

# Improving Organizational Performance Through Job Satisfaction Based on Employee Empowerment

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**Abstract**—We investigate the mediating role of job satisfaction in the influence of employee empowerment on organizational performance. Hypotheses that are developed based on theories are tested in a quantitative descriptive approach. Two hundreds restaurant employees in fifteen pindang restaurant are the respondents in this study. They fill out questionnaires, the instruments, which are use for collecting primary data, and we use systematically random sampling in obtaining the respondents. Results show that all indicators of each variables are valid and reliable and Lisrel 8.80 then analyse valid dan reliable data. The hypothesized model is fit, and then the results support of previous studies. We find consistencies in two relationships. Job satisfaction mediates the influence of employee empowerment to organizational performance. Organizational performance is an output that can be enhanced by job satisfaction based on employee performance. The pindang restaurant managers should provide authority, encouragement, permission to their employees to improve organizational performance. If they have high job satisfaction, it is easy to be well performed restaurants.

**Keywords:** *employee performance, job satisfaction, organizational performance*

## I. INTRODUCTION

Being competitive is a basic requirement for organizations in addition to being profitable. High organizational performance reflects that management within the organization is appropriate. High organizational performance is related to employee job satisfaction in doing their work because High organizational performance is a positive consequence of job satisfaction [1]. It is a concept that is most widely studied in the field of organizational behavior and is the main antecedent of organizational output [2]. High job satisfaction of employees will be able to drive improvement of organizational performance.

Job satisfaction becomes a topic of extraordinary discussion in the field of management, especially in the topic of organizational behavior and human resource management [3]. The idea of job satisfaction began to develop at the beginning of the 20th century and the antecedents of job satisfaction have been widely proven based on the results of studies. Comprehensive thought of job satisfaction is

related to the concept of employee job satisfaction globally [4]. This shows the relationship between job and employee expectations [5].

Creating job satisfaction needs employee empowerment. Managers are bound to empower employees in ensuring job satisfaction, and this practice increases organizational performance [6]. Employee empowerment creates autonomy, division of responsibilities and power at every organizational level, builds self-esteem and encourages employees to produce better performance [7].

Various studies have shown the effect of empowerment on job satisfaction. At the same time, job satisfaction has been proven in many studies to influence organizational performance. Explicitly, the two relationships can be studied simultaneously. Job satisfaction is a posterior to empowerment while it is an anterior to organizational performance. This phenomenon needs to be proven empirically to develop a more ideal research framework in testing the causal relationships among the three variables. Based on this gap, we investigate the mediating role of job satisfaction in the influence of employee empowerment on organizational performance, we want to show how organizational performance can be improved by increasing employee empowerment through job satisfaction.

Pindang restaurants in the region of Palembang, the capital city of South Sumatra, Indonesia are to be examined as objects. The number of this business continues to grow and is predicted to reach one hundred or more, with the increasingly competitive business in Palembang. Indeed, employees of the restaurants play crucial roles in the process of developing the businesses locally, nationally and internationally which pindang is a traditional food of South Sumatra. Job family in restaurant generally consist of general restaurant manager, chef, receptionist, restaurant waiter, restaurant cashier, dishwasher, food delivery officer, and parking and security officer. We find that the empowerment of employees in the restaurants is not optimum, there are many pindang restaurant managers who have not been flexible in empowering their employees, this can be seen from the leadership and management approach taken towards employees. In addition the employees who

survive work in an unsupportive work environment and many pindang restaurants are not able to develop rapidly.

**II. LITERATURE REVIEW**

*A. Employees Empowerment and Job Satisfaction*

Employees need empowerment for being able to respond problems and make decisions quickly in changing environment. It develops connection among power, competences of individuals, behavior of activities, social policies, and social changes [8]. Employee empowerment is related to motivational practices that aim to increase opportunities for participation and involvement in decision making [9]. Employee empowerment can be understood in two ways, first, as a series of managerial practices aimed at increasing employee autonomy and responsibility, and second, as an active individual work orientation [10]. Psychological empowerment is explained as a psychological area that is experienced or a series of cognitions [11].

