all firms have measured over the years. Engagement, on the other hand, is about desire and commitment – the willingness to take one's place and exert one's discretionary efforts to help employers succeed (Rai, 2012). In all areas, employee engagement is related to the long term of work, transformation in the way people work, where they work, what they expect from work, and in the workplace. It is not just a matter of repetition but about continuity over time. Providing clear communication is important not only for employees to know and process information but also for them to believe that the company is committed to its engagement with employees. Within every engagement, there is an identical pattern: Executives, managers, and employees know exactly what's going on. They know what the problem is, what is not working, where communication, trust, cohesion, harmony, and communication are weak.

In order to interact with employees, it was decided that a talent management and employee engagement program was needed to help attract, retain, and develop the simplest staff. Then a consultant is obliged to keep detailed written records of how they spent their time during client engagement and new record-keeping procedures for client collections introduced by finance. The impact of technology on job creation and destruction is also a very relevant issue in community motivation and engagement. In general, HR managers use social media because of the convenience and also thanks to the competitive scenario. They believe that the use of social media provides more advantages in the recruitment process, such as in broadening the candidate base for active and passive background candidates. It also helps effective employee interactions and collaborative activities, so that there is good communication (Nagendra, 2014). Organizations using force-based interventions have seen significantly higher employee community growth compared to organizational effects groups. Employee engagement can be a term used to represent positive and proactive behavior in the workplace that comes from a mixture of motivated and emotionally attached employees and empathetic managers working towards clearly communicated goals.

#### 1.4. Employee Performance

Performance is defined in terms of new developments (called innovation performance). Besides profit, sales growth, and market share (Zhang, 2010). This definition of work performance

includes behavior that is under the employee's control but provides limits for irrelevant behavior (Colquitt et al., 2019). Meanwhile, performance in a role is defined as the employee's actions to fulfill the formal requirements of his job (Biswas, 2009). Job performance will be divided into task performance and performance behavior; these behaviors involve work-related factors. In the workplace, behavioral performance is mainly represented by spontaneous behavior and extra roles. Behavior can be further divided into positive behavior and negative behavior. The existence of performance appraisals can increase the level of employee motivation and encourage them to interact in innovative programs, and facilitate the achievement of the desired results (Minavand, 2013). Performance reviews generate feedback, and performance improvement plans help employees develop skills that maximize their potential (Cascio, 2014; Susanto et al., 2020). Employees with high POS were found to have a greater obligation to help the organization achieve its goals, stronger affective commitment to the organization, and increased reward expectations for key performance (Neves & Eisenberger, 2012; Silitonga et al., 2020). Thus, it is quite possible that managers (and employees) perceive performance differently across cultures, resulting in intercultural and intra-cultural differences in the definition and interpretation of performance. Thus, in an individualistic culture, stress will affect individual efforts and outcomes, demanding objective and measurable performance criteria. Managers may increasingly expect higher performance in terms of quality or quantity, longer hours of work, more responsibility, and fewer demands for rewards in its various forms. Companies with high-performing business strategies recognize the need for talented managers who are ready to see opportunities. Therefore, currently, organizations continue to concentrate on implementing several high-performance HR practices and methods to improve employee performance such as training, performance appraisals, compensation, career development, teamwork, and others (Mangaleswaran & Thevanes, 2018). The concept of numerical performance may not adequately describe system performance and is difficult when used for direct qualitative evaluation (Huo, 2012). This means the availability of resources to handle even challenging tasks and circumstances. The primary function of middle managers is to support people development and employee performance, as well as to enable a positive work context and coworker relationships. Thus, research is needed to ascertain whether having such enthusiasm can also benefit employee performance and what the mechanisms are related to arousal (Ho et al., 2011). Employee performance management is a much broader concept in covering various employee activities in which organizations seek to assess employees and develop their competencies, improve performance and distribute rewards (Decramer et al., 2012). Once the capacity to use knowledge is acquired, it must, of course, be transferred to work so that it can affect job performance (Smith-Crowe et al., 2003). In short, such people are generally anxious about their jobs, job performance, and their relationships with coworkers. Besides, some of them have poor job performance. Poor performance conditions also weaken resistance to change (Liu et al., 2012). Performance management is consistently among the lowest areas. However, performance management is the main process for getting the job done. This is how organizations communicate expectations and encourage the behavior to achieve important goals for development programs or other personnel actions.

One example of a management program in carrying out work alignment is by implementing a work from the home system for workers, including flexibility of working hours, work-life balance, and suggesting a higher level of performance. Performance is measured on two scales: performance in roles and assistance as key dimensions of OCB. Performance is evaluated by participants and by colleagues in the workplace (Yurchisin & Park, 2010). Performance is



measured on two scales: performance in roles and assistance as key dimensions of OCB. Performance is evaluated by participants and by colleagues at work (Kattenbach et al., 2010). Companies with high commitment and high performance are ready to provide sustainable performance because they need to develop the next pillar of the organization: 1. Performance alignment, 2. Psychological harmony, and 3. The capacity to learn and change.

## 2. RESEARCH METHODS

The data used in this study use the main data from the survey results. Research, including quantitative research with a basic view of the relationship between variables, is causal research. The research variables used consisted of four independent variables, namely, motivation, job satisfaction, employee engagement, and employee performance. The following is an explanation of these variables.

**Table 1: Research Indicators**

Variable	Indicator (manifest variable)
Motivation	MOT.1 Salary sufficient for employee needs
	MOT.2 There is a transport allowance
	MOT.3 The availability of sick leave
	MOT.4 There is a health allowance
	MOT.5 Company equipment from the company
	MOT.6 Safe feeling at work
	MOT.7 Get along well with colleagues
	MOT.8 There is a sense of kinship with colleagues
	MOT.9 Desire to participate in every event together at the office
	MOT.10 There is an award for the best performing employee
	MOT.11 Praise from superiors if subordinates work well
	MOT.12 Bonus in accordance with the performance
	MOT. 13 Opportunity to participate in determining the goals
	MOT.14 Duties in accordance with the ability of employees
	MOT.15 Opportunities to develop skills and abilities
Job Satisfaction	JS.1 Work according to knowledge
	JS.2 Work as you wish
	JS.3 Interesting and fun work
	JS.4 Salary according to job
	JS.5 Overtime pay is in line with expectations
	JS.6 Salary on time
	JS.7 There is a policy regarding the promotion of answers
	JS.8 Promotion is objective
	JS.9 Opportunities for career advancement according to expertise
	JS.10 There is always work supervision
	JS.11 There is feedback from superiors on the work done
	JS.12 There are suggestions/input if it is difficult to do work
	JS.13 Communication between colleagues is well established
	JS.14 Direct assistance in an effort to complete work on time
	JS.15 Colleagues provide support when facing difficulties at work



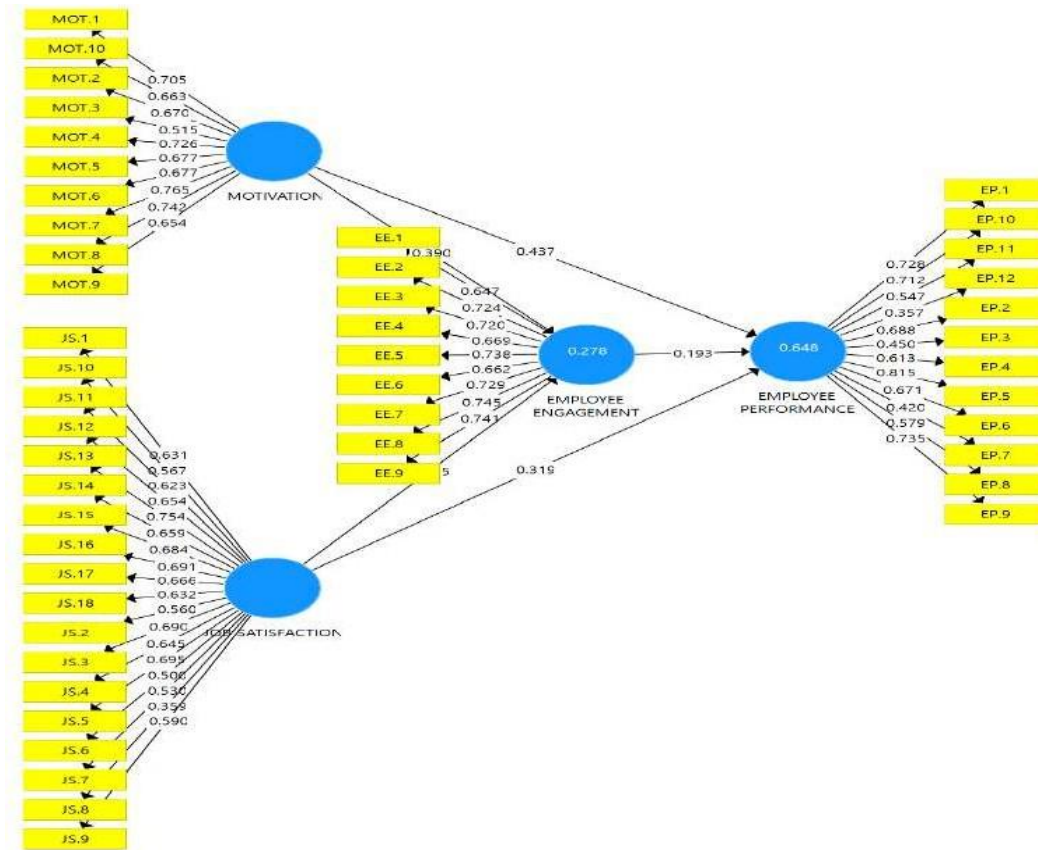
	JS.16 Condition of a comfortable workspace
	JS.17 Complete equipment tools for work
	JS.18 The state of lighting in a comfortable workspace
Employee Engagement	EE.1 Have a high energy level in doing work
	EE.2 Strong will and try their best to finish the job
	EE.3 Do not give up easily in completing work
	EE.4 Persistent in doing the job to completion
	EE.5 Proud of work so it is difficult to leave this company
	EE.6 Always enthusiastic about work
	EE.7 Time flies quickly while working
	EE.8 Have a high concentration in doing work
	EE.9 Really enjoyed carrying out work duties
Employee Performance	EP.1 Deft at work
	EP.2 Thoroughly working
	EP.3 Completing work according to company quality standards
	EP.4 The quantity of work is according to the expected standard
	EP.5 Finish the job faster than the specified time
	EP.6 Not delaying work
	EP.7 Having skills in the field of work
	EP.8 Using skills on the job
	EP.9 Understand the task that must be done
	EP.10 Complete work according to a predetermined schedule
	EP.11 Responsible for the results of work
	EP.12 Be present on time at work

### 3. RESULT AND DISCUSSION

The following is the outer model test result, which shows the outer loading value using the SmartPLS analysis tool.

