What are the Employee Performance Model Determinants in Indonesia Manufacturing Industry?

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ABSTRACT

Boss-subordinate (guanxi) relations in the organization are important in encouraging and increasing productivity. The involvement of these relationships in the company creates a good improvement and development of workers. Motivation and job satisfaction are things that influenced by good guanxi relations. This study aims to identify employee performance from superior-subordinate relationships (guanxi) on motivation, worker satisfaction with the moderation effect of Islamic work ethic. This study used purposive sampling as a method involving 210 workers from office employees in a multinational manufacturing industry in Indonesia. Data tested with SEM (Structural Equation Model) as the method and data analysis using Smart PLS 3 (Partial Least Square) as the software. The study shows superior-subordinates (guanxi) have a significant direct and positive effect on motivation and job satisfaction. Furthermore, motivation and job satisfaction have a significant direct positive effect on employee performance. While the moderation effect of Islamic work ethic has no impact or has no influence on motivation to job satisfaction. Improving superior-subordinate relations (guanxi) in the company, may impact the motivation, job satisfaction, and employee performance.

Keywords: islamic work ethic; employee performance; job satisfaction; motivation; superior-subordinate (guanxi)

INTRODUCTION

In an organization or company, good relations or harmonious relationships with colleagues are something that workers expect. One of them is to have a harmonious relationship with superiors or with subordinates. A good relationship between superiors and subordinates causes a sense of pleasure or displeasure in their work (Oktaviani et al., 2020). Human resource development or employees who are always growing as an important area, development is needed to advance the diversity of worker competencies (Yulistiyono et al., 2021). One way to increase this is the existence of good communication or relationships between superiors and subordinates (guanxi) so that good communication or bonds arise at work (Oktaviani et al., 2020). The existence of good interaction between superiors and subordinates is important in career success and organizational success (Zhang et al., 2023). Simply analyze from human common sense, especially workers that the existence of a good or positive relationship of job satisfaction with performance will have an impact on the path of better career success which has been discussed from several existing studies (Matagi et al., 2022).

The culture in Thionghoa between the boss and his coworkers (employees) has a bond of interaction that is so guarded and upheld, known as guanxi. This relationship is important in an organization where it is related to the bond factor or feelings of people in the same environment (Lv et al., 2022; and Ren & Chadee, 2020). If the relationship is not well established, it will have an impact on the condition of an organization (Lv et al., 2022). Indigenous culture in China in the form of community social interaction or guanxi, is an influential relationship in every aspect of people's lives (Ren & Chadee, 2017). Social relations are informal or formal interactions of individual relationships with others and long psychological limits on social life in China (Weng, 2014). This is the same as the interaction in the company, that is, the personal relations of superiors and subordinates that develop from social relationships other than work (Cheung et al., 2009a).

The significant influence or impact that occurs a lot in Indonesia is how workers have supporting factors from the beliefs adhered to, namely Islam as the majority of religions in Indonesia. This is in line with the ethos and spirit of work and Islamic finance is a system in the developed and superior world (Marimuthu et al., 2010). Then with the existence of good superior-subordinate relations, the culture or factors of Islamic work ethic, and the influence of the religion adopted make in Indonesia superiors and subordinates have a significant positive relationship with job satisfaction.
Good job satisfaction will have an impact on worker performance which greatly affects the company’s competitiveness. Where in creating competitive advantage in employees need special attention to programs and steps of Human Resources (HR) development (Yulistiyo et al., 2021). This research aims to assist in the field of HR and world manufacturing organizations in Indonesia to better manage human resources to produce competitive results.

In Western culture, the interaction or relationship between superiors and subordinates is based on roles and duties and responsibilities given or carried. This is in line with the opinion of Zhang et al. (2015). That superiors carry out the task of empowering, assigning tasks, paying attention, and supporting from such subordinates will create respect and trust in subordinates towards their superiors. Zhang et al. (2023) mentioned that the attraction and social relationships of superiors and subordinates involve emotional or feelings and the existence of personal relationships that develop due to interactions and activities other than work. Furthermore, performance can also be interpreted as an assessment of organizations or companies whose goals are better (Riyanto et al., 2021; and Zhang, 2010). E.K & Mukuru (2013) states that employee performance is closely related to the function of motivation and an ability in the form of research, skills, and resources to perform tasks and motivate someone to act. Job satisfaction can be interpreted as the impression of a worker to provide things that are felt substantial (Syaka et al., 2019). The energy of motivation gives movement to work and activities better, easier, and faster (Riyanto et al., 2021). In Islam itself, work ethic can be said as motivation or as a spirit which is based on worshiping Allah SWT. Thus, the Islamic work ethic has ethics and rules of the game consisting of trustworthy, fair, upholding honesty, respect for others, faith, righteousness, tolerance, forgiveness, and obligation (Shaibu et al., 2022).