Organizational and cultural factors support empowerment practices [12]. It is the beginning, basic and extraordinary aspects in achieving business success and growth in increasing productivity [13]. Employee empowerment predicts job satisfaction [14]. The logic for this is the implementation of empowerment practices that affect the authority and autonomy granted to employees [15]. This is a series of activities, and the ways in which empowerment activities are practiced based on the content that make a link between works done and job satisfaction [16]. The term satisfaction refers to an individual's trust in his ability to make options in making decisions [17]. A Responsibility exists to create an emerging environment when employee input is accepted in organization [18].

**Hypothesis 1:** Empowerment positively influence job satisfaction.

*B. Job Satisfaction and Organizational Performance*

Some investigations are continually conducted to find out the relationship between job satisfaction and various workplace variables [19]. All types organizations have revealed the importance of job satisfaction [20]. It has been widely studied over the past four decades in organizational studies [21]. The phenomenon of job satisfaction has attracted the interest of researchers since the 1930s [22]. Important factors to determine job satisfaction include attitudes toward work, job characteristics, life satisfaction, and socio-demographic characteristics [23]. Over the last four decades, economists have given increasing attention to job satisfaction [24]. Job satisfaction encourages individuals who are effective in the occupational role [25], as it is a frequent subject of study in organizational literature [26]. Employees who get satisfaction in their job will be easier to encourage organizational performance.

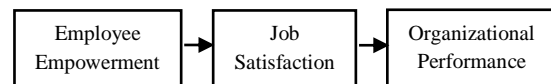
Organizational performance has been determined by specialists in many fields into aspects as diverse as finance, marketing, human resources, operations, and others. Every organization has possibility to determine organizational performance in different ways [27]. It can be seen from an economic, operational and social perspective [28]. Improving organizational performance requires certain characteristics in doing jobs in organization [29]. Organizational performance can be seen from the development of market share, changes in overall performance, and finance [30].

**Hypothesis 2:** Job satisfaction positively influences organizational performance.

*C. The Mediating Role of Job Satisfaction*

Job satisfaction has become a posterior of employee empowerment and an anterior of organizational performance. Two causal relationships between job satisfaction and employee empowerment, and job satisfaction and organizational performance can be carried out simultaneously. On the one hand, employee empowerment affects job satisfaction. On the other hand, job satisfaction influences organizational performance. Job satisfaction becomes a mediator in the influence of employee empowerment on organizational performance.

**Hypothesis 3:** Employee empowerment positively influences organizational performance through job satisfaction.



**Figure 1.** Conceptual Framework of Improving Organizational Performance Through Job Satisfaction Based on Employee Empowerment

**III. METHODOLOGY**

*A. Design*

This study uses quantitative descriptive approach in explaining the results of testing hypotheses that are formulated based on theories. The theories have been previously developed by researchers and are available in published research papers. Pindang restaurants are randomly selected based on location in Palembang. Their number and identities are first obtained by searching for information on the internet (google search), then, we contact the office management (the administration or customer services) via telephone and to further carry out an initial survey to the location to provide a proposal.

*B. Samples and Procedures*

The population in this study is employees who worked in pindang restaurants in Palembang. Samples are statistically selected from the population by following structural equation

modeling (SEM) approach. An adequate sample size is twenty percent of the population with a minimum sample of two hundred respondents. Based on our preliminary observations, there are more than fifty pindang restaurants operating in Palembang and each has ten to thirty employees, or, the total population of about a thousand people. The number of samples determined in this study is two hundred and fifty resp. We use a simple random sampling. Ten to twenty employees are taken in each pindang restaurant, bringing the total two hundred people as samples.

Questionnaires are used as instruments in collecting primary data from nurses as respondents. Each questionnaire contains closed items and they are demanded to choose answers that have been provided without having to fill in the name identity. Each available answer is determined based on 5 Likert rating scales: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. The primary data includes demographic aspects of respondents and their responses to all items as indicators. The respondent profile is measured based on gender, age, years of work, and education, while the indicator variable items are explained below.

#### *C. Measurement*

Employee empowerment is the first independent variable (X1) in this study. It is measured based on the concept explained by Humborstad & Perry (2011) which comprising five indicators (authority, encouragement, approval, permission, and control) in solving problems. Job satisfaction is a mediator variable (Y1) measured by five indicators including supervisors, coworkers, job content, salary, and promotion opportunities [2]. Organizational performance is the dependent variable (Y2) which is measured on the concept explained by Hubbard (2009) in terms of learning and development aspects including five indicators (economic new product, new markets entered, R&D spend/sale, training spend, investment/total asset).