#### 3.1. Test Validation

An indicator is declared valid if it has a loading factor above 0.5 against the intended construct. The Smart PLS output for the loading factor gives the following results:



**Figure 1: PLS Algorithm**

First, we will discuss the effect of indicators on each of the predetermined variables as follows: 1. In the motivation variable, it can be seen that establishing good socialization with colleagues (MOT.7) has a greater influence on motivation by 0.765, and MOT.3 (presence of sick leave) has a small effect, namely 0.515. 2. At the point of job satisfaction, communication between colleagues that goes well (JS.13 = 0.754) has a major effect on job satisfaction, while the existence of objective promotion (JS.8 = 0.359) is the smallest point in improving work. Satisfaction. 3. Employee involvement with a high concentration in doing work (EE.8 = 0.745) has a major effect on employee engagement, whereas (EE.1 = 0.647) Having a high energy level in doing work is the lowest indicator in influencing employees. employee engagement. Then the results of the analysis related to each variable show that motivation has a positive and significant effect on the formation of employee performance when compared to job satisfaction and employee engagement with a value of 0.437, followed by job satisfaction with a value of 0.319, and finally employee engagement of 0.193.

In the data above, there is still an indicator influence on each variable below 0.5, namely:

1. J.8 with a value of 0.359
2. EP.12 with a value of 0.357
3. EP.7 with a value of 0.420

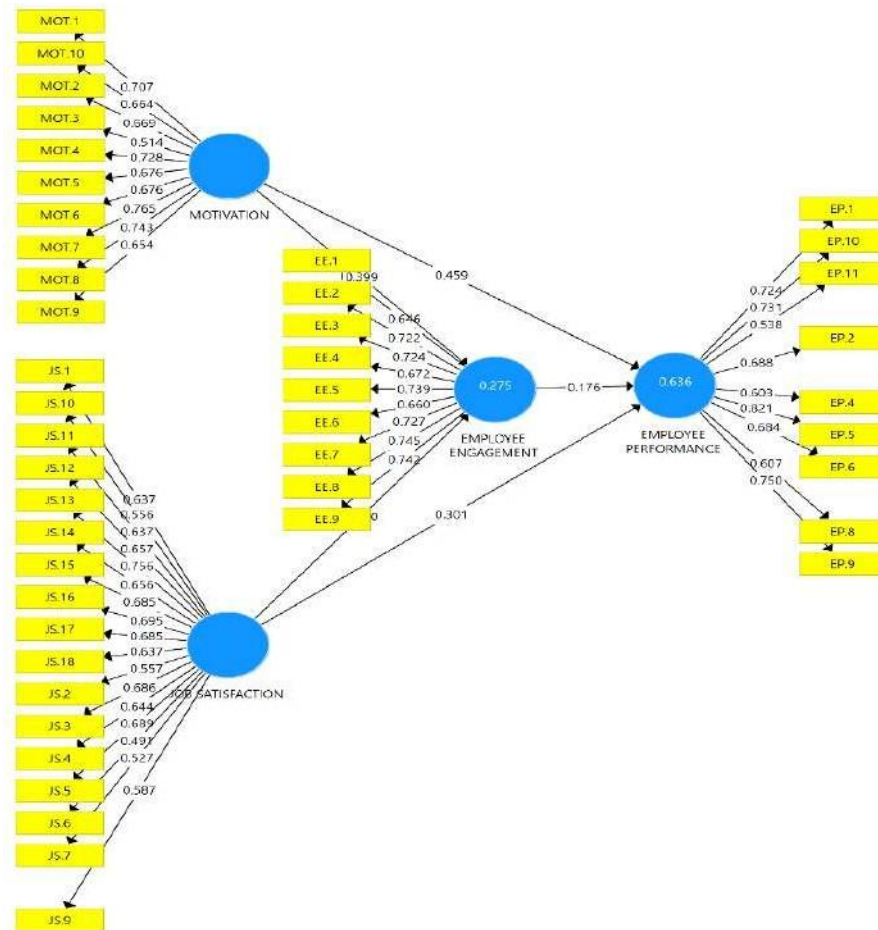


Figure 2: PLS Algorithm (Modification)

After modifying the indicators, J.8, EP.12, and EP.7 are no longer done. It can be seen that the loading factor value of motivation increased to 0.459 for employee performance, while the value of job performance decreased to 0.301, and the value of employee engagement also decreased to 0.176.

However, to see discriminant validity Fornell-Lacker Criterium values that are above 0.5, only employee engagement. Therefore, the variables tested other than employee engagement was not reliable or did not meet the criteria for convergent validity.

**Table 2:** Discriminant Validity (Fornell-Lacker Criterium)

	EMPLOYEE ENGAGEMENT	EMPLOYEE PERFORMANCE	JOB SATISFACTION	MOTIVATION
EMPLOYEE ENGAGEMENT	0,709			
EMPLOYEE PERFORMANCE	0,537	0,688		
JOB SATISFACTION	0,425	0,669	0,638	
MOTIVATION	0,507	0,741	0,640	0,683

The analysis of the discriminant validity table shows that the square root value of AVE for each construct is greater than the correlation value so that the construct in this research model can still be said to have good discriminant validity.

### 3.2. Reliability Test

A reliability test is done by looking at the composite reliability value of the indicator block that measures the construct. The results of composite reliability will show a satisfactory value if it is above 0.7. Here is the composite reliability value for the output:

**Table 3.** Composite Reliability

	Composite Reliability
Motivation	0,900
Job satisfaction	0,925
Employee Engagement	0,900
Employee Performance	0,875

It can be seen that all variables meet the desired composite reliability value, which is above 0.7, which means that all variables are realistic.

**Table 4.** Cronbach's Alpha

	Cronbach's Alpha
Motivation	0,875
Job satisfaction	0,900
Employee Engagement	0,875
Employee Performance	0,850

The recommended value is above 0.6, and the table above shows that Cronbach's Alpha  $\alpha > 0.6$ , with the lowest value, is 0.850, meaning that it meets the desired criteria.

### 3.3. Structural Model Testing (Inner Model)

After the estimated model meets the Outer Model performance, the next step is testing the structural model (inner model). Here is the R-Square value in the construct

**Table 5.** R-square

	R Square	R Square Adjusted
EMPLOYEE ENGAGEMENT	0,275	0,260
EMPLOYEE PERFORMANCE	0,636	0,625

It can be seen that the variables of motivation and job satisfaction have an effect on employee performance by 63.60%, while employee engagement does not really affect it.

Table 6. Fit Summary

	Saturated Model	Estimated Model
SRMR	0,103	0,103
d_ULS	11,035	11,035
d_G	6,047	6,047
Chi-Square	2345,830	2345,830
NFI	0,417	0,417

To find out whether a hypothesis is accepted or rejected, it can be done by paying attention to the significance value between constructs, t-statistics, and p-values. In this way, the measurement estimates and standard errors are no longer calculated with statistical assumptions but are based on empirical observations. In the bootstrap resampling method in this study, the hypothesis is accepted if the significance value of the t-value is greater than 1.96 and or the p-value is less than 0.05, then  $H_a$  is accepted, and  $H_0$  is rejected and vice versa. The following hypotheses are proposed:

Table 7. Summary of the structural model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
JOB SATISFACTION -> EMPLOYEE PERFORMANCE	0,030	0,032	0,027	1,109	0,268
MOTIVATION -> EMPLOYEE PERFORMANCE	0,070	0,072	0,032	2,173	0,030

The table above shows that the relationship between job satisfaction and employee performance is not significant with T statistic 1.109 ( $< 1.96$ ). The estimated value of the original sample is positive, namely 0.030, which shows the relationship between motivation and employee performance is positive. The P-value obtained was 0.268 ( $< 0.05$ ). This is the first hypothesis with  $H_0$ . There is an effect of job satisfaction on employee performance "rejected" where  $H_a$  There is no effect of job satisfaction on employee performance "accepted" The table above shows that the relationship between motivation and employee performance is significant with the T statistic of 2.173 ( $> 1.96$ ). The estimated value of the original sample is positive, namely 0.070, which shows the relationship between motivation and employee performance is positive. The P-value obtained was 0.030 ( $< 0.05$ ). So, the second hypothesis with  $H_0$ . There is an influence of motivation on employee performance "accepted." The following is a diagram of the statistical T value based on the output with Smart PLS.

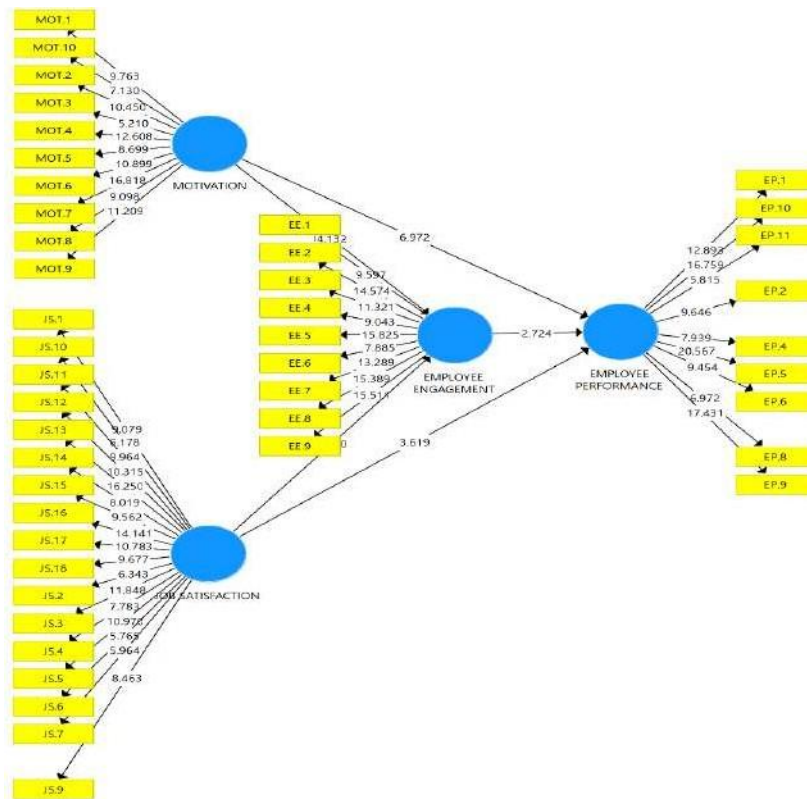


Figure 3: The structural model

The analysis of the diagram above shows that the overall indicator value is above 5. Now the indicator can influence the variable. First, for the motivation variable, the highest indicator is MOT. 7, and the lowest is MOT. 3. Second, regarding job satisfaction, the highest indicator is JS.13, and the lowest is JS.6. Third, in Employee engagement, the highest indicator is EE.9, and the lowest is EE.4. Fourth, regarding employee performance, the highest indicator is EP.5, and the lowest is EP.11. So it can be said that motivation has a more significant influence on employee engagement when compared to job satisfaction. Then employee performance is more significant and positively influenced by motivation with a value of 6,972, then job satisfaction with a value of 3,619, and the smallest is employee engagement with a value of 2,274.

#### 4. CONCLUSION

Socializing well with colleagues is the dominant indicator for increasing employee motivation. Good communication between colleagues is a dominant indicator of increasing job satisfaction for employees. Enjoying work is a dominant indicator in increasing employee engagement. Completing work before the specified deadline is a dominant indicator in improving employee performance. Among the motives, there are variables that greatly affect employee engagement and employee performance in the computer software development industry in Jakarta.

