

UDC 331

THE INFLUENCE OF WORK SATISFACTION AND MOTIVATION TOWARDS EMPLOYEES' PERFORMANCE OF XYZ CERAMIC COMPANY

Riani Nurul Fajar*, Hubeis Aida Vitayala, Kuswanto Sadikin

School of Business, Bogor Agricultural University, Indonesia

*E-mail: nurul.fajarriani@gmail.com

ABSTRACT

This study aims to know whether the variable of work satisfaction and motivation has a significant influence on employees' performance. The research is conducted in XYZ ceramic company which is a ceramic industry that produces glassware made from raw stoneware such as mug, ashtray, coffee set, etc. This study uses a quantitative approach with a questionnaire given to 101 employees of the company's production division. Data analysis used is *Structural Equation Modeling* (SEM). The results reveal that work satisfaction has a significant influence on motivation in which motivation has a significant influence on employees' performance. Work satisfaction has an insignificant effect on employees' performance. Work satisfaction has a significant influence on employees' performance through motivation. The company is expected to further improve employees' work satisfaction and motivation in order that the performance can keep increasing.

KEYWORDS

Work, satisfaction, motivation, employees, performance.

Ceramic industry in Indonesia is an industry that has grown for more than 25 years and is one of the leading industries with the availability of abundant raw materials. Indonesia is a country with the sixth largest ceramic production capacity in the world. The national ceramic industry which has good long-term prospects along with the growth of the domestic market is considered quite well and continues to increase (kemenperin.go.id).

XYZ Ceramic Company is one of the ceramic companies that produce glassware made from raw stoneware such as mug, ashtray, coffee set, and so forth. The company was founded in 2004 starting with four people which then develops as time goes by. The company has two supporting facilities: head office and factory. XYZ Ceramic Company produces its own goods without cooperating with other companies. In 2013, the company experienced a change in terms of profit and the amount of production as can be seen in the table below.

Table 1 – Profit and production amount of XYZ ceramics company in 2013-2016

| Year | Profit (Rupiah) | Production (pcs) |
|------|-----------------|------------------|
| 2013 | 1.793.407.014 | 1.927.074 |
| 2014 | 1.194.657.923 | 1.895.169 |
| 2015 | 1.181.622.778 | 1.855.544 |
| 2016 | 1.939.566.215 | 1.970.232 |

Source: *Financial statements of ceramics company XYZ year 2013-2016.*

In Table 1, in 2014, there was a significant decline in the company's profit from 2013; then in 2015, there was a decline again, and in 2016, it gained a significant increase. Furthermore, from 2013 to 2015, there was a decrease in the number of production and it increased again in 2016. The increase and the decrease of profit and the amount of production can occur due to internal and external factors of the company where one of them can come from human resources. In this case, work satisfaction and motivation factors are considered improving the performance of employees of XYZ ceramic company, as the research conducted by Lusri and Siagian (2017) stating that not only motivation factor that

needs attention, but also the factor that forms work satisfaction for the company to improve employees' performance.

XYZ Ceramic Company is included as a well-developed ceramic industry company. The company currently has 165 employees and has many business relations throughout Indonesia. Production process activities can take place because machinery, raw materials, and other equipment that cannot be processed without the help of human resources who are already experts and are competent in using it (Ismanto et al. 2014).

Some of the company's production processes is done using a special machine for printing ceramics. Nevertheless, the role of human resources remains a key factor. Errors in the production process may occur and will result in defective products. Defective products are products that do not conform to the quality standards set by the company. The following is a graph of the number of defective ceramic products shown in Table 2 below.

Table 2 – The Number of Defective Products

| Year | Defective Product (Rupiah) |
|------|----------------------------|
| 2013 | 24.719 |
| 2014 | 73.630 |
| 2015 | 57.249 |
| 2016 | 96.170 |

Source: Production report of XYZ ceramic company in 2013-2016.

From the graph in Figure 1, it can be seen that the number of defective products has increased significantly in 2014 from 2013, then it decreased again in 2015, and it gained a significant increase in 2016. The decrease in the number of defective products is assumed to have occurred due to errors in the production process using the machine and also the fault of its human resources. This factor will absolutely affect the profit and the amount of production company.