#### *D. Model and Analysis*

Structural Equation Modeling (SEM) approach is used in this study including causal modeling, confirmatory factor analysis (CFA), second order factor analysis, regression models, covariance structure models and correlation structure models. SEM consists of components including latent variables and construct variables, structural models and measurement models, structural errors and measurement error.

Causal modeling describes the preparation of hypotheses of causal relationships between variables and tests of causal models using a system of linear equations. The model includes manifest variables (indicators) and latent variables.

CFA is used as a continuation technique of factor analysis by testing hypotheses for factor

loadings and their interrelationships. The construct validity and reliability test with CFA in SEM was conducted to get the right indicators to measure latent variables. CFA has two focus, first, whether the indicators conceptualized unidimensionally in this study are precise and consistent, secondly, what indicators are dominant in constructing the construct under study.

Path analysis with the support of Lisrel 8.80 statistical program is used to analyze the causal relationships that occur in multiple regressions when the independent variables influence dependent variables not only directly but also indirectly. This is to provide an estimation of the magnitude and significance of a hypothetical causal relationship in a set of variables. Second order factor analysis is a variation of the factor analysis technique, where the correlation matrix of certain factors (common factors) is analyzed on its own factors to make second order factors.

Regression model is an advanced technique of linear regression analysis, where regression weights are restricted to be equal to one another, or specifications are carried out on numerical values. They are used to test the alignment of the correlation matrix with two or more models of the causal relationships being compared. Covariance structure model explains that the hypothesis model has a certain shape. Correlation structure model shows that the hypothesis model shows a correlation matrix with a certain shape.

## IV. RESULTS AND DISCUSSION

### *A. Profile of Respondents*

All questionnaires distributed to respondents at the beginning of August 2019 were returned in full totaling two hundreds and filled in fully at the end of September 2019, approximately two months. Based on the demographic characteristics of the respondents, they are female, cashiers, 26-30 years old, 6-10 years of work, graduated from senior high school. The information is seen in table 1 and table 2 below.

**Table 1.** Returned Questionnaire

No	Initials of Hospital Name	Number of Respondents	Questionnaire Serial Number
1	SM	30	1-30
2	MR	12	31-42
3	IU	25	43-67
4	KU	8	68-75
5	SE	8	76-83
6	AH	10	84-93
7	JB	15	94-108
8	SY	20	109-128
9	MY	14	129-142
10	WS	7	143-149
11	AM	10	150-159
12	KU	12	160-171
13	SB	10	172-181
14	ST	9	182-190
15	AK	10	191-200
Total		200	200

**Table 2.** Percentage of participants

Demographic Parameters	Percentage of Sample
<b>Gender</b>	
Male	46
Female	54
Total	100
<b>Position</b>	
Receptionist	7.5
Waiter	10
Cashier	17.5
Dishwasher	6.5
Food delivery officer	34
Parking & Security Officer	24.5
Total	100
<b>Age</b>	
< 20	18.5
20-25	27
26-30	39.5
31-35	9
>35	6
Total	100
<b>Years of work</b>	
1-5	24
6-10	34.5
11-15	32
16-20	7.5
More than 20	2
Total	100
<b>Formal education</b>	
Junior high school	26
Senior high school	49.5
Associate's degree/ Bachelor degree	24.5
Total	100

**B. Validity and Reliability**

Results of CFA show that all five variables (exogenous and endogenous) have loading factor

values greater than 0.5, so they are valid or explain the constructs. The values of constructs reliability of all variables are also high, above 0.70, and the extract variances are more than 0.5. The information about the validity and reliability is seen on table 3 dan table 4 below.

**Table 3.** Validity

Variables	Items	Loading Factors Values
Employee Empowerment	Authority	0.787
	Encoragement	0.784
	Approval	0.823
	Permission	0.625
Job Satisfaction	Control	0.724
	Supervisors	0.743
	Coworkes	0.660
	Job	0.740
Organizational Performance	Salary	0.652
	Promotion	0.666
	New Product	0.746
	New Markets	0.704
	R & D	0.782
	Training	0.798
	Investment	0.815

**Table 4.** Reliability

	EE	JS	OP
Construct reliability	0.9959	0.9914	0.9968

**C. Goodness of fit**

At least seven aspects are good fit, so that the models are fit. It is not required to meet all the criteria of goodness of fit, but depends on the judgment or decision of each researcher. The information is provided in table 5 below.