The policy regarding the promotion can increase the level of employee motivation and encourage them to interact in innovative programs, and facilitate the achievement of the desired results, reviews generate feedback, and performance improvement plans help employees develop skills that maximize their potential. The organization communicates expectations and encourages personnel behavior to achieve important goals for the development program, so that personnel having such enthusiasm can benefit employee performance. Companies with high commitment and high performance are ready to provide sustainable performance because they need to develop the next pillar of the organization, having such enthusiasm can also benefit what the mechanisms are related to arousal. Suggestions for similar companies to pay more attention to employee motivation and support things that can increase employee motivation so that good performance and this can improve the quality of the company. So the suggestion for further research is to use more variables so that the resulting model is more suitable.

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5<sup>th</sup> of August, 2021

Setyo Riyanto  
Ph.D., Associate Professor  
Faculty of Graduate Program  
Department of Management  
University Mercu Buana  
Indonesia

## ACCEPTANCE LETTER

Dear Setyo Riyanto,

We are pleased to inform you that your manuscript “The effect of work motivation and job satisfaction on employee performance: The mediating of employee engagement”, co-authored with Novita Herlisha, and Endri Endri, has been double blind peer-reviewed and accepted for publication in the international journal “Problems and Perspectives in Management”, which is scheduled to be published in Volume 19, Issue 3, 2021.

With cordial regards,  
Katerina Maschenko

Managing Editor  
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“Problems and Perspectives in Management”

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LLC “CPC “Business Perspectives”, hereinafter – “Publisher” and Setyo Riyanto (Ph.D., Associate Professor, Faculty of Graduate Program, Department of Management, Novita Herlisha (M.Sc., Student, Faculty of Graduate Program, Department of Management, University Mercu Buana, Indonesia), University Mercu Buana, Indonesia), and Endri Endri (Ph.D., Associate Professor, Faculty of Graduate Program, Department of Management, University Mercu Buana, Indonesia), hereinafter – “Author” agree on the following:

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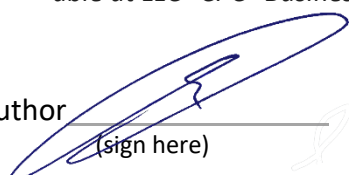
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**EMPLOYEE ENGAGEMENT AS A MEDIATOR WORK MOTIVATION AND JOB SATISFACTION ON  
EMPLOYEE PERFORMANCE**

Problems and Perspectives in Management

Dear Setyo Riyanto,

Your manuscript entitled "**EMPLOYEE ENGAGEMENT AS A MEDIATOR WORK MOTIVATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE**", which you submitted to Problems and Perspectives in Management, has now been reviewed.

The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and revise your manuscript. Please submit your revision by Aug 14, 2021, if you need additional time then please contact the Editorial Office.

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Comments to the author

Reviewer 1: Thank you for providing me a chance to review your work.

I have a few concerns, due which, accept your manuscript for further processing and publication in this journal.

1. I suggest discuss in detail the two-step process of data analysis using SMART PLS3 and completely follow the process step by step for better final analysis.

2. The discussion and conclusion section should emphasize the tested model in considerable detail and with clarity.

3. In what way is 'influence of employee engagement' distinct from "job satisfaction"?

I hope these comments will be helpful in improving the manuscript.

Title, Abstract and Introduction – overall evaluation  
Reviewer 2: Sound with minor or moderate revisions

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Comments to the author

Reviewer 2:

1. Although the topic of the study is not new in the management science, the authors grasp the problem well and correctly reveal one of the most important contradictions already in the introduction. Indeed, an unresolved question is whether employee engagement has an impact on employees' performance. The situation is similar regarding the relationship between the work motivation and performance. However, the authors need to pay more attention in their argument whether it is worthwhile to examine the relationship between these three variables (employee engagement, work motivation, job satisfaction) in such a way that one variable mediates the relationship between the other two.
2. Although the applied method seems appropriate, due to the number of variables and the complexity of the research model, the size of the sample can be considered low, so the generalization of the results can only be limited.
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your paperposit a relevant research question.

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# **The effect of work motivation and job satisfaction on employee performance: The mediating of employee engagement**

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## **Abstract**

Technological development is something that must be followed by companies. The company continues to compete with competitors to improve company performance. To achieve and maintain performance requires employees with good performance. Many factors can affect employee performance. This research was conducted to determine the motivation and job satisfaction that can affect employee engagement and its impact on employee performance. This research was conducted at IT companies in Indonesia, with respondents who were system developers who were handling system development activities for a project or part of an ongoing project. The research was conducted from January 2020 to May 2020. The locations of the companies studied were Jakarta and Bandung. The number of respondents in this study was 103 IT developers who were carried out by convenience sampling method. The analysis used is Partial Least Square (PLS) using the SMART PLS Ver 3.0 software with independent variables of motivation and job satisfaction. The results showed that the motivation variable has a positive and significant effect on the performance variable of IT developers, especially motivation that comes from a sense of togetherness with fellow colleagues.

**Keywords:** motivation, job satisfaction, employee engagement, employee performance

**JEL Classification:** D20, D23, M12, M14

## **INTRODUCTION**

Today's business environment is changing rapidly, and companies are forced to keep up with these changes. Companies that can follow the direction of change are companies that will

survive. It cannot be denied that companies must prepare strategies and employees who are able to compete with competitors. One of the biggest challenges facing organizations today is how to manage the workforce turnover that will be caused by the migration of many industrial workers; meanwhile, the IT system development industry relies heavily on the inherent competence of people, namely the developers of their systems. Several previous studies have shown that such massive competitive pressure, high company demands, and work situations have caused a decrease in the motivation of system developers to stay in the company; this is due to a lack of motivation and employee commitment to the organization Varma, 2017).

HRM policies and practices must be directed in a way that is in line with the organization's strategy and also understands employee expectations. Therefore, it is important to review and understand the factors that can motivate and build job satisfaction among employees, considering that employees are very valuable assets for the company. The company's performance will increase if it has people who have good quality work. However, getting or maintaining good employee performance is not easy. Managers must understand the case and know how employees are involved in their work because low involvement can affect company performance. In fact, there are not a few problems that can be caused by moving a system developer from one company to another; this is due to the transfer of intellectual capital. According to the Gallup Institute, globally, only 15% of workers can be described as being fully engaged in their work, while 85% are either not engaged or not actively involved. The explanation for deepening the "payback crisis" lies in a lack of support to employees in achieving what they perceive to be meaningful results.

The educational community also sees the problem of low employee engagement as having a negative impact on business outcomes. In line with Teresa Amabile from Harvard Graduate School, this causes the company's income level to be lower and a decrease in its profitability indicators (Motyka, 2019). Engaged employees are expected to be more productive in completing their tasks, thanks to their dedication, physical, mental, and emotional to the organization. Recently, several studies in two different contexts revealed that employee engagement has a significant role in improving employee performance. In addition, other empirical studies conducted state that there is a positive direct and indirect relationship between the amount of employee work involvement and work performance (Arshadia, 2010).

## **1. LITERATURE REVIEW**

### **1.1. Work Motivation**

Work motivation is an impulse that appears in a person consciously or unconsciously to demand action with a specific goal. It can be an important component, be it in work, education, or lifestyle. Motivational energy can move any job easier and faster. Work motivation theory is usually associated with justification, not ability; that is, some people do their jobs better than others (Dal Forno & Merlone, 2010). According to equity theory, motivation is generally a function of justice in social exchange. If employees understand organizational truth, they are more likely to be involved in their organization. Conversely, if they see injustice, they will tend to reduce their involvement. As a result, expectations for work and organization restore a balance between their contributions and work situations (Giauque et al., 2011). Measurement of work

motivation determines the direction, intensity, and persistence of work-related behavior desired by the organization (Arshadia, 2010). A person's motivation to pursue chosen goals can be determined by situational stimuli, personal preferences, and also interactions. The resulting tendency can be a combination of various incentives related to activities, outcomes, and internal (self-evaluation) and external consequences, each of which is weighted in line with personal motives (Barbuto & Story, 2011). Sometimes it can change this may conflict between the original intention and the action taken. Therefore to achieve the right balance between intrinsic and extrinsic motivators will help (Farrell & Finkelstein, 2011). Intrinsic motivation implies that "workers are proud enough of their work that every business can achieve a certain level and increase utility." Such assumptions can be tested considering that the utility of choice can be a quadratic function of working hours (Kattenbach et al., 2010). There are good reasons to continue to use the terms 'motive' and 'motivation.' The term 'motive' is used in the context of a certain kind of in ordinary language. Psychologists use this term in general, who are considered to have a motive for everything they do (Yurchisin & Park, 2010).

Achievement motivation observes that some new task approaches are goal-oriented, whereas others perform tasks in any way to get good grades or avoid negative judgments from others (Reio & Ghosh, 2009; Ryan, 2010). If we think about it together, there are three motivational perspectives used (the value of hope, hope, and self-determination), which show that individual motivation can increase through contextual conditions (Kenny et al., 2010; Setiyani et al., 2020).

## 1.2. Job Satisfaction

Job satisfaction has a very broad definition, so that it cannot be seen from just one definition. Happy or positive emotions that result from assessing a person's work and work experience are also called job satisfaction (Valentine et al., 2011). The definition given by Tnay et al. (2013) states that job satisfaction is seen as a combination of environmental styles and psychological conditions that can make someone honestly admit satisfaction with the work done. To support this definition, the amount of job satisfaction is represented by what causes the sensation of satisfaction (Darmon, 2011). The essence of job satisfaction is feeling or comfortable. During work, job satisfaction becomes unstable, which can be influenced by mood and emotions. Mood states usually last longer, have a causal object and are short-lived. Events at work that trigger emotions are easier to remember than moody moods (Tabarsa & Nazari, 2016). Job Satisfaction consists of Intrinsic and Extrinsic Job Satisfaction. Intrinsic Job Satisfaction includes reactions that influence people's feelings and emotions to the job features associated with the job itself, e.g., variety, opportunity to use skills, autonomy. Meanwhile, extrinsic job satisfaction includes features outside of the job itself, e.g., salary, the way the company is managed (Spies, 2006). In other words, internal job satisfaction is related to employee fulfillment and job descriptions (Yurchisin & Park, 2010). Job satisfaction has a significant influence on Organizational Citizenship Behavior where these results prove that the hypothesis which states that the higher the job satisfaction of employees will show an increase in the behavior of organizational citizens. Satisfied employees are more likely to speak positively about the organization; their sensitivity to helping colleagues and employees who are satisfied is more in line with task decisions (Husin & Nurwati, 2014). on the other hand, if employees who feel dissatisfied or less satisfied are reluctant to accept the goals and values of the organization (Wu et al., 2019). Research on this is

an important part of organizational behavior and occupational psychology. The importance of psychological research is evaluated from two different perspectives (Albrecht, 2011). First, from a humanitarian perspective, fair treatment and respect are evidence of excellent treatment of employees. Second, from a utilitarian perspective, satisfaction should lead to employee behavior that supports organizational functions (Spies, 2006). Job satisfaction can also arise from the need to remain in the organization by choosing a career, learning, and development opportunities (Tsay et al., 2013). Employees can feel committed to their organization before they develop attitudes such as job satisfaction (Neininger et al., 2010).

