Determinant of Employee's Satisfaction in Public Companies

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This study aims to analyse the direct and indirect effects of antecedent variables on employee job satisfaction. This study included 272 respondents from two regional government-owned companies in the distribution of drinking water in the Bogor region. The study was conducted from April 2018, and until May 2019. The analysis was carried out using the Structural Equation Modelling Partial Least Square (SEPLS) method on employee job satisfaction variables as endogenous variables, and organisational culture variables and work environment as exogenous variables. The results of the study show that the organisational culture variables, directly and indirectly, have a significant effect on the endogenous variables of employee job satisfaction. The endogenous variables of the work environment positively and significantly affect the employee job satisfaction variable. The limitations of this study are only using two exogenous variables to determine employee job satisfaction. The implications of the results of this study, suggest that companies need to develop the attributes of organisational culture and work environment that can improve employee job satisfaction. Employee satisfaction that is connected with the feelings of employees, requires a separate treatment from the leadership of the company. This can be done through creating a better working environment and building habits that lead to increased employee satisfaction. The novelty in this study is to explain the relationship between the exogenous and endogenous variables of employee job satisfaction using the variant-based SEM and research conducted in public companies.

Keywords: Employee job satisfaction, Organisational culture, Work environment, Structural equation modelling.
Introduction

The development of Regional-Owned Enterprises (BUMD) shows problems in several areas with unhealthy conditions and poor performance (Sukmana & Firmansyah, 2014, pp. 48–69). The Darsa et al. study (2015, pp. 1–9) also shows the problems of BUMD in several regions. Likewise, with Siswadi's statement (2012, p. 9), the carrying capacity of asset ownership and large scale businesses owned by BUMD, such as Regional Water Companies (PDAMs) and Regional Development Banks (BPD), cannot fully contribute to Regional Original Income (PAD) significantly. This can be caused by the wrong viewpoint on bureaucratisation in BUMD so that BUMD operations become less professional. This shows that supervision of BUMD operations is still minimal. The strategic role of BUMDs requires that they are able to perform public services as well as possible and strive to be able to contribute to PAD.

The quality of public services is determined by several factors. One of these factors is employee job satisfaction. Feeling satisfied and dissatisfied can determine how employees work. Satisfaction encourages employees to do their best in carrying out their duties. Feelings of dissatisfaction have the potential for low performance and the potential for workplace accidents. Job satisfaction has an influence on many other factors in the organisation. These influences can affect individual employees and potentially affect the entire organisation. Labour turnover, absenteeism, and tardiness are just a few examples of how employee job satisfaction influences these factors. Organisationally, massive dissatisfaction has the potential to decrease employee performance in the form of declining service quality, declining sales, and so forth.

Thus, it is important to observe the factors that can form feelings of satisfaction and dissatisfaction from employees.

Literature

Employee job satisfaction is a consequence of experience related to many factors concerning employees. The definition of employee job satisfaction relates to employee feelings as a result of job characteristics (Robbins & Judge, 2013, p. 74), and employees' feelings for their work as a result of assessing everything related to the job (Locke, 2009, p. 107).

In the employee satisfaction survey instrument using a questionnaire from the Minnesota Satisfaction Questionnaire (MSQ), the MSQ employee satisfaction is divided into three parts: intrinsic, extrinsic, and overall employee satisfaction. Intrinsic is directly related to the work of the employee, and extrinsic is related to the environmental matters that are in the job (Saner & Eyupoglu, 2015). The results of the Japanese Society for Apheresis study show that on the dimensions of self-actualisation, work demands and workload are suggested as
determining factors for the overall level of employee satisfaction (Gu & Itoh, 2015). The dimensions that determine job satisfaction are also analysed in Malaysia, where the results show that there are several variables that significantly influence job satisfaction, namely: motivation, social interaction, employee characteristics, organisational environmental characteristics, organisational perception, and disturbing factors (Izvercian et al., 2016).

Organisational culture can be defined as an assumption that is shared and studied by a group, and which uses it to solve problems in adaptation to external and internal integration. It runs well to be considered and then taught to new members in terms of the correct way of perception, thinking, and feeling related to the problem (Schein, 2010, p. 18), shared values, principles, traditions and ways of doing things that affect the way members of the organisation act (Robbins & Coulter, 2012, p. 52), what employees perceive, and how these perceptions shape trust, value, and hope (Gibson, 2011, pp. 31–32). It is a set of assumptions that are implicitly shared in an organisation, with which they make perceptions, think and react to various environments (Kinicki & Fugate, 2016, p. 480). Furthermore, it is a set of values, norms and guidelines for trust and understanding shared by members of the organisation and taught to members as a way of thinking right, feeling, and belonging to each other (Daft, 2010, p. 374).