The effect of Superior-subordinate (guanxi) on motivation

Zhang et al. (2023) explain that if workers have a good relationship with their superiors lead to a sense of motivation that will arise high and better, then workers will achieve more and positive work results. When the concept of guanxi is applied well, it produces high motivation in workers because they feel they are considered important, cared for, and loved by superiors (Wang & Murphy, 2010). In addition, a good superior-subordinate relationship increases worker loyalty and motivation, which also contributes to the career development of workers (Mejia et al., 2020; Ren & Chadee, 2020; and Yang & Lau, 2015). Thus this study proposes hypotheses:

H1: Superior-subordinate (guanxi) has a significant positive effect on motivation

The effect of Superior-subordinate (guanxi) on job satisfaction

The underlying word of guanxi, the most basic is “ganying” which is affection (Zhang et al., 2023). Similarly, affection is one of the driving factors and reasons for the good development of workers in the workplace, this leads to job satisfaction (Zhai et al., 2013). Studies from Cheung et al. (2009), Zhai et al. (2013), Zhang et al. (2023) confirmed the validity of superior-subordinate relations (guanxi) will have a positive effect on job satisfaction. Thus this study proposes hypotheses:

H2: Superior-subordinate (guanxi) have a significant positive effect on job satisfaction

The effect of motivation on employee performance

In organizations if workers understand and run the organization well, workers will be active in participating in organizational activities. However, if in carrying out organizational activities the company experiences injustice, workers will withdraw or not be much involved in organizational activities. This may come as the result of workers want reciprocity or balance between what is given and what is obtained (Riyanto et al., 2021). Wibowo (2017) stated that motivation is the impetus in the process of human behavior where the end result is to achieve a goal. In line with this explanation, high motivation has an impact on pleasure, worker satisfaction, and workers trying to get maximum results (Anoraga, 2009). Mangkunegara & Prabu (2017) explained that employees can achieve the best performance if there is a high motive in the form of an achievement. High motivation encourages workers to be actively involved in existing programs and easy to achieve goals (Minavand & Lorkojouri, 2013). Thus, this study proposes a hypothesis:

H3: Motivation has a significant positive influence on employee performance
Workers who have good actions in the company or organization then in fact workers have more job satisfaction and loyalty and commitment to the company or organization, which directly affects the company's performance higher (Matagi et al., 2022). According to Wibowo (2017) Job satisfaction is one of the prophecies of performance, this is because there is a balanced relationship between job satisfaction and performance. Previous explanations and several previous studies show performance has a significant and positive correlation relationship with job satisfaction, which is seen from the presence of high predictors of worker performance (Al-Ahmadi, 2009). Similarly, performance correlates significantly positively with worker satisfaction (Sungu et al., 2019; Torlak & Kuzey, 2019; and Yousef, 2000). Thus, this study proposes hypotheses:

H4: Job satisfaction has a significant positive relationship with performance

The effect of motivation on job satisfaction

According to Asim (2013), motivation is the result that is preceded by an interest or goal that gives rise to a sense of desire or the existence of achieving a purpose that creates the existence of unfulfilled things, so that there is a sense to satisfy the desire. Oginnaike et al. (2014) states that job satisfaction has a positive impact due to the influence of motivation. Motivation itself is a sense or ambition to exceed desires, which is based on internal rather than external factors, and participate in making changes (Shaibu et al., 2022; and Torrington et al., 2009). Several studies show a significant relationship of motivation with worker satisfaction (Danner & Lonky, 1981; Deci, 1971; and Judge et al., 2001). Thus this study proposes hypotheses:

H5: Motivation has a positive effect on job satisfaction

Islamic work ethic moderates the effect of motivation to job satisfaction

Belief or religion is a fundamental thing that is important in directing and influencing one's life. The Islamic work ethic itself is used by moderators with other variables and can be convinced by the Muslim population (Shaibu et al., 2022). Based on the development of the organization, Islamic work ethic has a role in the prosperity of the organization in the future (Al-Modaf, 2005). Moderation of the Islamic work ethic has a relationship with job engagement, satisfaction, and work motivation (Shaibu et al., 2022; and Yassir et al., 2020). Thus this study proposes a hypothesis:

H6: Moderation of Islamic work ethic can strengthen motivation towards job satisfaction

METHODS

The method carried out in collecting data in this study is by survey method by distributing questionnaires in the form of google forms that are disseminated online. Then in the process of data analysis, the variables used in this study are by latent variables or by means of the Likert scale method and designing questionnaires using several dimensions. The Likert scale used in the measurement process is 1-5 which (1= strongly disagree and 5 = strongly agree). The total of measurements in this study used amounted to 38 statements. The sample in this study was 210 people, of which 20 people were recommendations with consideration if there was inappropriate data filling. Respondents in this study are active multinational manufacturing workers in Indonesia with a limitation of office parts that have a working period of ≥2 years, which in sampling using purposive techniques (purposive sampling), then in this study is in a quantitative way with SEM (Structural Equation Model) as a method, then for the processing of the data obtained and analyzed is to use Smart PLS 3 (Partial Least Square) as the software.