Job satisfaction was found to be significantly related to both forms of perceived justice. It is the attitude of employees towards various aspects of their work (Choudhary et al., 2013). And also usually studied in a comprehensive manner, such as when examining the work as a whole or when exploring aspects of a particular task. There are many benefits of job satisfaction, namely the benefits for the organization are providing maximum work productivity and high profitability, while the benefits for workers are fun work, worker participation, control of the work environment, and feeling part of the company's work environment (Earle, 2003). It cannot be denied that certain characteristics associated with work addiction can have positive implications for workers and organizations, such as job satisfaction, career success, and high labor productivity. In addition, satisfaction is also a result of employees' perceptions of job content and what roles are assigned to valuable employees. From an organizational perspective, this reflects a high level of job satisfaction and a very supportive organizational climate that leads to recruitment and employee survival. Job satisfaction can even predict the distribution of results at the organizational level, including customer satisfaction, productivity, turnover and absenteeism rates, service quality, and financial performance (Holland et al., 2011). Factors related to supportive personnel management are indirectly related to intention through the mediating effect of job satisfaction (Chang et al., 2013). Both performance and job satisfaction are highly desirable and interdependent managerial goals. Their relationship is a major focus of diverse studies in organizational behavior and sales management. Understanding of the two main constructs is of interest (i.e., suitability and workplace aggression) because of the previous relationship between these variables. The conflict between these roles is thought to have an impact on job satisfaction. Researchers have revealed that increased conflict between roles usually leads to decreased job satisfaction (Love et al., 2010). Therefore, satisfaction is very important to predict job satisfaction by showing new relationships between the two while controlling for individual differences and other conceptually relevant variables such as communication and team satisfaction (Rogelberg et al., 2010).

### 1.3. Employee Engagement

In the terminology of "employee engagement" introduced by Gallup, attachment is defined as the status (in a positive sense) of an employee regarding the work environment or the company where he works. The definition of employee engagement varies widely across organizations. Among them is the Caterpillar company, which states that engagement is the extent to which the employees' commitment, work effort, and desire remain in the organization. Then a consultant from the Corporate Leadership Council also defines engagement as the extent to which

employees are committed to something or someone in their organization, no matter how hard they work and how long they last as a result of this commitment. Employee engagement is the antithesis of job fatigue. Engagement may be an employee's status that stems from the social exchange at work and ends with higher organizational performance. An employee shows a higher performance when he finds meaning in work, company culture, and policies. Employee involvement is also caused by self-association with job roles, which includes persistence in the workplace, strong involvement in work, and deepening in work activities' (Srivastava & Madan, 2016). This is supported by the concept that the psychological experience of the workforce encourages individual attitudes, behavior, and therefore levels of engagement and discharge from work. Kahn believes that psychological meaning is an important driver of work engagement. This suggests that the main drivers of total employee engagement (Albrecht, 2013). Recently, employee engagement as "individual goals and focused energy, adaptability, effects, and persistence directed toward organizational goals" (Albrecht, 2011). Engagement above and beyond simple gratification with a utilization arrangement or basic loyalty to the employer – a characteristic nearly all firms have measured over the years. Engagement, on the other hand, is about desire and commitment – the willingness to take one's place and exert one's discretionary efforts to help employers succeed (Rai, 2012). In all areas, employee engagement is related to the long term of work, transformation in the way people work, where they work, what they expect from work, and in the workplace. It is not just a matter of repetition but about continuity over time. Providing clear communication is important not only for employees to know and process information but also for them to believe that the company is committed to its engagement with employees. Within every engagement, there is an identical pattern: Executives, managers, and employees know exactly what's going on. They know what the problem is, what is not working, where communication, trust, cohesion, harmony, and communication are weak.

In order to interact with employees, it was decided that a talent management and employee engagement program was needed to help attract, retain, and develop the simplest staff. Then a consultant is obliged to keep detailed written records of how they spent their time during client engagement and new record-keeping procedures for client collections introduced by finance. The impact of technology on job creation and destruction is also a very relevant issue in community motivation and engagement. In general, HR managers use social media because of the convenience and also thanks to the competitive scenario. They believe that the use of social media provides more advantages in the recruitment process, such as in broadening the candidate base for active and passive background candidates. It also helps effective employee interactions and collaborative activities, so that there is good communication (Nagendra, 2014). Organizations using force-based interventions have seen significantly higher employee community growth compared to organizational effects groups. Employee engagement can be a term used to represent positive and proactive behavior in the workplace that comes from a mixture of motivated and emotionally attached employees and empathetic managers working towards clearly communicated goals.

#### 1.4.Employee Performance

Performance is defined in terms of new developments (called innovation performance). Besides profit, sales growth, and market share (Zhang, 2010). This definition of work performance

includes behavior that is under the employee's control but provides limits for irrelevant behavior (Colquitt et al., 2019). Meanwhile, performance in a role is defined as the employee's actions to fulfill the formal requirements of his job (Biswas, 2009). Job performance will be divided into task performance and performance behavior; these behaviors involve work-related factors. In the workplace, behavioral performance is mainly represented by spontaneous behavior and extra roles. Behavior can be further divided into positive behavior and negative behavior. The existence of performance appraisals can increase the level of employee motivation and encourage them to interact in innovative programs, and facilitate the achievement of the desired results (Minavand, 2013). Performance reviews generate feedback, and performance improvement plans help employees develop skills that maximize their potential (Cascio, 2014; Susanto et al., 2020). Employees with high POS were found to have a greater obligation to help the organization achieve its goals, stronger affective commitment to the organization, and increased reward expectations for key performance (Neves & Eisenberger, 2012; Silitonga et al., 2020). Thus, it is quite possible that managers (and employees) perceive performance differently across cultures, resulting in intercultural and intra-cultural differences in the definition and interpretation of performance. Thus, in an individualistic culture, stress will affect individual efforts and outcomes, demanding objective and measurable performance criteria. Managers may increasingly expect higher performance in terms of quality or quantity, longer hours of work, more responsibility, and fewer demands for rewards in its various forms. Companies with high-performing business strategies recognize the need for talented managers who are ready to see opportunities. Therefore, currently, organizations continue to concentrate on implementing several high-performance HR practices and methods to improve employee performance such as training, performance appraisals, compensation, career development, teamwork, and others (Mangaleswaran & Thevanes, 2018). The concept of numerical performance may not adequately describe system performance and is difficult when used for direct qualitative evaluation (Huo, 2012). This means the availability of resources to handle even challenging tasks and circumstances. The primary function of middle managers is to support people development and employee performance, as well as to enable a positive work context and coworker relationships. Thus, research is needed to ascertain whether having such enthusiasm can also benefit employee performance and what the mechanisms are related to arousal (Ho et al., 2011). Employee performance management is a much broader concept in covering various employee activities in which organizations seek to assess employees and develop their competencies, improve performance and distribute rewards (Decramer et al., 2012). Once the capacity to use knowledge is acquired, it must, of course, be transferred to work so that it can affect job performance (Smith-Crowe et al., 2003). In short, such people are generally anxious about their jobs, job performance, and their relationships with coworkers. Besides, some of them have poor job performance. Poor performance conditions also weaken resistance to change (Liu et al., 2012). Performance management is consistently among the lowest areas. However, performance management is the main process for getting the job done. This is how organizations communicate expectations and encourage the behavior to achieve important goals for development programs or other personnel actions.

One example of a management program in carrying out work alignment is by implementing a work from the home system for workers, including flexibility of working hours, work-life balance, and suggesting a higher level of performance. Performance is measured on two scales: performance in roles and assistance as key dimensions of OCB. Performance is evaluated by participants and by colleagues in the workplace (Yurchisin & Park, 2010). Performance is

measured on two scales: performance in roles and assistance as key dimensions of OCB. Performance is evaluated by participants and by colleagues at work (Kattenbach et al., 2010). Companies with high commitment and high performance are ready to provide sustainable performance because they need to develop the next pillar of the organization: 1. Performance alignment, 2. Psychological harmony, and 3. The capacity to learn and change.

## 2. RESEARCH METHODS

The data used in this study use the main data from the survey results. Research, including quantitative research with a basic view of the relationship between variables, is causal research. The research variables used consisted of four independent variables, namely, motivation, job satisfaction, employee engagement, and employee performance. The following is an explanation of these variables.

**Table 1:** Research Indicators

Variable	Indicator (manifest variable)
Motivation	MOT.1 Salary sufficient for employee needs
	MOT.2 There is a transport allowance
	MOT.3 The availability of sick leave
	MOT.4 There is a health allowance
	MOT.5 Company equipment from the company
	MOT.6 Safe feeling at work
	MOT.7 Get along well with colleagues
	MOT.8 There is a sense of kinship with colleagues
	MOT.9 Desire to participate in every event together at the office
	MOT.10 There is an award for the best performing employee
	MOT.11 Praise from superiors if subordinates work well
	MOT.12 Bonus in accordance with the performance
	MOT. 13 Opportunity to participate in determining the goals
	MOT.14 Duties in accordance with the ability of employees
	MOT.15 Opportunities to develop skills and abilities
Job Satisfaction	JS.1 Work according to knowledge
	JS.2 Work as you wish
	JS.3 Interesting and fun work
	JS.4 Salary according to job
	JS.5 Overtime pay is in line with expectations
	JS.6 Salary on time
	JS.7 There is a policy regarding the promotion of answers
	JS.8 Promotion is objective
	JS.9 Opportunities for career advancement according to expertise
	JS.10 There is always work supervision
	JS.11 There is feedback from superiors on the work done
	JS.12 There are suggestions/input if it is difficult to do work
	JS.13 Communication between colleagues is well established
	JS.14 Direct assistance in an effort to complete work on time
	JS.15 Colleagues provide support when facing difficulties at work