Based on the Organizational Culture Assessment Instrument (OCAI), there are four types of organisational culture: hierarchic (bureaucratic) culture, market culture, clan culture, and adhocratic culture (Zavyalova & Kucherov, 2010). The characteristics of organisational culture according to Ghosh (2014) consist of seven characteristics, namely: trust, openness, freedom to experiment, individualism (versus collectivism), attitude towards constructive dissent, participation, and result orientation. The results of the Bavik Ali study (2014) found that there are nine factors that determine organisational culture: level of cohesiveness, ongoing-onboarding, work norms, social motivation, guest focus, human resource management practices, communication, innovation, job variety.

A work environment is a number of relationships that exist between employees and employers and the environment in which employees work, including technical, human, and organisational environments (Oludeyi, 2015). Jain and Kaur categorise the work environment into three parts: the physical work environment, mental work environment, and social work environment (Jain & Kaur, 2014).

The dimensions in the work environment are the social-organisational work environment and the physical work environment (Dul & Ceylan, 2011), the physical environment and social environment (Foldspang et al., 2014), and work and context (Raziq & Maulabakhsh, 2015). The work environment consists of three parts, namely the physical work environment, psychological work environment, and the social work environment (Kafui Agbozo, 2017).
The work environment involves many variables that can significantly influence organisations, including the immediate task environment, the national environment scene, and the international environment (Odedina et al., 2011). A work environment consists of four dimensions: demand scales (quantitative demands); work organisation scales (influence, possibilities for development, meaning of work, commitment to the workplace); interpersonal relations and leadership scales (rewards, role clarity, role conflict, quality of leadership, social support from supervisors, social support from colleagues, social community at work); and work-individual interface scales (job insecurity, work-family conflict) (Zábrodská et al., 2014). In Malaysia, five dimensions were developed to measure the work environment: physical and social; social support from co-worker and top management; decentralised organisation structure, teamwork, parallel structures and quality circles, and ethical corporation culture; working hours, compensation and benefits; and physical, cognitive, emotional resources and demands related to work (Razak et al., 2016).

Research Methods

The study took place from April 2018 until April 2019, involving 272 permanent employees in Regional Owned Enterprises (BUMD) in the Bogor region. The Structural Equation Modelling (SEM) analysis was based on variants. The VB-SEM focussed on variants of the dependent variable when describing the model. Based on what is conveyed by Hair related to the rule of thumb (Hair, 2014, p. 19), the VB-SEM or Partial Least Square SEM method will be used in the next analysis phase. The collection of data was carried out directly from respondents through questionnaire instruments related to the variables in the study. The variables contained in the questionnaire are organisational culture, work environment, and employee job satisfaction. In the unidimensional first order construct, the direction of the relationship is reflective between the latent variables and indicators where the entire relationship is recursive. The dimensions in this research variable are developed from various sources, as evidenced in Table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Dimension</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>Hygiene factors and motivator factors, Hertzberg</td>
<td>Robbins &amp; Judge, 2013, pp. 204–205</td>
</tr>
<tr>
<td>Work Environment</td>
<td>physical environment and social environment</td>
<td>Bojadjiev et al., 2015</td>
</tr>
</tbody>
</table>

The dimensions in the study are explained through indicators, as shown in Table 2.
The number of respondents was 272, divided into two regions. The first region comprised 127 respondents, where 72 were male and 55 were female. The remaining 145 respondents formed the second region, which consisted of 97 male respondents and 48 female respondents.

The next analysis is the Structural Equation Model test of exogenous variables and endogenous research variables.