Based on the background and existing problems, the increase and the decrease of the number of defective products may occur due to errors by negligent employee on the job. These conditions may occur due to lack of work satisfaction and motivation in employees. Employees working in production division will not be separated from the monotonous work every day. The saturation of their work is considered normal resulting in negligence on the job. Thus, it will be a threat to the company because it will degrade product quality and the level of consumer trust to the company.

LITERATURE REVIEW

Work satisfaction is a condition of emotional satisfaction from a person's assessment of his work or work experience (Colquitt et al. 2013). According to Robbins and Judge (2008), work satisfaction is a feeling of every individual that can generally be associated with work. The existence of positive and negative feelings of the work is a process of internal evaluation from within a person, so that work satisfaction can create a feeling that can cause pleasure or displeasure that can only be felt by the individual himself to his work. Robbins and Judge (2015) argue that someone with a high level of work satisfaction has a positive feeling to the job; while a person who is dissatisfied has a negative feeling to his work.

Rivai and Sagala (2010) mention that work satisfaction is basically something that is individual. Each individual has a different level of satisfaction, in accordance with the value system that applies to him/her. The higher the assessment of the activities perceived in accordance with the expectation of individuals, the higher the satisfaction of these activities. Thus, satisfaction is an evaluation that describes a feeling of pleasure or displeasure, satisfaction or dissatisfaction in work.

Motivation on employees can be formed from attitude that is owned in facing work situations in the company (situation). Motivation is the condition or energy that moves the targeted employees to achieve the organization's goals. A pro and positive employee's mental attitude towards work situation will strengthen employee's work motivation to achieve

maximum performance (Mangkunegara 2010). Mangkuprawira and Hubeis (2007) considers the motivation as the heart of employee management. Without motivation, success in doing something will not work either from the manager or from the employees themselves.

Basically, motivation can boost employees to work hard so that the goal can be achieved. It is certainly going to improve employee work productivity so that it will affect the achievement of company's goals (Rivai and Sagala 2010). The main benefits of motivation in a organization is to create a passion for work, so that productivity work automatically will increase. Something if done because of the encouraging motivation will make a person satisfied to do his job (Arep and Tanjung 2003).

Performance management is a process of achieving better performance by optimizing the elements that can affect them further (Mangkuprawira and Hubeis 2007). It is a management style in managing performance-oriented resources through open and sustainable communication processes by creating shared vision and strategic as well as integrated approaches as a driving force to achieve goals (Wibowo 2007). The nature of performance management is how to manage all organizational activities to achieve organizational goals that have been set before.

According to Mangkuprawira (2011), performance is the result of work that can be achieved by a person or group of people within a company in accordance with the authority and responsibility of each in the effort to achieve company objectives legally, not violating the law, and not contrary to moral and ethics. Hence, the performance can be stated as the real behavior that is shown by every person as a work performance achieved in accordance with the role in the company (Rivai and Sagala 2010).

METHODS OF RESEARCH

This research uses quantitative approach research design. The place of research is conducted in XYZ ceramic company with the focus of research is on the production of the company. This type of research is descriptive research using survey method. The number of samples used is 101 respondents taken using simple random sampling method. The data used in this study are primary data and secondary data. Primary data is taken from the first source of questionnaires given to company employees and secondary data is taken from the company's financial statements from 2013 to 2016, literature materials, online media, and literature relevant to the research. The research is completed with qualitative data obtained from information through interviews with respondent leader.

Processing technique and data analysis in this study utilize Likert measurement scale. The weighting of answers to questionnaires uses the likert scale of three points, namely agree, less disagree, and disagree with the aim that the respondents are more specific in choosing an answer. The criteria range analysis is used to know the respondent's attitude toward the variables described in the form of statement in the questionnaire. The criteria range measurement index can be seen in Table 3 below. The method of analysis used in this research is SEM (*Structural Equation Modeling*) processed using LISREL Software Version 8.80.