**Table 5.** Goodness of Fit

Goodness of Fit	Cut off value	Result	Model Evaluation
Probabilitas Chi Square	$\geq 0,05$	0,002	Bad fit
CMIN/DF	$\leq 2,00$	1,482	Good fit
GFI	$\geq 0,90$	0,921	Good fit
AGFI	$\geq 0,90$	0,895	Marginal fit
CFI	$\geq 0,90$	0,977	Good fit
TLI	$\geq 0,90$	0,973	Good fit
NFI	$\geq 0,90$	0,933	Good fit
IFI	$\geq 0,90$	0,977	Good fit
RMSEA	$\leq 0,08$	0,049	Good fit
RMR	$\leq 0,05$	0,051	Marginal fit

**D. Hypotheses**

Empowerment has a positive influence on job satisfaction. This is because the probability value is less than 0.05 (0.007 < 0.05). The positive value of 0.817 means that the inference is positive. When

empowerment increases, satisfaction increases. Similarly, job satisfaction positively influences organizational performance. This is because the probability value is less than 0.05 ( $0.005 < 0.05$ ). The positive value of 0.974 means that the influence is positive. When empowerment increases, satisfaction increases. Employee empowerment influences organizational performance through job satisfaction. Empowerment has a significant influence on satisfaction ( $0.007 < 0.05$ ), and satisfaction has a significant influence on organizational performance ( $0.005 < 0.05$ ).

**Table 6.** Regression Weights

Parameter	Estimate	Lower	Upper	P
JS <- EE	0.817	0.671	0.949	0.007
OP <- JS	0.974	0.807	1.150	0.005
X1 <- Authority	1.000	1.000	1.000	...
X2 <- Encouragement	0.849	0.749	0.985	0.003
X3 <- Approval	1.024	0.900	1.171	0.004
X4 <- Permission	0.742	0.599	0.891	0.006
X5 <- Control	0.785	0.655	0.976	0.004
Y1 <- Supervisors	0.930	0.780	1.114	0.002
Y2 <- Coworkers	0.875	0.729	1.094	0.002
Y3 <- Job	0.975	0.812	1.183	0.003
Y4 <- Salary	0.857	0.656	1.082	0.004
Y5 <- Promotion	1.000	1.000	1.000	...
Z1 <- New product,	1.000	1.000	1.000	...
Z2 <- New markets	0.908	0.787	1.036	0.004
Z3 <- R&D	1.034	0.870	1.189	0.004
Z4 <- Training	1.124	0.943	1.305	0.004
Z5 <- Investment	1.140	1.006	1.340	0.002

### E. Discussion

The results show the support to previous researches. We support two previous research results by Mahmood, Mirza, Khan, & Talib, 2011: 791-792, Bellow, 2010: 4, Karim & Rehman, 2012: 96. Authority, encouragement, approval, permission, and control in solving problems are required to realize job satisfaction, and, feeling satisfied to supervisors, coworkers, job content, salary, and promotion opportunities are also needed to realize organizational performance.

## V. CONCLUSION

Job satisfaction mediates the influence of employee empowerment to organizational performance. Organizational performance is an output that can be enhanced by job satisfaction based on employee performance.

### A. Managerial Implication

The rapid growth and increasingly fierce competition among pindang restaurants in Palembang reflects dynamic employee

empowerment. The pindang restaurant managers should provide authority, encouragement, permission to their employees to improve organizational performance. If they have high job satisfaction, it is easy to be well performed restaurants.

### B. Limitation

This study uses primary data only sourced from employees of pindang restaurant. Another party who are also capable of becoming respondents is the manager to assess the organizational performance.

### C. Recommendation for future research

Employee empowerment can be reexamined in relation to organizational performance directly. Job satisfaction can also be examined in relation to other variables such as work locus of control [22], turnover intention [31], workplace facilities [32], and work motivation [33].

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