**Table 2: Research Indicators**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Dimension</th>
<th>Indicators</th>
<th>Number items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>Hygiene factors</td>
<td>Company policies, supervision, interpersonal relations, work conditions, salary, status, job security.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Motivator factors</td>
<td>Achievement, recognition, work itself, responsibility, advancement, and growth.</td>
<td>8</td>
</tr>
<tr>
<td>Organisation Culture</td>
<td>Visible culture</td>
<td>Document, aesthetics, language, and equality.</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Espouse values</td>
<td>Communication, and decision-making.</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Core values</td>
<td>Vision, mission, jargon, and work ethic.</td>
<td>5</td>
</tr>
<tr>
<td>Work Environment</td>
<td>Physical environment</td>
<td>Environment, ventilation, safety tools, lighting, and equipment.</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Social environment</td>
<td>Recognition, work itself, growth opportunities, employee relations, supervision, reward system, corporate values, responsibility, feel positive, equality, and core values.</td>
<td>11</td>
</tr>
</tbody>
</table>

Testing is done through two stages, namely the measurement model (outer model), and structural equation testing (inner model). The outer model includes testing the outer loading, Average Variance Extracted (AVE), and composite reliability (Cronbach’s Alpha). The inner model testing is completed by looking at the R square value (goodness fit model), path coefficient, and significance two-tail.
The outer loading test results are shown in Table 3, showing that all indicators have an outer loading value of >0.6. Thus, seven items are used to explain the variables of organisational culture, eleven items are used for the variable of job satisfaction, and eight items are used for work environment variables.

The convergent validity test is used to identify the correlation between the latent variables and indicators. The criteria in this test is the greater the correlation value (original sample), the better the relationship between the indicator and the latent variable.

From Table 4, it is known that all variable forming indicators are AVE >0.5. This shows that all indicators are valid and can be used for the next research phase.

### Table 3: Valid Items with Outer Loading > 0.6

<table>
<thead>
<tr>
<th>Item</th>
<th>Organisation Culture (OC)</th>
<th>Item</th>
<th>Satisfaction (SAT)</th>
<th>Item</th>
<th>Work Environment (WE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC_10</td>
<td>0.7515</td>
<td>SAT_1</td>
<td>0.6071</td>
<td>WE_10</td>
<td>0.7908</td>
</tr>
<tr>
<td>OC_13</td>
<td>0.7634</td>
<td>SAT_10</td>
<td>0.7595</td>
<td>WE_13</td>
<td>0.7624</td>
</tr>
<tr>
<td>OC_14</td>
<td>0.7296</td>
<td>SAT_11</td>
<td>0.754</td>
<td>WE_14</td>
<td>0.7182</td>
</tr>
<tr>
<td>OC_15</td>
<td>0.6038</td>
<td>SAT_12</td>
<td>0.8307</td>
<td>WE_15</td>
<td>0.7792</td>
</tr>
<tr>
<td>OC_16</td>
<td>0.7059</td>
<td>SAT_13</td>
<td>0.6351</td>
<td>WE_16</td>
<td>0.7084</td>
</tr>
<tr>
<td>OC_5</td>
<td>0.6542</td>
<td>SAT_14</td>
<td>0.7469</td>
<td>WE_17</td>
<td>0.7236</td>
</tr>
<tr>
<td>OC_9</td>
<td>0.7592</td>
<td>SAT_15</td>
<td>0.6952</td>
<td>WE_8</td>
<td>0.7568</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAT_16</td>
<td>0.8241</td>
<td>WE_9</td>
<td>0.7189</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAT_17</td>
<td>0.8251</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAT_6</td>
<td>0.7359</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAT_8</td>
<td>0.7527</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4, it can be seen that the Cronbach alpha value of all variables is >0.7. Therefore, all variables are reliable and they can be used for the next research phase. Reliability can also be used with composite reliability, where the value of composite reliability will be greater than Cronbach’s alpha. Table 4 shows that all variables have a composite reliability > Cronbach’s alpha value. Thus, measurement with composite
reliability shows all variables have a high reliability and can be used for the next research stage.

The inner model analysis uses R square (goodness fit model), path coefficient, and indirect effect. The calculation results in Table 4 show that the endogenous variables are the employee job satisfaction variable influenced by organisational culture variables and work environment variables of 75.62 per cent. The endogenous variables of the work environment are influenced by organisational culture by 56.3 per cent.

The path coefficient of structural equations can be found through the values of T stat and P Values. Table 5 shows that all paths have a positive and significant influence that has a value of T count >1.96, and P-value <0.05. This shows the influence of organisational culture on employee job satisfaction, the influence of the work environment on employee job satisfaction, and the influence of organisational culture on the work environment.

