Employee Motivation Influences on Employee Performance Using Employee Engagement and Job Satisfaction as the Mediating Variables in CV Kam Indonesia

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Abstract

Improvements in employee performance are a critical organizational goal in most companies, especially in the department of human resources. This research aimed to investigate the influence of Employee Motivation on Employee Performance using Employee Engagement and Job Satisfaction as the mediating variables. Using Google Forms, a survey questionnaire was distributed to 117 employees from CV Kam Indonesia, a wholesale grocery company. The obtained data were processed using the SmartPLS software. The data analysis method used was structural equation modeling-partial least square (SEM-PLS) to examine the relations between the variables. The results of this study showed that employee motivation has a direct positive influence on employee engagement and job satisfaction, but not employee performance. Employee engagement and job satisfaction have a direct positive influence on employee performance. Additionally, employee engagement and job satisfaction are proven to fully mediate employee motivation's effect on employee performance. This study has attempted to provide statistical results and a managerial discussion to support the improvement program in CV Kam Indonesia.

I. Introduction

According to sahabatpegadaian.com, wholesalers are one type of business that has huge profit potential. The reason is quite simple. Grocery wholesalers sell the daily necessities products that we all need. Although people underestimate this type of business, which Indonesians like to call "bisnis rumahan” or home business, the reality is that it can be relatively stable and profitable. Wholesalers are considered to be one of the traditional business-to-business (B2B) types in the area of daily products that still survives in the midst of the modern retail industry.

CV Kam Indonesia is a wholesaler company in Indonesia. It started as a sole proprietorship grocery business or “bisnis toko sembako perorangan”. Since 2016, the business has grown into a bigger legal structure called CV (Commanditaire Vennootschap) and evolved in turn into a grocery wholesaler. Along with these changes, CV Kam Indonesia has gradually increased its business using computerized systems, by providing (1) detailed records of any sales, purchases, and financial data, and (2) vividly elaborating on the

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company's vision and mission, as well as its organizational structure. CV KAM Indonesia’s long-term vision aims to be a more professional business with great organizational management and strong company values that are thoroughly implemented and embodied by all employees.

Since 2020, the COVID-19 outbreak has forced almost all employees worldwide to work in an entirely different environment. COVID-19-related interventions, such as travel restrictions and virtual work, have altered how employees work (Narayananurthy and Tortorella, 2020). Numerous human resource professionals are concerned about behavioral changes caused by COVID-19 because they have been shown to impair employees’ emotional, cognitive, and physical well-being, which in turn impairs employee performance (Graves and Karabayeva, 2020). CV KAM Indonesia has also been impacted by the COVID-19 intervention. Between 2020-2021, when COVID-19 was rampant in Indonesia, the performance of CV KAM Indonesia employees decreased. Employees were unable to meet the targets set in 2020, and they showed an even lower performance rate in 2021 (Figure 1).

![Figure 1. Key Performance Indicator Achievement from 2019-2021](source: Internal Data CV KAM Indonesia)

According to Dewi et al. (2019), every organization and company should strive to improve employee performance in order to accomplish the organizational goals. CV KAM Indonesia uses a company Key Performance Indicator (KPI) to assess the performance of its employees. CV KAM Indonesia’s KPI focuses on 5 indicators, namely Finished Order Volume (FOV), service time, order lines, compatibility with the invoices, and attendance. Finished Order Volume (FOV) is the number and type of products provided in the store that are successfully inputted into the company’s software system as inventory. Service time is the length of time that it takes CV KAM Indonesia’s employees to serve customers. Order lines refer to the tidiness in the arrangement of products according to the product groups and types. Compatibility with the invoice is the accuracy of the employees when it comes to ensuring that the products sent, and the money received are the same as those recorded on the invoice. Attendance refers to the presence of employees in the workplace throughout the year.

Based on Figure 1 in 2019 - 2021, all employee performance indicators of CV KAM Indonesia are still below the target (<95%). Even worse, the performance of CV KAM Indonesia’s employees during COVID-19 in 2020 - 2021 is even lower, making the performance far from the target expected by the management. Based on interviews with the management of CV KAM Indonesia, in recent years, the employees of CV KAM Indonesia
have shown behavioral changes at work such as grumbling at work, arriving late, not concentrating, doing personal things during working hours, taking breaks beyond the allotted time, errors when recording products and invoices, getting more customer complaints, unable to work as a team, etc.