Table 3 – Range of Assessment Criteria

| Year | Defective Product (Rupiah) |
|------|----------------------------|
| 2013 | 24.719 |
| 2014 | 73.630 |
| 2015 | 57.249 |
| 2016 | 96.170 |

Conceptual Framework

This study will examine the influence of motivation and work satisfaction in shaping employees' performance. Based on the result of previous theoretical and research studies on work satisfaction and motivation on performance, a research framework can be formed as a basis for this research. The research framework is developed based on several existing

theories and also based on the previous ones which have been discussed in the previous chapter. Indicator on the motivation variable uses the reference proposed by Mangkunegara (2010). Furthermore, for work satisfaction, the variables utilizes the reference proposed by Rivai and Sagala (2010) and employee performance variables use the reference proposed by Build (2012). The research framework can be seen in Figure 1 below.

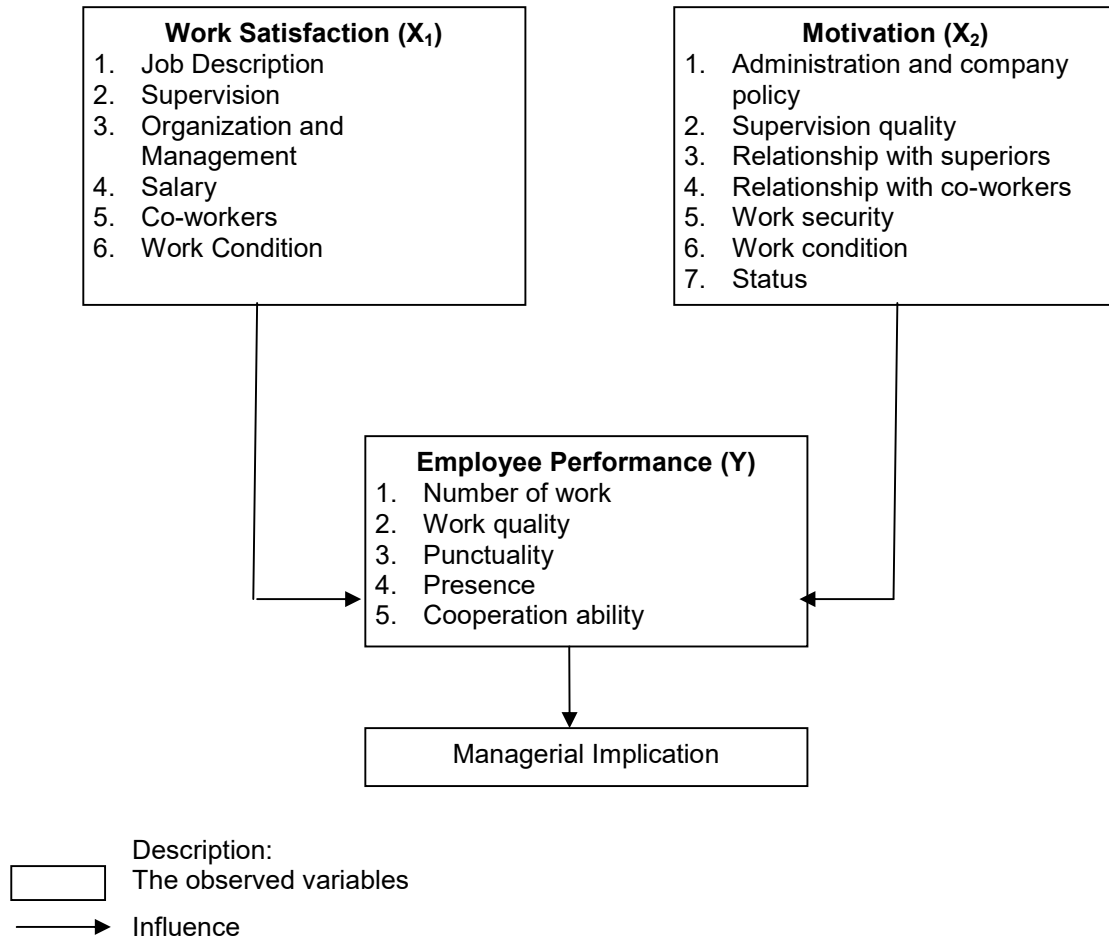


Figure 1 – Framework of research

Based on the above framework, the hypotheses in this study are as follows:

- H₁: Work satisfaction has a positive influence on motivation.
- H₂: Motivation has a positive influence on employees' performance.
- H₃: Work satisfaction has a positive influence on employees' performance.
- H₄: Work satisfaction has an indirect influence on performance through motivation.