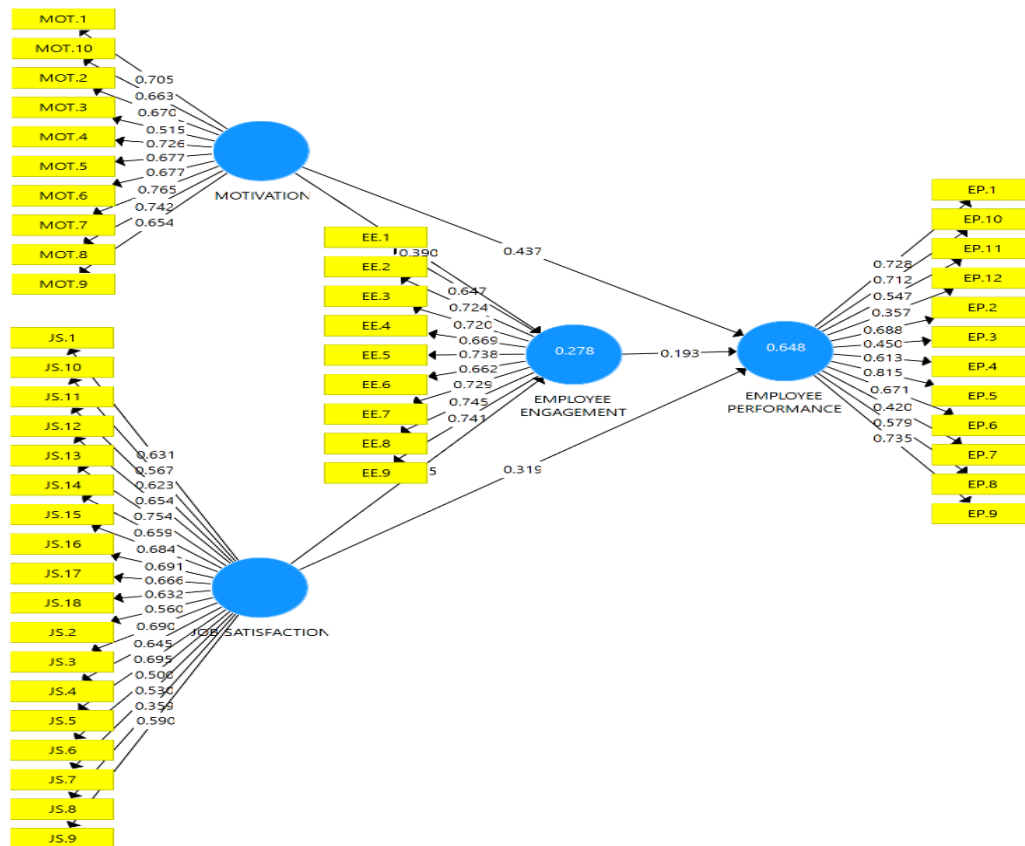
	JS.16 Condition of a comfortable workspace
	JS.17 Complete equipment tools for work
	JS.18 The state of lighting in a comfortable workspace
Employee Engagement	EE.1 Have a high energy level in doing work
	EE.2 Strong will and try their best to finish the job
	EE.3 Do not give up easily in completing work
	EE.4 Persistent in doing the job to completion
	EE.5 Proud of work so it is difficult to leave this company
	EE.6 Always enthusiastic about work
	EE.7 Time flies quickly while working
	EE.8 Have a high concentration in doing work
	EE.9 Really enjoyed carrying out work duties
Employee Performance	EP.1 Deft at work
	EP.2 Thoroughly working
	EP.3 Completing work according to company quality standards
	EP.4 The quantity of work is according to the expected standard
	EP.5 Finish the job faster than the specified time
	EP.6 Not delaying work
	EP.7 Having skills in the field of work
	EP.8 Using skills on the job
	EP.9 Understand the task that must be done
	EP.10 Complete work according to a predetermined schedule
	EP.11 Responsible for the results of work
	EP.12 Be present on time at work

### 3. RESULT AND DISCUSSION

The following is the outer model test result, which shows the outer loading value using the SmartPLS analysis tool.

#### 3.1. Test Validation

An indicator is declared valid if it has a loading factor above 0.5 against the intended construct. The Smart PLS output for the loading factor gives the following results:



**Figure 1: PLS Algorithm**

First, we will discuss the effect of indicators on each of the predetermined variables as follows: 1. In the motivation variable, it can be seen that establishing good socialization with colleagues (MOT.7) has a greater influence on motivation by 0.765, and MOT.3 (presence of sick leave) has a small effect, namely 0.515. 2. At the point of job satisfaction, communication between colleagues that goes well (JS.13 = 0.754) has a major effect on job satisfaction, while the existence of objective promotion (JS.8 = 0.359) is the smallest point in improving work. Satisfaction. 3. Employee involvement with a high concentration in doing work (EE.8 = 0.745) has a major effect on employee engagement, whereas (EE.1 = 0.647) Having a high energy level in doing work is the lowest indicator in influencing employees. employee engagement. Then the results of the analysis related to each variable show that motivation has a positive and significant effect on the formation of employee performance when compared to job satisfaction and employee engagement with a value of 0.437, followed by job satisfaction with a value of 0.319, and finally employee engagement of 0.193.

In the data above, there is still an indicator influence on each variable below 0.5, namely:

1. J.8 with a value of 0.359
2. EP.12 with a value of 0.357
3. EP.7 with a value of 0.420

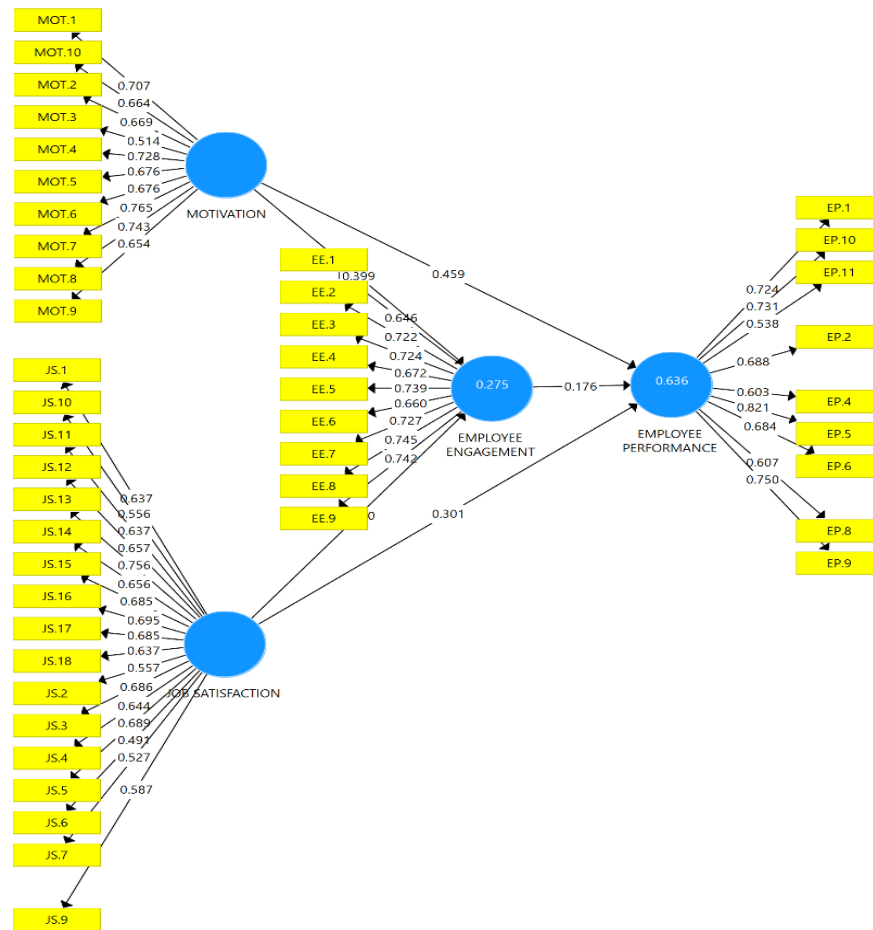


Figure 2: PLS Algorithm (Modification)

After modifying the indicators, J.8, EP.12, and EP.7 are no longer done. It can be seen that the loading factor value of motivation increased to 0.459 for employee performance, while the value of job performance decreased to 0.301, and the value of employee engagement also decreased to 0.176.

However, to see discriminant validity Fornell-Lacker Criterium values that are above 0.5, only employee engagement. Therefore, the variables tested other than employee engagement was not reliable or did not meet the criteria for convergent validity.

**Table 2:** Discriminant Validity (Fornell-Lacker Criterium)

	EMPLOYEE ENGAGEMENT	EMPLOYEE PERFORMANCE	JOB SATISFACTION	MOTIVATION
EMPLOYEE ENGAGEMENT	0,709			
EMPLOYEE PERFORMANCE	0,537	0,688		
JOB SATISFACTION	0,425	0,669	0,638	
MOTIVATION	0,507	0,741	0,640	0,683

The analysis of the discriminant validity table shows that the square root value of AVE for each construct is greater than the correlation value so that the construct in this research model can still be said to have good discriminant validity.

### 3.2. Reliability Test

A reliability test is done by looking at the composite reliability value of the indicator block that measures the construct. The results of composite reliability will show a satisfactory value if it is above 0.7. Here is the composite reliability value for the output:

**Table 3.** Composite Reliability

	Composite Reliability
Motivation	0,900
Job satisfaction	0,925
Employee Engagement	0,900
Employee Performance	0,875

It can be seen that all variables meet the desired composite reliability value, which is above 0.7, which means that all variables are realistic.

**Table 4.** Cronbach's Alpha

	Cronbach's Alpha
Motivation	0,875
Job satisfaction	0,900
Employee Engagement	0,875
Employee Performance	0,850

The recommended value is above 0.6, and the table above shows that Cronbach's Alpha  $\alpha > 0.6$ , with the lowest value, is 0.850, meaning that it meets the desired criteria.

### 3.3. Structural Model Testing (Inner Model)

After the estimated model meets the Outer Model performance, the next step is testing the structural model (inner model). Here is the R-Square value in the construct

**Table 5.** R-square

	R Square	R Square Adjusted
EMPLOYEE ENGAGEMENT	0,275	0,260
EMPLOYEE PERFORMANCE	0,636	0,625

It can be seen that the variables of motivation and job satisfaction have an effect on employee performance by 63.60%, while employee engagement does not really affect it.

Table 6. Fit Summary

	Saturated Model	Estimated Model
SRMR	0,103	0,103
d_ULS	11,035	11,035
d_G	6,047	6,047
Chi-Square	2345,830	2345,830
NFI	0,417	0,417

To find out whether a hypothesis is accepted or rejected, it can be done by paying attention to the significance value between constructs, t-statistics, and p-values. In this way, the measurement estimates and standard errors are no longer calculated with statistical assumptions but are based on empirical observations. In the bootstrap resampling method in this study, the hypothesis is accepted if the significance value of the t-value is greater than 1.96 and or the p-value is less than 0.05, then  $H_a$  is accepted, and  $H_0$  is rejected and vice versa. The following hypotheses are proposed:

Table 7. Summary of the structural model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
JOB SATISFACTION -> EMPLOYEE PERFORMANCE	0,030	0,032	0,027	1,109	0,268
MOTIVATION -> EMPLOYEE PERFORMANCE	0,070	0,072	0,032	2,173	0,030

The table above shows that the relationship between job satisfaction and employee performance is not significant with T statistic 1.109 ( $< 1.96$ ). The estimated value of the original sample is positive, namely 0.030, which shows the relationship between motivation and employee performance is positive. The P-value obtained was 0.268 ( $< 0.05$ ). This is the first hypothesis with  $H_0$ . There is an effect of job satisfaction on employee performance "rejected" where  $H_a$  There is no effect of job satisfaction on employee performance "accepted" The table above shows that the relationship between motivation and employee performance is significant with the T statistic of 2.173 ( $> 1.96$ ). The estimated value of the original sample is positive, namely 0.070, which shows the relationship between motivation and employee performance is positive. The P-value obtained was 0.030 ( $< 0.05$ ). So, the second hypothesis with  $H_0$ . There is an influence of motivation on employee performance "accepted." The following is a diagram of the statistical T value based on the output with Smart PLS.