Organizational performance is highly dependent on employee performance (Khan and Jabbar, 2017). Therefore, to be able to survive in the industry, CV KAM Indonesia needs to understand the important factors that are a part of improving employee performance to increase company productivity. CV KAM Indonesia wholesale company must transform the organization from a traditional business transaction CV KAM Indonesia still has a long journey ahead, especially in terms of employee performance.

Employee performance indicates individual achievements based on the effort to create meaningful work while having compassion towards their co-workers (Pradhan and Jena, 2017). According to Yani in Syardiansyah (2020) performance is a result of work achieved by a person in carrying out the tasks assigned to him based on skill, experience and sincerity as well as time. This means that in work contains elements of the standard that achievement must be met, so, for those who reach the standards set means good performance (Wahjudewanti, 2021). Employee performance is usually measured and aligned with the organizational and operational regulation or business goals (Pradhan and Jena, 2017). Tarigan (2011) states in Ariadharma (2020) that performance can be influenced by three variables: people variables, task variables, and environmental variables. People variables refer to the characteristics that an individual possesses prior to performing a task, such as content knowledge, organizational knowledge, abilities, self-confidence, cognitive style, motivation, and cultural values. The task variables encompass both on and off-task variables, such as task complexity, presentation format, processing speed, and standby mode response. Meanwhile, the environmental variables encompass all of the conditions, circumstances, and influences that surround individuals performing specific tasks, such as time constraints, accountability, predetermined goals, and feedback. This study will examine in detail the three factors that contribute to employee performance: employee motivation, employee engagement, and job satisfaction.

II. Research Methods

The research methodology in this chapter includes the research process, operational variable definition, questionnaire model, data collection method, and data analysis method. These will be explained further.

Source of Data

The research data was collected through the distribution of a questionnaire to the CV KAM Indonesia employees using an interval scale as the result measurement. This method is categorized as the collection of primary data. Primary data is any data that is acquired directly using various means of media typically a survey, experiment, interview, or focus group discussion (Anantadjaya and Nawangwulan, 2018).

III. Results and Discussion

3.1 Results

a. Direct Effect between Variables

There are 5 hypotheses which are direct effects, consisting of hypotheses 1-5. From Table 1, the following highlight can be drawn in terms of hypotheses 1-5:

Hypothesis 1. Employee motivation directly influences employee engagement by as
much as 0.665. This means that every increase by one unit of employee motivation will increase the employee engagement value by as much as 66.5%. Because the t statistic value is 9.445 (which is bigger than 1.64) and the p-value is 0 (which is smaller than 0.05), this hypothesis can be accepted. It means there is a direct effect of employee motivation on employee engagement at CV KAM Indonesia.

**Hypothesis 2.** Employee motivation directly influences job satisfaction by as much as 0.634 which means that every increase by one unit of employee motivation will increase the job satisfaction value by as much as 63.4%. Because the t-statistic value is 8.667 (which is bigger than 1.64) and the p-value is 0 (which is smaller than 0.05), this hypothesis can be accepted. It means there is a direct effect of employee motivation on job satisfaction at CV KAM Indonesia.

**Hypothesis 3.** Employee motivation does not have a direct influence on employee performance, because the t-statistic value is 0.094 (which is less than 1.64) and the p-value is 0.925 (which is bigger than 0.05), so this hypothesis is rejected. It means there is no direct influence of employee motivation on employee performance at CV KAM Indonesia.

**Hypothesis 4.** Employee engagement has a direct influence on employee performance by as much as 0.245 which means that every increase by one unit of employee engagement will increase the employees’ performance value by as much as 24.5%. Because the t-statistic value is 2.321 (which is bigger than 1.64) and the p-value is 0.021 (which is smaller than 0.05), this hypothesis can be accepted. It means there is a direct effect of employee engagement on employee performance at CV KAM Indonesia.