RESULTS AND DISCUSSION

Respondent Characteristics. From the results of the study using questionnaires, the characteristics measured in this study are gender, age, education level, employee work unit, and working period. The results are the respondents who are employees of the production division are dominated by female of by 56.44% and male of 43.56%. The dominant age of respondents is in the age group of ≤ 25 years of 44.55%, followed by the age of 26 - 30 years of 27.72%, age of 31-35 years of 11.88%, and age > 35 years of 15.84%. In addition, the last education respondents are dominated by junior high level of equal to 53.47% and senior high school level of 46.53%. The work unit is dominated by the forming and printing or outboarding division of 29.70%, followed by warehouse division of 14.85%, 10.89% for combustion division, coating and raw material division of 5.94%, admin division of 1.98%,

and model division of 0.99%. The working period of the respondents is dominated by employees who have been working for ≤ 2 years of 50.50%, followed by 3 - 5 years working period of 29.70%, and the working period > 5 years of 19.80%.

Employees' Work Satisfaction of XYZ Ceramic Company. Work satisfaction of company employees based on 101 respondents is in a good condition. It is based on the results of research showing the average job satisfaction of 2.62 and the average is located in the range criteria of 2.41 - 3.00 which means that the level of work satisfaction is in good criteria. The order of work satisfaction when viewed from the highest order to the lowest is supervision, organization and management, job description, co-workers, work condition, and salary. The respondents are satisfied with the company's supervision. The respondents state that the superiors always keep an eye on every ongoing activity at the factory. Thus, if there are problems in the production process, it can be directly resolved and discussed with the superiors.

Employees' Motivation of XYZ Ceramic Company. The motivation of company employees based on 101 respondents is a in good condition. It is based on the results of research that shows the average motivation of 2.53 and the average is in the range criteria of 2.41 - 3.00 which means that the level of motivation is in good criteria. The respondents' attitudes from the highest to lowest score are the relationships with colleagues, the quality of supervision, the relationship with superiors, status, working condition, administration and policy, and work security. The relationship of respondents with colleagues is manifested in form of not hesitating to give a hand each other when in need. Thus, the respondents feel more motivated to do their work and will have an influence on performance improvement.

Employees' Performance of XYZ Ceramic Company. Performance of company employees based on 101 respondents is in good condition. It is based on the results of research revealing the average of employees' performance of 2.74 and the average is in the range criteria of 2.41 - 3.00 which indicates that the level of employee performance is in good criteria. The attitudes of respondents from the highest to the lowest score are the ability of cooperation, punctuality, attendance, number of jobs, and quality of work. The respondents can work with colleagues in completing their duties for company purposes, and the respondents always give ideas to colleagues to complete the work. Cooperation in the team is needed in the company for the achievement of company targets.

SEM Test Results. The existing model on SEM is a measurement model through *Loading Factor* interconnecting between latent variables with observed variables. Figure 2 shows that the model has reached a high level of conformity. It can be seen on the value of *p-value* of 0.08447 and RMSEA value of 0.047. Therefore, it can be stated that the SEM model that has been made has achieved *Goodness of Fit* which is good. In other words, the model does not need to be re-modified.