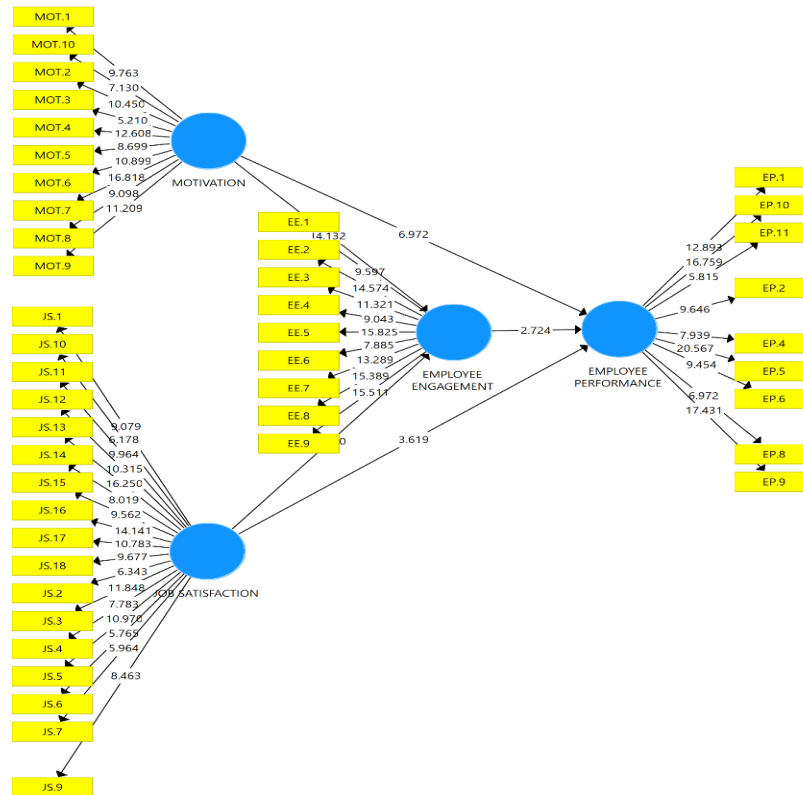


Figure 3: The structural model

The analysis of the diagram above shows that the overall indicator value is above 5. Now the indicator can influence the variable. First, for the motivation variable, the highest indicator is MOT. 7, and the lowest is MOT. 3. Second, regarding job satisfaction, the highest indicator is JS.13, and the lowest is JS.6. Third, in Employee engagement, the highest indicator is EE.9, and the lowest is EE.4. Fourth, regarding employee performance, the highest indicator is EP.5, and the lowest is EP.11. So it can be said that motivation has a more significant influence on employee engagement when compared to job satisfaction. Then employee performance is more significant and positively influenced by motivation with a value of 6,972, then job satisfaction with a value of 3,619, and the smallest is employee engagement with a value of 2,274.

#### 4. CONCLUSION

Socializing well with colleagues is the dominant indicator for increasing employee motivation. Good communication between colleagues is a dominant indicator of increasing job satisfaction for employees. Enjoying work is a dominant indicator in increasing employee engagement. Completing work before the specified deadline is a dominant indicator in improving employee performance. Among the motives, there are variables that greatly affect employee engagement and employee performance in the computer software development industry in Jakarta.

The policy regarding the promotion can increase the level of employee motivation and encourage them to interact in innovative programs, and facilitate the achievement of the desired results, reviews generate feedback, and performance improvement plans help employees develop skills that maximize their potential. The organization communicates expectations and encourages personnel behavior to achieve important goals for the development program, so that personnel having such enthusiasm can benefit employee performance. Companies with high commitment and high performance are ready to provide sustainable performance because they need to develop the next pillar of the organization, having such enthusiasm can also benefit what the mechanisms are related to arousal. Suggestions for similar companies to pay more attention to employee motivation and support things that can increase employee motivation so that good performance and this can improve the quality of the company. So the suggestion for further research is to use more variables so that the resulting model is more suitable.

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12 August 2021 16.06

Kepada: k.maschenko@businessperspectives.org&gt;

Jakarta, 12 August 2021.

Dear Katerina Maschenko,  
Managing Editor of PPM Journal  
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Thank you for your email dated August 10, 2021 about the results of the review of our article entitled "**Employee engagement as a mediator work motivation and job satisfaction on employee performance**". According to the input from Reviewers 1 and 2 which have been separately conveyed to us through <https://manuscript-adminsystem.com> we hereby attach an improvement to the article by changing the title of the article to "**Effect of work motivation and job satisfaction on employee performance: mediating the role of employee engagement**" and changing co-author 2 from Novita Herlissha to Endri Endri. Furthermore, Novita Herlissha occupies the position of co-author 3. We have submitted this title change and conveyed it through <https://manuscript-adminsystem.com> on August 4, 2021

According to the existing provisions, we will upload these improvements to the <https://manuscript-adminsystem.com> page.

Thank you for the good cooperation and assistance provided.

Our warm regards,

Setyo Riyanto and the Writing Team

Katerina Maschenko\_Managing Editor of PPM journal <k.maschenko@businessperspectives.org>

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Dear authors,

Hope you are doing well!

Your article "Effect of work motivation and job satisfaction on employee performance: Mediating role of employee engagement" has been published on the 20<sup>th</sup> of August,2021.

Here is the link to the article: [http://dx.doi.org/10.21511/ppm.19\(3\).2021.14](http://dx.doi.org/10.21511/ppm.19(3).2021.14)

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With kind regards,Katerina

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Kepada: Katerina Maschenko\_Managing Editor of PPM journal <k.maschenko@businessperspectives.org>Cc: endri@mercubuana.ac.id, novita.herlissaha@gmail.com

Thank you for the opportunity and good cooperation, so that the manuscript can finally be published after going through several

improvements according to the request of the reviewer.

Warm regards,

Setyo Riyanto and the writing team.

[Kutipan teks disembunyikan]



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# “Effect of work motivation and job satisfaction on employee performance: Mediating role of employee engagement”

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# EFFECT OF WORK MOTIVATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE: MEDIATING ROLE OF EMPLOYEE ENGAGEMENT

## Abstract

Technological developments are things that must be followed by companies to achieve a competitive advantage to improve performance. To achieve and improve performance, companies need active employee engagement by encouraging motivation and fulfilling their job satisfaction. This study aims to analyze the effect of motivation and job satisfaction on performance with employee engagement as a mediating variable. The research sample is Information Technology (IT) companies located in the cities of Jakarta and Bandung, Indonesia. Research respondents are system developers who handle system development activities for a project or part of an ongoing project. By using the convenience sampling technique 103 responses were obtained from IT developers. The research model analysis method uses Partial Least Square (PLS) with SMART PLS Ver 3.0 software. Empirical findings prove that motivation has a positive effect on the performance of IT employees, while job satisfaction is independent. Employee engagement does not directly affect employee performance, but the effect of mediation through motivation and job satisfaction can have a significant effect on employee performance. The research findings have managerial implications, in increasing high employee involvement, motivation needs to be encouraged to be more active and innovative, and facilitate the achievement of the desired results.

## Keywords

IT employees, management, organizations, behavior, engagement

## JEL Classification

D20, D23, M12, M14

## INTRODUCTION

The rapidly changing business environment, including increasingly fierce competition, requires companies to carry out various strategies to survive. One of the strategies is related to active employee engagement to achieve the best performance. Today organizations face the formidable challenge of how to manage the labor turnover that will be caused by the migration of many industrial workers; meanwhile, the Information Technology (IT) industry relies heavily on the inherent competence of humans, namely system developers. Several previous studies have shown that such massive competitive pressure, high company demands, and work situations have caused a decrease in the motivation of system developers to stay in the company; this is due to a lack of motivation and employee commitment to the organization (Varma, 2017).

Human resource management (HRM) policies and practices should be directed in a manner that is in line with the organization's strategy and employee expectations. Therefore, it is important to study and understand the factors that can motivate and build job satisfaction among employees because employees are a very valuable asset for the



company. Company performance will increase if they are actively involved with motivation and job satisfaction. However, getting or maintaining good employee performance is not easy. Managers must understand the case and know how employees are involved in their work because low involvement can affect company performance. There are not a few problems that can be caused by moving a system developer from one company to another; this is due to the transfer of intellectual capital. Gallup Institute data shows that globally, employee engagement is only 15 percent, while 85 percent are not engaged or inactive. The explanation for the deepening "return crisis" lies in demotivating employees due to low support for achieving the best performance in their jobs. Based on the phenomena described above, this study was conducted to examine the effect of motivation and job satisfaction on employee engagement and their impact on employee performance. Therefore, in general, the problem can be formulated with the question "How can job satisfaction and motivation increase employee engagement, and what are the implications for employee performance?"

## 1. LITERATURE REVIEW

### 1.1. Work motivation

Work motivation is an impulse that appears in a person consciously or unconsciously to demand action with a specific goal. It can be an important component, be it in work, education, or lifestyle. Motivational energy can move any job easier and faster. Work motivation theory is usually associated with justification, not ability; that is, some people when compared to others can get the job done well (Dal Forno & Merlone, 2010). Motivation is generally a function of equity in social exchange based on equity theory. With an understanding of organizational truth, employees can be actively involved in the organization. Meanwhile, with the injustice they get, employees reduce their involvement. As a result, employees at work want the organization to restore a balance between their contribution and the work situation (Giauque et al., 2012). Measurement of work motivation determines the goals, behavioral persistence, and work-related intensity desired by the organization (Virgiawan et al., 2021; Arshadia, 2010). Situational stimuli, personal preferences, and also interactions can determine a person's motivation in pursuing a desired goal. The resulting tendency can be a combination of several incentives based on internal (self-evaluation) and external activities, outcomes, and consequences, each of which is weighted according to personal motives (Barbuto & Story, 2011). Sometimes there can be a conflict between the original intention and the action taken. Therefore, the right balance between intrinsic and extrinsic motivators will help (Farrell & Finkelstein, 2011). Workers are proud enough of

their work that every business can reach a certain level and increasing utility is an implied motivation. This assumption can be tested considering that the utility of choice can be a quadratic function of working hours (Kattenbach et al., 2010). There is a difference between the terms motive and motivation, where the term motive is used in certain contexts in everyday language. Psychologists use this term in general terms describing people, who are thought to have a motive for everything they do (Yurchisin & Park, 2010). The emergence of worker motivation can be observed with some of the new task-oriented approaches to goals, whereas others perform tasks in any way to get good grades or avoid bad prejudice from others (Reio & Ghosh, 2009; Ryan, 2010). If contemplated together, there are three motivational perspectives used (the value of hope, hope, and self-determination), which show that one's motivation can grow through contextual conditions (Kenny et al., 2010; Setiyani et al., 2020).