**Hypothesis 5.** Job satisfaction has a direct influence on employee performance by as much as 0.373. This means that every increase in one unit of job satisfaction will increase the employee performance value by as much as 37.3%. Because the t statistic value is 2.762 (which is bigger than 1.64) and the p-value 0.006 (which is smaller than 0.05), this hypothesis is accepted. It means there is a direct effect of job satisfaction on employee performance at CV KAM Indonesia. The conclusions of the overall direct hypothesis in this study are shown in Table 4.14.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis</th>
<th>t-statistics</th>
<th>p-values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Employee motivation directly influences</td>
<td>9.445</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td></td>
<td>employee engagement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>Employee motivation directly influences</td>
<td>8.667</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td></td>
<td>job satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>Employee motivation directly influences</td>
<td>0.094</td>
<td>0.925</td>
<td>Reject</td>
</tr>
<tr>
<td></td>
<td>employee performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td>Employee engagement directly influences</td>
<td>2.321</td>
<td>0.021</td>
<td>Accept</td>
</tr>
<tr>
<td></td>
<td>employee performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Job satisfaction directly influences</td>
<td>2.762</td>
<td>0.006</td>
<td>Accept</td>
</tr>
<tr>
<td></td>
<td>employee performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**b. Indirect Effect between Variables**

Other than analyzing the direct influence, this research would like to analyze the indirect influence and the mediating effects. To find the mediating effect, this research used the method by Hair et al. (2010) which utilized four steps consisting of:

- **Effect A:** Examining the independent variable effects on the dependent variable in the model by involving another mediating variable.
- **Effect B:** Examining the independent variable effects on the dependent variable in the...
model without involving another mediating variable.

Effect C: Examining the independent variable effects in relation to the mediating variable in the model.

Effect D: Examining the mediating variable in relation to the dependent variable.

In Table 2 below, the summary results from the mediating effect between the variables test are given, supported by the work of Cepeda et al. (2017) and Rismawan et al. (2014). Employee engagement mediates the influence of employee motivation on employee performance (H6) and Job satisfaction mediates the influence of employee motivation on employee performance (H7).

**Table 2. Summary Result Mediating Effect between Variables**

<table>
<thead>
<tr>
<th>Effect</th>
<th>H6</th>
<th>H7</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>B</td>
<td>Not significant</td>
<td>Not significant</td>
</tr>
<tr>
<td>C</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>D</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Intervention from the mediating variables is about the following criteria:
1. **Fully mediated** if effects A, C, and D are significant, but effect B is not significant, this results in a full mediating effect in the model.
2. **Partially mediated** if effects A, B, C, and D, are significant, this results in a partial mediating effect in the model.
3. **Unmediated** if effects C, D, and A are significant, but the path coefficient (standardized) effect A is like the path coefficient in effect B, this results in a mediating effect that is not proven in the model.
4. **Unmediated** if either effect C or D, are not significant

From Table 3, the following highlight can be drawn in terms of hypotheses 6-7:

**Hypothesis 6.** Table 4.3 shows that effect A for hypothesis 6, or the employee engagement as a mediating variable in the path M → EG → EP, is significant. Effect B in the path M → EP is not significant. Effect C in the path M → EG is significant. Effect D in the path EG → EP is significant. This finding concludes that employee engagement mediates the influence of employee motivation on employee performance in fully mediated. It means employee engagement strengthens the influence of employee motivation on employee performance in CV KAM Indonesia.

**Hypothesis 7.** From the same table, it was found that effect A for hypothesis 7, or job satisfaction as mediating variable in the path M → JS → EP, is significant. Effect B in the path M → EP is not significant. Effect C in the path M → JS is significant. Effect D in the path JS → EP is significant. This finding proves, that job satisfaction mediates the influence of employee motivation on employee performance in fully mediated. It means job satisfaction strengthens the influence of employee motivation on employee performance in CV KAM Indonesia. The conclusions of hypotheses 6-7 in this study are shown in Table 4.16.