**Table 5: Path Coefficient**

| Path                  | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) | T Statistics (|O/STERR|) |
|-----------------------|---------------------|-----------------|----------------------------|------------------------|----------------|
| Organisation Culture->Job Satisfaction | 0.1485 | 0.153 | 0.047 | 0.047 | 3.1596 |
| Organisation Culture->Work Environment | 0.7504 | 0.7536 | 0.0363 | 0.0363 | 20.6838 |
| Work Environment->Job Satisfaction | 0.7526 | 0.7496 | 0.0437 | 0.0437 | 17.2415 |

**Discussion**

The results showed that the influence of organisational culture on employee satisfaction has a significant positive and weak influence. This is caused by the average score of the indicators of the organisational culture variables being substantially below the average value of the total score of the organisational culture variables. Meanwhile, the indicators of the employee job satisfaction variables that have scores below the average total score are: job suitability with expertise; the process of improving employee status from before; from non-permanent to permanent; opportunity given by the company to employees for achievement; encouragement of company leaders to employees in improving achievement; company recognition of your achievements or work results; suitability of work with employee expertise; opportunities given by the company to get your development and progress; and career advancement in accordance with your expertise.
The results of this study support the results of other studies (Bigliardi et al., 2012; Biswas, 2015; Dimitrios et al., 2014), which state that there is a significant relationship between the organisational culture and employee job satisfaction variables.

Bigliardi's research uses the literature review method, delineation technique, and case study, using 24 indicators of organisational culture and 20 indicators of job satisfaction. The informants in this study were four academics and 20 practitioners. The conclusion of the study was that organisational culture positively influences job satisfaction. Thus, there is a similarity between Bigliardi's research and this research, although there are differences in the research methods used.

Biswa, in his research conclusion, stated that adhocracy culture or innovation culture has the potential to positively correlate with job satisfaction. The method used by Biswas was literature review. Thus, Biswas's research also has differences with the current research in terms of the methods used. Biswas research can be considered as an exploratory study whose conclusions are still in the form of findings of problems. Therefore, it is necessary to conduct further research using a conclusive research design.

Dimitrios’ research used a questionnaire instrument in its causal research design that was distributed to 100 respondents. The analysis in this study used multiple correlations where the independent variables were demographic characteristics, such as age, gender, education level, work experience, monthly rewards, and responsibilities within the company, as well as organisational culture variables using clan culture, adhocracy culture, market culture dimensions, and cultural hierarchy. The dimensions of job satisfaction that are used are rewards, promotion, supervision, benefits, anticipated benefits, working conditions, colleagues, nature of work, and communication. The dimension of organisational culture used is a type of organisational culture according to the Organizational Culture Assessment Instrument (OCAI) cited by Zavyalova (2010). Thus, the type of organisational culture does not describe the dimensions that shape organisational culture. Another difference is the dimensions or the indicators of the job satisfaction variables used. Dimitrios uses dimensions conveyed by Spectra, while this study uses dimensions according to Herzberg (hygiene and motivator factors). The insignificant influence of organisational culture can be caused by the presence of other variables that significantly influence job satisfaction. These variables include organisational variables and personal variables. Organisational variables consist of organisational variables and personnel or individual variables. Organisational variables consist of organisational development, benefits and compensation policies, promotion and career development, job security, work environment and working conditions, relationships with supervisors, work groups, leadership styles, and other factors. Individual variables consist of personality, expectations, age, education, and gender (Sageer et al., 2012).
By comparing the three studies above with this research, it can be said that there are differences in terms of the methods (Bigliardi and Biswas), and the current study has the same research design with Dimitrios’ study, but it differs in the use of indicators as parameters to measure organisational culture and employee job satisfaction.

The original sample value shows that the influence of the work environment on satisfaction shows a strong influence. This influence can also be interpreted that the work environment significantly and positively influences employee job satisfaction at a 95 per cent confidence level. The results of the study show there are similar conclusions of research from several researchers (Bojadjieva et al., 2015; Pitaloka & Sofia, 2014; Tio, 2014).

This study is in line with the research of Bojadjieva, where the work environment has a positive and significant effect on job satisfaction, and where work itself is the most significant factor. Thus, this study strengthens the results of Bojadjieva's research because the indicators in this study use the indicators compiled by Bojadjieva. However, Bojadjieva's research only focuses on indicators of the social work environment and does not include the physical environment.

Tio, in his study using regression analysis, showed the same results as this study. The difference lies in the dimensions used. Namely, the physical environment, human environment, and organisational environment. Wherein, the physical environment and the human environment positively and significantly affect job satisfaction. Meanwhile, the current study uses the dimensions of the physical environment and social environment.