### 1.2. Job satisfaction

Job satisfaction has a very broad definition so that it cannot be seen from just one definition. Happy or positive emotions that result from assessing a person's work and work experience are also called job satisfaction (Permana et al., 2021; Valentine et al., 2011). The definition given by Tnay et al. (2013) states that job satisfaction is seen as a combination of environmental styles and psychological conditions that can make someone honestly admit satisfaction with the work done. To support this definition, the amount of job satisfaction is represented by what causes the sensation of satisfaction (Darmon, 2011). The essence of job satisfaction

is feeling of comfort. During work, job satisfaction becomes unstable, which can be influenced by mood and emotions. Mood states usually last longer, have a causal object and are short-lived. Events at work that trigger emotions are easier to remember than bad moods (Tabarsa & Nazari, 2016). Job satisfaction consists of intrinsic and extrinsic job satisfaction. Extrinsic job satisfaction includes traits outside of the job itself, for example, pay, the way the company is managed, while intrinsic job satisfaction includes reactions that affect people's feelings and emotions towards job features related to the job itself, for example, expertise, autonomy, and variety (Spies, 2006). Internal job satisfaction can also be said to be in the form of employee fulfillment and job descriptions (Yurchisin & Park, 2010). Job satisfaction influences organizational citizenship behavior, which is in line with the hypothesis which states that the higher the job satisfaction of the employees, the better the behavior of the workers. Satisfied employees are more likely to speak well of the organization; they are more sensitive to helping coworkers and satisfied employees are more in line with task decisions (Vizano et al., 2021; Husin & Nurwati, 2014). However, dissatisfied workers are reluctant to accept the goals and values of the organization (Wu et al., 2019). It is important to do research related to organizational behavior and work psychology. Psychological research can be evaluated from two different perspectives (Albrech, 2011). First, from a utilitarian perspective, satisfaction should lead to employee behavior that supports organizational functioning (Spies, 2006). Second, from a humanitarian point of view, fair treatment and respect are evidence of the excellent treatment of employees. Job satisfaction can also arise from the need to remain in the organization by choosing a career, learning, and development opportunities (Tnay et al., 2013). Workers have a high commitment to their organization before they develop attitudes such as job satisfaction (Neininger et al., 2010).

Employee job satisfaction significantly determines both forms of perceived fairness. It is the attitude of employees towards various aspects of their work (Choudhary et al., 2013). And it is usually studied in a comprehensive manner, such as when examining the work as a whole or when exploring aspects of a particular task. There are many benefits of job satisfaction, namely the benefits for the

organization are providing maximum work productivity and high profitability, while the benefits for workers are fun work, worker participation, control of the work environment, and feeling part of the company's work environment (Earle, 2003). It cannot be denied that certain characteristics associated with work addiction can have positive implications for workers and organizations, such as job satisfaction, career success, and high labor productivity. In addition, satisfaction is also a reflection of employees' perceptions of the work done and what roles are assigned to valuable employees. From an organizational perspective, this reflects good job satisfaction and a very supportive organizational climate that leads to employee recruitment and survival. Job satisfaction can even predict the distribution of outcomes at the organizational level, including productivity, turnover and absenteeism rates, service quality, customer satisfaction, and financial performance (Holland et al., 2011). Factors related to supportive personnel management are indirectly related to intention through the mediating effect of job satisfaction (Chang et al., 2013). Performance and job satisfaction that are interrelated are goals that are highly desired by managers. Their relationship is a major focus of diverse studies in organizational behavior and sales management. Understanding of the two main constructs is of interest (i.e., suitability and workplace aggression) because of the previous relationship between these variables. The conflict between these roles is thought to have an impact on job satisfaction. Increased conflict between roles usually leads to decreased job satisfaction (Love et al., 2010). Therefore, satisfaction is very important to predict job satisfaction by showing new relationships between the two while controlling for individual differences and other conceptually relevant variables such as communication and team satisfaction (Rogelberg et al., 2010).

### 1.3. Employee engagement

In the terminology of "employee engagement" introduced by Gallup Institute, attachment is defined as the status (in a positive sense) of an employee regarding the work environment or the company where he works. The definition of employee engagement varies widely across organizations. Among them is the Caterpillar company, which reveals that engagement is a commitment, morale,

and participation of employees who remain in the organization. Employee engagement is the antithesis of job fatigue. Engagement may be an employee's status that stems from the social exchange at work and ends with higher organizational performance. An employee shows a higher performance when he finds meaning in work, company culture, and policies. Employee involvement is also caused by self-association with job roles, which includes persistence in the workplace, strong involvement in work, and deepening in work activities (Srivastava & Madan, 2016). This is supported by the concept that the psychological experience of the workforce encourages individual attitudes, behavior, and therefore levels of engagement and discharge from work. Margaretha et al. (2021) believes that psychological meaning is an important driver of work engagement. This suggests that the main drivers of total employee engagement are "individual goals and focused energy, adaptability, effects, and persistence directed toward organizational goals" (Albrech, 2011). Engagement above and beyond simple gratification with a utilization arrangement or basic loyalty to the employer – a characteristic nearly all firms have measured over the years. Engagement, on the other hand, is about desire and commitment – the willingness to take one's place and exert one's discretionary efforts to help employers succeed (Rai, 2012). In all areas, employee engagement is linked to long-term work, transformations in the way people work, where they work, what they expect from work, and in the workplace. In addition, providing clear communication is important not only for employees to know and process information but also for them to believe that the company is committed to its involvement. Within every engagement, there is an identical pattern: executives, managers, and employees know exactly what's going on. They know what the problem is, what is not working, where communication, trust, cohesion, harmony, and communication are weak.

To interact with employees, it was decided that a talent management and employee engagement program was needed to help attract, retain, and develop the simplest staff. Then a consultant is obliged to keep detailed written records of how they spent their time during client engagement and new record-keeping procedures for client collections introduced by finance. The impact of

technology on job creation and destruction is also a very relevant issue in community motivation and engagement. In general, HR managers use social media because of the convenience and also thanks to the competitive scenario. The use of social media is believed to provide more benefits in the recruitment process, such as broadening the candidate's background base, both active and passive. Besides that, it also encourages employee interaction and effective collaborative activities, so that mutually beneficial two-way communication is established (Nagendra, 2014). Organizations using force-based interventions have seen significantly higher employee community growth compared to organizational effects groups. Employee involvement shows positive and proactive behavior in the workplace which is a combination of motivational drive and emotionally attached and managers have a high concern for work that is communicated to achieve company goals.

#### 1.4. Employee performance

Performance is an important assessment for companies so that the company's sustainability can be guaranteed (Zhang, 2010). Employee performance includes behavior that is under control but provides limits for irrelevant behavior (Dewettinck & van Ameijde, 2011). Meanwhile, the performance also assesses the active role of employees in carrying out obligations according to the formal contract given to them by the company (Biswas, 2009). Employee performance is divided into task performance and performance behavior. This behavior involves factors related to work. In the workplace, employee behavior is reflected in instantaneous behavior and extra roles. Behavior also consists of positive and negative behavior. The existence of employee performance appraisals can increase motivation and encourage them to be actively involved in innovative programs, and make it easier to reach the desired goals (Minavand & Lorkojouri, 2013). Employee performance appraisal provides feedback, and programs are prepared to improve performance that can help employees develop skills to maximize their potential (Cascio, 2014; Susanto et al., 2020). Employees with high perceived organizational support (POS) indicate that they have a greater responsibility which collectively helps the organization achieve its goals, increases rewards for key performance, and such

employees are highly committed to the organization (Neves & Eisenberger, 2012; Silitonga et al., 2020). Managers and employees may also view performance differently based on cultural and cross-cultural diversity in the definition and interpretation of performance. Thus, with an individualistic culture, stress will affect individual efforts and outcomes, demanding objective and measurable performance criteria. Managers expect much higher performance in both quality and quantity, longer hours, greater responsibility, and less demand for various types of rewards. The company's business strategy to get the best performance recognizes the need for talented managers who are ready to see opportunities. Therefore, currently, the organization continues to concentrate on implementing HR practices and methods that can create good performance through improving the quality of employees, such as both formal and informal training, compensation, teamwork, career development, and others (Hapsari et al., 2021; Mangaleswaran & Thevanes, 2018). The concept of numerical performance has not been able to explain performance systems and faces obstacles when used for direct qualitative evaluation and requires resources to handle even challenging tasks and situations (Huo, 2012). Managers perform their functions to support people development and employee performance, as well as to enable a positive work context and co-worker relationships. Therefore, a study is needed to ascertain whether having such enthusiasm can also be beneficial for employee performance and what mechanisms are related to passion (Ho et al., 2011). The broader concept encompassing various activities in which organizations seek to assess employees and develop their competencies, improve performance and distribute rewards is the concept of employee performance management (Decramer et al., 2012). Inherent knowledge capacity can be poured into the work so that it can affect employee performance (Smith-Crowe et al., 2003). Such employees are generally anxious about their work, performance, and relationships with coworkers. In addition, some of them have poor performance. Poor performance conditions also weaken resistance to various changes (Liu et al., 2012). Performance management is consistently among the lowest areas. However, performance management is the main process to get the job done. This is how organizations communicate expectations

and encourage the behavior to achieve important goals for development programs or other personnel actions.

One example of a management program in carrying out work alignment is to implement a work from the home system for workers, including adjustable working hours, work and rest balance, and suggesting better performance appraisals. Employee performance can be assessed on two scales: performance in roles and assistance as the main dimensions of OCB. Employee performance is assessed by participants and colleagues at work (Yurchisin & Park, 2010; Kattenbach et al., 2010). Companies with high commitment and high performance are ready to provide sustainable performance because they need to develop the next organizational pillars: 1. Performance alignment; 2. Psychological harmony; and 3. Capacity to learn and change.

## 2. HYPOTHESES DEVELOPMENT

Based on an in-depth literature review, empirical evidence shows contradictory findings on the impact of motivation and job satisfaction on employee engagement and their implications for employee performance. Therefore, the hypotheses to be tested in the study are as follows:

- H1: Work motivation affects employee performance.*
- H2: Job satisfaction affects employee engagement.*
- H3: Motivation and job satisfaction through employee engagement affect employee performance.*

## 3. AIMS AND METHODOLOGY

The objective of this study is to prove empirically that motivation and job satisfaction can increase employee engagement and have implications for achieving optimal employee performance.