**Table 3. Summary Result Mediating Effect between Variables**

<table>
<thead>
<tr>
<th>Code</th>
<th>Hypothesis</th>
<th>t-statistics</th>
<th>p-values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6</td>
<td>Employee</td>
<td>2.240</td>
<td>0.026</td>
<td>Fully</td>
</tr>
</tbody>
</table>
engagement mediates the influence of employee motivation on employee performance

H7: Job satisfaction mediates the influence of employee motivation on employee performance

<table>
<thead>
<tr>
<th>H7</th>
<th>Mediated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
|    |          | 2.548  0.011 Fully Mediated

3.2 Discussion

The result of this study as shown in Table 4, showed that employee motivation directly influences employee engagement and job satisfaction. It means that an increase in employee motivation at CV KAM Indonesia will affect employee engagement and job satisfaction. CV KAM Indonesia needs to increase employee motivation by providing space to learn new things for employees, providing more value in work to feel that work is part of their lives, giving awards to encourage employees to do their own best and have self-worth, and providing the security for the employee. This result of this hypothesis is like (Engidaw, 2021), a study done on 349 respondents in public sectors company in Ethiopia, that also found motivation’s moderate significant and positive influence on employee engagement. Another research that supports this finding is research on textile companies in Indonesia (Tannady & Gunawan, 2020), which unveils that work motivation has a positive and significant effect on employee engagement.

This study is supporting previous studies by Alfatihah, Nugroho, Haessel, & Maharani (2021) and Suhartono (2015). Alfatihah et al. (2021) concluded that motivation has a significant influence on job satisfaction after studying 200 respondents in Indonesia regarding the changes in their motivation and job satisfaction corresponding to the COVID-19 New Normal protocol. Suhartono (2015) found a similar result after studying employees in a poultry producer company in Makassar, Indonesia. It stated in the research that salary and job security rank the highest in significance regarding job satisfaction, therefore it is advised for companies to take notice and make adjustments to both factors to achieve employee job satisfaction.

As shown in Table 4.14, the result of the study showed that employee motivation does not directly influence employee performance. It means the increase in employee motivation carried out by CV KAM Indonesia does not directly affect employee performance. This finding is opposed to a previous study by Amalia et al. (2021) and Mariza (2016). Amalia et al. (2021) stated that motivation positively and significantly affects performance after studying 92 staff in hospital in Indonesia. Mariza (2016) also found similar results stating motivation positively and significantly affect performance directly and indirectly in a study of 184 employees of manufacturing companies in Indonesia. In the other previous studies by Amalia et al. (2021) and Mariza (2016), neither involved variable job satisfaction in the study while this research does. Quoting from Marandi & Moghaddas (2013), there is an overlap between the borders of motivation and job satisfaction theory and it is rather difficult to find an accurate tool that accurately measures one of them entirely separated from the other. It appears that both motivation and job satisfaction both discuss salary, chances of promotion, job security, and working condition, and this might cause vague comprehension in the questionnaire that leads to inadequacy to statistically find the significance.
As shown in Table 4, the result of the study showed employee engagement directly influences employee performance. It can be interpreted that an increase in employee engagement carried out by CV KAM Indonesia will directly influence employee performance. CV KAM Indonesia can increase employee engagement by providing positive energy to employees, creating an atmosphere that can increase positive emotions to increase the level of energy of the employee. This finding is supporting the previous study by Shrestha (2019), which that stated employee engagement has a positive significant influence on employee performance, after conducting a study on 115 respondents of Tribhuvan University. The study by Shrestha (2019) also mentioned that employees with high engagement tend to feel ownership and a sense of belonging toward the organization, willingly stay as part of the organization for a long time, show positive attitudes in the workplace, and are ready to provide extra effort for the job.

As shown in Table 4, the result of the study showed that job satisfaction directly influences employee performance. It means an increase in job satisfaction can affect employee performance. From the job satisfaction, descriptive analysis shown in Table 4.5, the questionnaires JS8 (my supervisor is fair to me), JS9 (my supervisor shows an interest in the feelings of their subordinates), JS10 (my supervisor considers employees’ input in the organizational decisions) are considered very good should be on the employer's mind to achieve higher job satisfaction for the employees. CV KAM Indonesia can consider that to increase employee job satisfaction, the leader has a fair leadership style, pay attention to his subordinates, and considers employee input for decisions taken by the organization. CV KAM Indonesia also needs to consider the promotion and opportunity for the employee to get a higher career. This result is supporting the previous study by Suhartono (2015), research on a poultry producer in Makassar, Indonesia that especially focuses on a case study to solve the low-performance issue that is suspected to be caused by low motivation and job dissatisfaction. Another study by Egeniws et al. (2020) also has a similar result. Egeniws et al. (2020) claimed that job satisfaction has a significant influence on employee performance, after studying a Credit Union Corporation in East Kalimantan, Indonesia.