The human environment in Tio's research has indicators that are similar to the dimensions of the social environment in the current study. One indicator is the organisational environment in Tio's research. The organisational culture in this study is separated from the work environment into its own exogenous variables. Thus, there are differences in the data analysis methods of Tio's research with the current research. In Tio’s study a regression analysis was used, while this study used the SEM analysis based on variance.

Research by Pitaloka and Sofia shows the same results as this study: work environment variables significantly influence employee job satisfaction. The work environment variables in the Pitaloka and Sofia research study uses indicators of space and facilities, fair treatment, communication climate, rules, and procedures at workplaces. Job satisfaction variables are measured using the job itself indicator, relationship with other employees, and promotional opportunities. Thus, there are differences in the indicators used in the Pitaloka and Sofia research compared to this study.
The organisational culture variable, which has the lowest mean value of 3.63, is the compensation received by employees with the performance achieved by employees. This can indicate that there is a feeling of injustice between the compensation received and the compensation or compensation obtained. The compensation in question includes all that the employees have received from what the employees have given to the company. The indicators of your company's document management system; the technology used in managing company documents; the suitability of the quality of the furniture used with the needs of the job; compensation received by employees with the performance achieved by employees; communication activities between superiors and subordinates; quality of corporate strategic decision making by leaders company; and the effectiveness of statements regarding jargon (special terms) in the drinking water industry, in particular, needs to be improved and given special attention. Some alternatives recommended are through orientation for new employees in a comprehensive vision, mission, and goals. Furthermore, orientation can also be given to old employees and employees who are promoted or occupy new positions or new levels, to provide refreshment related to the vision, mission, and goals of the company. As a regional government-owned company, the company needs to carry out strategic policies to build the corporate culture, especially in the dimensions of visible culture, espouse values, and core values.

The work environment variable with the lowest mean value of 3.72, is an opportunity item to develop a career in a regional company on the social environment dimension. The lowest mean value indicates that there are problems in employee career policies, so it is perceived as the lowest average value. Thus, improvements in the career system of employees need to be done. The work environment variables on indicators of cleanliness outside office buildings, ventilation, safety equipment, quality and completeness of work, recognition and fairness, suitability of work with expertise, career development opportunities, supervision, reward systems, fairness in responsibility, and company operations require policies which can improve the performance of these indicators. These indicators are in the dimensions of the physical environment and social environment, which has an average value below the total average. Regional companies are recommended to improve the performance of these indicators because this will significantly affect employee job satisfaction. The creation of a work environment in the physical work environment and social environment will foster employee job satisfaction.

In the variable of employee job satisfaction, policies are needed on indicators that have an average value lower than the total average. These indicators are the suitability of work with expertise; the process of improving employee status from before; from non-permanent to permanent; opportunities given by the company to employees to excel; encouragement of company leaders to employees in improving performance; company recognition of performance or work results; conformity employment with employee expertise; opportunities
given by the company to receive development and advancement; and career advancement in accordance with the expertise. In the job satisfaction variable, the lowest mean value is in the career improvement items that match the employee's expertise. In this regard, companies need to arrange employees' carrier paths well so that it has implications for increasing employee confidence in company career policies. One alternative policy that can be implemented is to conduct employee satisfaction surveys that are conducted regularly. If employee satisfaction surveys are carried out, the indicators that influence them can be identified, resulting in more appropriate policy making that can be undertaken to provide improved employee job satisfaction.

**Conclusion and Implication**

Based on the results of the analysis, it can be concluded that organisational culture and work environment have a positive and significant influence on employee job satisfaction. Organisational culture positively and significantly influences employee job satisfaction through the work environment, as a mediating variable.

The results of this study imply that companies need to creatively improve the valid indicators of the variables of job satisfaction, organisational culture, and work environment. The endogenous variables of job satisfaction are in the dimensions of hygienic factors, namely company policy, and status. The dimensions of motivation factors are achievement, recognition, work itself, responsibility, advancement, and growth. The organisational culture variables in the visible culture dimension that need development are aesthetics and equality. The espouse values dimension that needs to be improved is the indicator of communication and decision-making. The core values dimension requires an increase in vision indicators and company mission. The dimensions of the social environment of the work environment variables that need to be improved are those that are recognised, work itself, grow opportunities, reward systems, corporate values, responsibility, feel positive, and equality.
REFERENCES