The stages of the study process were first carried out by collecting data according to the tested var-

**Table 1.** Research indicators

Variable	Indicator (manifest variable)
Motivation	MOT.1 Salary is sufficient for employee needs
	MOT.2 There is a transport allowance
	MOT.3 The availability of sick leave
	MOT.4 There is a health allowance
	MOT.5 Equipment is provided by the company
	MOT.6 Safe feeling at work
	MOT.7 Get along well with colleagues
	MOT.8 There is a sense of kinship with colleagues
	MOT.9 Desire to participate in every event together at the office
	MOT.10 There is an award for the best performing employee
	MOT.11 Praise from superiors if subordinates work well
	MOT.12 Bonus for high performance
	MOT. 13 Opportunity to participate in determining the company goals
	MOT.14 Duties by the ability of employees
	MOT.15 Opportunities to develop skills and abilities
Job satisfaction	JS.1 Work according to knowledge
	JS.2 Work as you wish
	JS.3 Interesting and fun work
	JS.4 Salary according to job
	JS.5 Overtime pay is in line with expectations
	JS.6 Salary on time
	JS.7 There is a policy regarding the promotion of answers
	JS.8 Promotion is fair and objective
	JS.9 Opportunities for career advancement according to expertise
	JS.10 There is always work supervision
	JS.11 There is feedback from superiors on the work done
	JS.12 There are suggestions/input if it is difficult to do work
	JS.13 Communication between colleagues is well established
	JS.14 Direct assistance to complete work on time
	JS.15 Colleagues provide support when facing difficulties at work
	JS.16 Condition of a comfortable workspace
	JS.17 Complete equipment tools for work
	JS.18 The state of lighting in a comfortable workspace
Employee engagement	EE.1 Have a high energy level in doing work
	EE.2 Strong will and try their best to finish the job
	EE.3 Do not give up easily in completing work
	EE.4 Persistent in doing the job to completion
	EE.5 Proud of work so it is difficult to leave this company
	EE.6 Always enthusiastic about work
	EE.7 Time flies quickly while working
	EE.8 Have a high concentration in doing work
	EE.9 Enjoyed carrying out work duties
Employee performance	EP.1 Deft at work
	EP.2 Thoroughly working
	EP.3 Completing work according to company quality standards
	EP.4 The quantity of work is according to the expected standard
	EP.5 Finish the job faster than the specified time
	EP.6 Not delaying work
	EP.7 Having skills in the field of work
	EP.8 Using skills for this job
	EP.9 Understand the task that must be done
	EP.10 Complete work according to a predetermined schedule
	EP.11 Responsible for the results of work
	EP.12 Be present on time at work



ables obtained through surveys. This study uses qualitative data quantified with a Likert scale of 1-5, with research variables consisting of motivation, job satisfaction, employee engagement, and employee performance. The following is an explanation of these variables. This study was conducted on IT companies in Indonesia, with respondents who are system developers who handle system development activities for a project or part of an ongoing project. The study was conducted from January 2020 to May 2020. The locations of the companies studied were Jakarta and Bandung. The number of respondents in this study was 103 IT developers who were carried out using the convenience sampling method. The analysis used is Partial Least Square (PLS) using SMART PLS Ver 3.0 software with independent variables of motivation and job satisfaction.

## 4. RESULTS AND DISCUSSION

The outer model test results are discussed in the following section which shows the outer loading value using the SmartPLS analysis tool.

### 4.1. Test validation

If the loading factor has a value above 0.5 for the construct in question, then the indicator is said to be valid. Table 2 shows the Smart PLS Output for the loading factor.

First, a discussion of the impact of indicators on each variable that has been determined is carried out. In the motivation variable, it can be seen that establishing good socialization with colleagues (MOT.7) has a greater influence on motivation by 0.765, and MOT.3 (presence of sick leave) has a small effect, namely 0.515. 2. At the point of job satisfaction, communication between colleagues that goes well (JS.13 = 0.754) has a major effect on job satisfaction, while the existence of objective promotion (JS.8 = 0.359) is the smallest point in improving job satisfaction. Employee involvement with a high concentration in doing work (EE.8 = 0.745) has a major effect on employee engagement, whereas EE.1 = 0.647. The high energy level in doing work is the lowest indicator in influencing employee engagement. Furthermore, the results of

**Table 2.** Factor loading and reliability

Indicators	Loading $\alpha$	Cronbach's alpha	Rho_A	Composite reliability	Average Variance Extracted (AVE)
EE.1	0.647	0.875	0.875	0.900	0.500
EE.2	0.724				
EE.3	0.720				
EE.4	0.669				
EE.5	0.738				
EE.6	0.662				
EE.7	0.729				
EE.8	0.745				
EE.9	0.741				
EP.1	0.728	0.850	0.865	0.875	0.475
EP.10	0.712				
EP.11	0.547				
EP.12	0.357				
EP.2	0.688				
EP.3	0.450				
EP.4	0.613				
EP.5	0.815				
EP.6	0.671				
EP.7	0.420				
EP.8	0.579				
EP.9	0.735				

**Table 2 (cont.).** Factor loading and reliability

Indicators	Loading $\alpha$	Cronbach's alpha	Rho_A	Composite reliability	Average Variance Extracted (AVE)
JS.1	0.631	0.900	0.900	0.925	0.400
JS.10	0.567				
JS.11	0.623				
JS.12	0.654				
JS.13	0.754				
JS.14	0.659				
JS.15	0.684				
JS.16	0.691				
JS.17	0.666				
JS.18	0.632				
JS.2	0.560				
JS.3	0.690				
JS.4	0.645				
JS.5	0.695				
JS.6	0.500				
JS.7	0.530				
JS.8	0.359				
JS.9	0.590				
MOT.1	0.705	0.875	0.875	0.900	0.425
MOT.10	0.663				
MOT.2	0.670				
MOT.3	0.515				
MOT.4	0.726				
MOT.5	0.677				
MOT.6	0.677				
MOT.7	0.765				
MOT.8	0.742				
MOT.9	0.654				

the analysis for each variable reflect that motivation has a positive effect on the formation of employee performance when compared to job satisfaction and employee engagement with a value of 0.437, then job satisfaction with a value of 0.319, and finally employee engagement of 0.193. According to Table 2, there is still an indicator effect on each variable below 0.5, namely:

1. JS.8 with a value of 0.359
2. EP.12 with a value of 0.357
3. EP.7 with a value of 0.420

After modifying the indicators, JS.8, EP.12, and EP.7 are no longer done. The value of the load-

ing factor of motivation increased to 0.459 for employee performance, while the value of work performance decreased to 0.301, and the value of employee engagement decreased to 0.176. However, to see discriminant validity Fornell-Lacker criterium values that are above 0.5, only employee engagement. Therefore, the variables tested other than employee engagement was not reliable or did not meet the criteria for convergent validity.

Table 3 states that the square root of the AVE for each construct has a value greater than the correlation value, so the construct of this research model is said to have good discriminant validity.

**Table 3.** Discriminant validity (Fornell-Lacker criterium)

Variables	Employee engagement	Employee performance	Job satisfaction	Motivation
Employee engagement	0.709	–	–	–
Employee performance	0.537	0.688	–	–
Job satisfaction	0.425	0.669	0.638	–
Motivation	0.507	0.741	0.640	0.683

## 4.2. Reliability test

The reliability test is useful for calculating the composite reliability value of the indicator block that measures the construct. The results of the composite reliability calculation get a satisfactory value if it exceeds 0.7. The composite reliability values for the output are shown in Table 4.

**Table 4.** Composite reliability

Variables	Composite reliability
Motivation	0.900
Job satisfaction	0.925
Employee engagement	0.900
Employee performance	0.875

The calculation results show that all variables meet the desired composite reliability value, which is above 0.7, which means that all variables are realistic.

**Table 5.** Cronbach's alpha

Variables	Cronbach's alpha
Motivation	0.875
Job satisfaction	0.900
Employee engagement	0.875
Employee performance	0.850

Table 5 shows the recommended value is above 0.6, where Cronbach's alpha > 0.6 and the lowest value is 0.850 meaning that it meets the desired criteria.

## 4.3. Structural model testing (inner model)

The estimated model meets the performance of the outer model, then the next step is to test the structural model (inner model). The value of R-Square in the construct is shown in Table 6.

**Table 8.** Summary of the structural model

Variables effect	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Job satisfaction → employee performance	0.030	0.032	0.027	1.109	0.268
Motivation → employee performance	0.070	0.072	0.032	2.173	0.030

**Table 6.** R-square

Variables	R Square	R Square Adjusted
Employee engagement	0.275	0.260
Employee performance	0.636	0.625

The results show that the variables of motivation and job satisfaction affect employee performance by 63.60%, while employee engagement is not very influential.

**Table 7.** Fit summary

Measurement	Saturated model	Estimated model
SRMR	0.103	0.103
d_ULS	11.035	11.035
d_G	6.047	6.047
Chi-Square	2345.830	2345.830
NFI	0.417	0.417

Hypothesis is accepted or rejected based on the significance value between the constructs, *t*-statistics, and *p*-values. With the test results, standard errors and measurement estimates are no longer calculated based on statistical assumptions but depend on empirical observations. In the bootstrap resampling method, the hypothesis is accepted if the significance value of *t*-value is greater than 1.96 and *p*-value is less than 0.05 then the hypothesis is accepted, and vice versa.

The results of testing the hypothesis of the influence of motivation (*H1*) and job satisfaction (*H2*) on performance are shown in Table 8. Table 8 shows that job satisfaction does not affect employee performance where the *t*-statistic value is 1.109 (< 1.96). The estimated value of the original sample is 0.030 that indicates the relationship between motivation and employee performance is positive. The probability value obtained is 0.268 (< 0.05). Thus, *H2* is rejected: there is no effect of



job satisfaction on employee performance. Table 8 shows that motivation affects employee performance where the  $t$ -statistic value is 2.173 ( $> 1.96$ ). The estimated value of the original sample is 0.070 that indicates the relationship between motivation and employee performance is positive. The probability value obtained is 0.030 ( $< 0.05$ ). So,  $H1$  is accepted: there is an influence of motivation on employee performance. Testing the effect of employee engagement mediation on performance ( $H3$ ) is shown by the structural model in Figure 3 where the value of  $t$ -statistics is based on the output with Smart PLS.

Based on Table 2, the results of the analysis show that the overall indicator value is above 5. Now

the indicator can influence the variable. First, for the motivation variable, the highest indicator is MOT.7, and the lowest is MOT.3. Second, regarding job satisfaction, the highest indicator is JS.13, and the lowest is JS.6. Third, for employee engagement, the highest indicator is EE.9, and the lowest is EE.4. Fourth, regarding employee performance, the highest indicator is EP.5, and the lowest is EP.11. So it can be said that motivation has a more significant influence on employee engagement when compared to job satisfaction. Then employee performance is more significant and positively influenced by motivation with a value of 6.972, then job satisfaction with a value of 3.619, and the smallest is employee engagement with a value of 2.274.

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## CONCLUSION

Empirical findings proved that the motivation variable has a positive effect on employee performance variables; on the other hand, job satisfaction does not have any impact. Motivation and job satisfaction have a positive and significant effect on employee performance. The direct involvement of workers does not affect employee performance, but mediating the effect through motivation and job satisfaction can significantly affect employee performance. The results of this study provide recommendations for company management, in increasing high employee engagement, employee motivation needs to be encouraged to be more active and innovative, and facilitate the achievement of desired results, reviews generate feedback, and performance improvement plans help employees develop skills that maximize their potential. The organization communicates expectations and encourages personnel behavior to achieve important goals for the development program so that personnel who have this passion can benefit from employee performance. Active employee involvement needs to be encouraged to provide job satisfaction and motivation according to employee expectations so that passion for work is high and performance achievement can be optimal.

## AUTHOR CONTRIBUTIONS

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Formal analysis: Endri Endri, Novita Herlisha.

Funding acquisition: Setyo Riyanto.

Investigation: Novita Herlisha.

Methodology: Novita Herlisha.

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Supervision: Setyo Riyanto.

Validation: Endri Endri.

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