As shown in Table 4.16, the result of this study showed that employee engagement mediates the influence of employee motivation on employee performance. It means that increasing employee engagement at CV KAM Indonesia can strengthen the influence of employee motivation on employee performance. This result is like the previous study by Amalia et al. (2021) and Siswanto et al. (2021) that both claimed the mediating role of employee engagement is acceptable in their respective study.

As shown in Table 4.16, the result of this study showed that job satisfaction mediates the influence of employee motivation on employee performance. It means that increasing job satisfaction at CV KAM Indonesia can strengthen the influence of employee motivation on employee performance. This result is supporting the previous study by Musnadi & Majid (2019), which found job satisfaction has mediating effect in their research on 110 employees at the National and Political Unity Agency, in Aceh, Indonesia. In this study, job satisfaction has a stronger mediating effect than employee engagement. To improve employee performance, it would be better if CV KAM Indonesia gave more attention to job satisfaction, especially leadership style, promotion, and opportunity for the employee to get a higher career. Additionally, the research result comparison can also be seen in Table 4 the most prominent difference other than variables chosen to study and different types of analysis methods are the research result regarding motivation direct influence on performance. Other previous studies found that employee motivation has a direct positive influence on employee performance, while this research has found the opposite. Statistically, the relationships and significance between all the variables have been established. In this section, there will be a comparison conducted between the results of this study and the previous studies (Table 4).
Table 4. Research Result Comparison with Previous Studies

<table>
<thead>
<tr>
<th>Source</th>
<th>Similarities with the Previous Research</th>
<th>Differences to the Previous Research</th>
</tr>
</thead>
</table>
| Amalia et al. (2021) | • Employee engagement has a positive significant influence on performance  
  • Employee engagement has a mediating effect on motivation and performance | • In the previous study, motivation has a positive and significant influence on performance. Meanwhile this study found the opposite, in that motivation has no direct influence on performance.  
  • The previous study used AMOS and path analysis, whereas this study uses SEM-PLS |
| Carvalho, Riana and Soares (2020) | • Motivation positively and significantly influences job satisfaction.  
  • Job satisfaction positively and significantly influences employee performance. | • In the previous study, motivation directly influences performance positively whereas in this study there is no influence between the variables  
  • This study involved another variable namely engagement as a mediating variable  
  • This study has additionally explored the mediating effect due to job satisfaction and engagement |
| Riana, Wiagustini, Dwijayanti, Rihayana (2018) | • Job satisfaction has a significant direct effect on employee performance  
  • Job satisfaction has an indirect effect in the form of full mediation | • In previous study, the independent variables are work family conflict and work stress whereas in this research the independent variable is employee motivation |
| Mariza (2016) | • Motivation has a positive and significant influence on employee engagement | • In the previous study, motivation was found to have a positive and significant influence on performance. Meanwhile this study found the opposite, that motivation has no direct influence on performance.  
  • In the previous study, it is more common to focus on the direct effect, whereas this research explores mediating effect of job satisfaction and employee engagement |

IV. Conclusion

Based on the research result discussed in the previous chapter, it can be summarized that employee motivation has a direct significant influence on employee engagement and job satisfaction. Both engagement and job satisfaction are found to have a direct moderate influence on employee performance. However, employee motivation seems to have no direct influence on employee performance. This may be due to the complexity of understanding the true work motivation in everyone. Quoting from a study by Marandi (2013), there is an overlap between the borders of employee motivation and job satisfaction, and it is rather
difficult to find a questionnaire that accurately measures one of them entirely separated from the other (Marandi & Moghaddas, 2013). It is worthy to mention that although the systemic process of designing questionnaires about previous studies and obtaining a standard acceptable rate in pre-test have both been done, the gap still seems to be available for further research.

Furthermore, the indirect effect of employee engagement and job satisfaction was found in this research. It is evident that both variables fully mediated the influence of employee motivation on employee performance. This study indicates that by improving employee motivation, which correlates strongly to the increment of employee engagement and job satisfaction, employee performance would be positively influenced.

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Amalia, N. S., Indrawati, R., & Ruswanti, E. (2021, June 20). The Importance of Employee Engagement in Mediating the Improvement of Staff Performance at the Hospital. International Journal of Nursing and Health Services (IJNHS), IV (3).