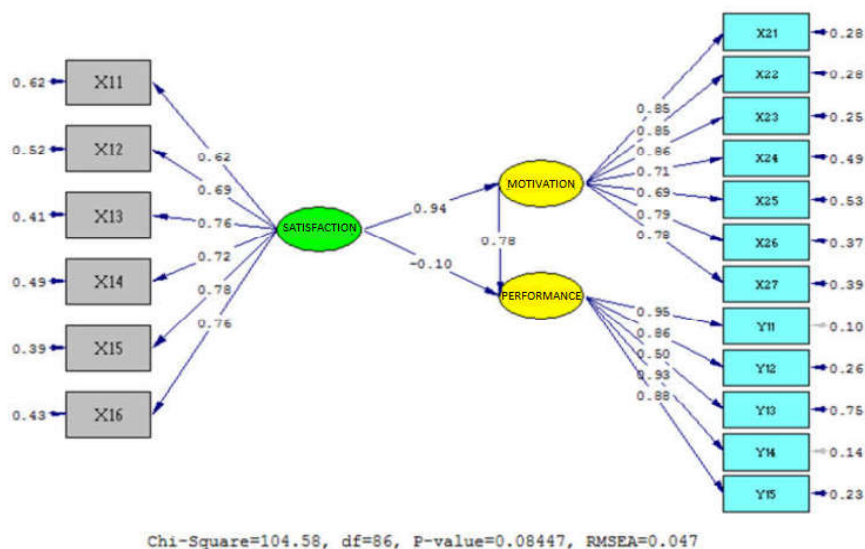


Figure 2 – Path diagram of structural model and *loading factor* value

Each variable has indicators that each has different weight values. The higher the value of the weight, the greater influence on variables. When viewed from the path diagram, the work satisfaction variable that has the greatest influence is the co-worker with the coefficient value of 0.78, followed by organization and management, working conditions, salary, supervision, and job description. The most influential variable of motivation is the relationship with the superiors and the path coefficient value of 0.86, followed by the quality of supervision, administration and policy, working condition, status, relationships with co-workers, and work security. Furthermore, the last variable which is the most influential employee performance is the number of jobs with the coefficient value of the path of 0.95, followed by the presence, ability of cooperation, quality of work, and punctuality. To see and to know how the significance of all coefficients, then t test statistic is provided in Figure 3 below.

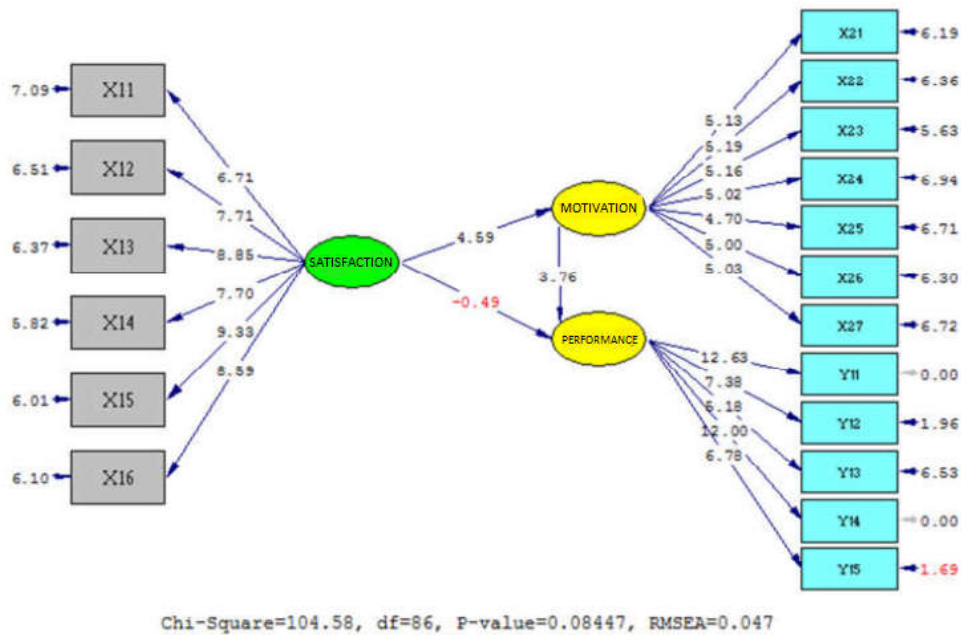


Figure 3 – Result of *t value* model structure

Figure 3 shows that there are two black lines and one red line. The black line indicates that the value obtained is more than the t-count value of 1.96 which is the t-critical value with the real level of 0.05 (5%). Thus, it can be concluded that the two black lines are significant. While the red line indicates that the value is not significant.

Hypothesis Test. Data processing using SEM shows *path diagram* results which is the result of hypothesis testing summarized in Table 4.

Table 4 – Testing hypothesis Conclusion

| Hypothesis | Loading Factor | t-count > 1.96 | Conclusion |
|--|----------------|-----------------|---------------|
| Work satisfaction → Motivation | 0.94 | 4.59 | Significant |
| Motivation → Performance | 0.78 | 3.76 | Significant |
| Work satisfaction → Performance | -0.10 | 0.49 | Insignificant |
| Work satisfaction → Motivation → Performance | 0.74 | 3.42 | Significant |

The Influence of Work Satisfaction on Motivation. From the result of t-test between work satisfaction variable and motivation, t-count of 4.59 obtained. It is known that if the value of t-count > t-table, then H_1 is accepted. The results of the hypothesis reveal that work satisfaction has a direct positive significant influence on motivation of 0.94, which means the better work satisfaction will significantly increase motivation in employees. It is in line with the research conducted by Ismail and Razak (2016) stating that there is a significant influence between work satisfaction and motivation.

The Influence of Motivation on Employee Performance. From the result of t-test between motivation variable and employee performance, t-count of 3.76 is obtained. It is known that if the value of t-count > t-table, then H_2 is accepted. The result of the hypothesis shows that the motivation has a significant positive direct influence on employee performance of 0.78, which indicates that the higher motivation will improve the employee performance. It is similar to that of Shahzadi *et al.* (2014) suggesting that there is a positive and a significant influence between employee motivation and performance.

The Influence of Work Satisfaction on Employee Performance. From the result of t-test between work satisfaction variable and employee performance, t-count of 0.49 obtained. It is known that if the value of t-count > t-table, then H_3 is rejected. The result of hypothesis reveals that work satisfaction does not directly affect employee performance of -0.10, which means that there is a negative relationship between work satisfaction on employee performance. Therefore, in this case, work satisfaction does not have effect on performance but motivation has a stronger influence on employee performance. It is similar to the research which has been done by Larasati (2017) stating that work satisfaction does not have influence on employee performance in the research.

Work satisfaction significantly influences indirectly employee performance through motivation with t-count of 3.42. It is known that if the value of t-count > t-table, then H_4 is accepted. The result of the hypothesis shows that work satisfaction has an indirectly significant positive influence on employee performance through motivation of 0.74. In this case, with a high motivation on employees, it will increase employees' work satisfaction which will then also affect the increase in employees' performance.

When viewed from the working condition of employees in the production division, dissatisfaction at work may occur. The results of interviews with employees show that the saturation of the work cannot be avoided by them. Workplace and income also cause other lack of work satisfaction in employees. Thus, satisfaction in work cannot lead to improve employee performance. A person with a high level of work satisfaction has a positive feeling about the work, while an unsatisfied person has negative feelings about the work (Abidin 2010).

CONCLUSION

Based on the results of the research analysis explained in the previous chapter, it can be concluded that:

The work satisfaction of XYZ ceramic company employees is in good condition. Work satisfaction influenced by the job description, supervision, organization and management, and co-workers with good category indicating that employees have high work satisfaction while satisfaction on salary and working conditions which are in the worst category indicating that employees are less satisfied with the salary and work that they get.

The motivation of XYZ ceramic company employees is in good condition. There are five indicators that have a level of motivation in either category, such as the quality of supervision, relationships with superiors, relationships with co-workers, working conditions, and status; while the administration and policy indicators, and work security are in poor category which means that employees are less motivated if the two factors are not fixed by the company.

The employee performance of XYZ ceramic company is in good condition. There are five indicators on employee performance variables, including the number of jobs, job quality, punctuality, attendance, and cooperation skills. All of these indicators are in good category, so that the employee's performance in the company is in good condition.

Work satisfaction has a significant influence on the employees performance of XYZ ceramic companies. It shows that the level of work satisfaction in employees can improve employees' performance.

Motivation has a significant influence on the employees performance of XYZ ceramic company. It reveals that the level of motivation in employees can improve employees' performance.

Work satisfaction does not have significant influence on the performance of XYZ ceramic company's employee. Therefore, in high and low satisfaction situation, XYZ ceramic company employees will remain motivated and can still provide a good performance.

Work satisfaction has an indirectly significant influence on performance through motivation. It shows that if work satisfaction and motivation improved again, it will further improve employees' performance.

SUGGESTIONS

It is suggested to further research to be able to involve all employees of XYZ ceramic company. Hence, the company can know more widely about how the level of work satisfaction and motivation that will affect the performance of company employees. Further research is also expected to add and to use other indicators in order to measure employees' satisfaction and motivation.

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