RESULT

This research was conducted in Indonesia multinational manufacturing on office employees with a ≥ 2 years working experience consisting of 38 statements to 210 respondents. The questionnaires were distributed by adopting Google forms. Furthermore, based on the results of 210 respondents, 52% are women and 48% men, the majority of which come from Java Island 63%, Sumatra Island 10%, Papua Island 9%, Kalimantan Island and Sulawesi Island 7% each. The respondents' majority is Moeslims 81% followed by Protestants 9%, Catholics 6%, and 2% each for Hindus and Buddhists. The most respondents age is 20-30 years old 67%, 31-40 years old 14%, less than 20 years old 11%, age more than 50 years 5%, and vulnerable age 41-50 years 3%, with the majority education background is undergraduate 54%, followed by high school/vocational/equivalent
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30%, diploma education 12%, and master 4%. For the service period of the majority respondents more or equal to 2 years 55%, tenure 3-5 years 22%, then more than 10 years 17%, and 6-10 years 6%.

The results of the calculation show that the value of the *Standardized Loading Factor* in this research variable is >0.5, where the measurement correlation items in this study has an indicator value of each high variable, so the *convergent value* has met the good category. Furthermore, the measurement results from *composite reliability* show the value of each variable is >0.7 with the value of the moderation effect is 1. Then from *Cronbach alpha* has the value of each variable is >0.6 with a value of 0.8-1. The measurement for *average variance extracted (AVE)* in this study has a value of each variable is >0.5, with an average value of 0.7 even for the value of the moderation effect is 1, which indicates the convergent validity of this study has met the existing requirements in accordance with Wong's opinion in (Homburg et al., 2013). Thus, the convergent *validity evaluation requirements* have met the requirements and variables are said to be good which can be used in research.

![Figure 1](image1.png)

*Figure 1*
**Outer Model Test on Loading Factor**

![Figure 2](image2.png)

*Figure 2*
**Measurement Model Calculation Results (Outer Model)**

This test is a test with the AVE value of a variable at the square root, then with the same construct value must have a higher value than the correlation value between constructs in the model. The results of the validity test with the *fornell-lacker criterion* each construct value have a higher result than the value of the other construct (see Table 1). Testing of the model and statements in this study has AVE requirements higher than the correlation value in the model, then this study is declared...
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qualified. Heterotrait-monotrait ratio (HTMT) test according to Henseler et al. (2015) should meet the requirement of < 0.90 threshold value. The study meets the criteria <0.90 which is in accordance with existing conditions, so it is declared valid and reliable (see Table 2).

Table 1
Fornell-Lacker Test Results

<table>
<thead>
<tr>
<th>Source: Processed Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 1</strong></td>
</tr>
</tbody>
</table>

Table 1
Fornell-Lacker Test Results

<table>
<thead>
<tr>
<th>Subordinate</th>
<th>Moderation Effect</th>
<th>Islamic Work Ethic</th>
<th>Worker Satisfaction</th>
<th>Employee Performance</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderation Effect</td>
<td>0.466</td>
<td>0.060</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Work Ethic</td>
<td>0.378</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worker Satisfaction</td>
<td>0.384</td>
<td>-0.137</td>
<td>0.410</td>
<td>0.858</td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.407</td>
<td>-0.072</td>
<td>0.239</td>
<td>0.226</td>
<td>0.850</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.309</td>
<td>-0.264</td>
<td>0.394</td>
<td>0.569</td>
<td>0.678 0.880</td>
</tr>
</tbody>
</table>

Source: Processed Data

Table 2
HTMT (Heterotrait-Monotrait Ratio) Test Results

<table>
<thead>
<tr>
<th>Source: Processed Data</th>
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</thead>
<tbody>
<tr>
<td><strong>Table 2</strong></td>
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</tbody>
</table>

Table 2
HTMT (Heterotrait-Monotrait Ratio) Test Results

<table>
<thead>
<tr>
<th>Subordinate</th>
<th>Moderation Effect</th>
<th>Islamic Work Ethic</th>
<th>Worker Satisfaction</th>
<th>Employee Performance</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate</td>
<td>0.070</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderation Effect</td>
<td>0.417</td>
<td>0.385</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Work Ethic</td>
<td>0.440</td>
<td>0.417</td>
<td>0.474</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worker Satisfaction</td>
<td>0.444</td>
<td>0.087</td>
<td>0.256</td>
<td>0.502</td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.337</td>
<td>0.213</td>
<td>0.423</td>
<td>0.743</td>
<td>0.722</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.096</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data

The inner model is used to find out or find out about the latent variables that can influence the dependent variables and to create a deep and mature picture of the relationships between variables. In this method or in testing such as r-square used endogenous constructs (Sekaran & Bougie, 2016). Next there is estimate for path coefficients, effect size (f-square), and prediction relevance (q-square). The Adjusted R-Square of the worker satisfaction has a value of 0.466. It means that this variable is influenced by 46.6% by superiors-subordinates relationship and motivational variables. The remaining 53.4% of the effect of worker satisfaction can be explained by other variables, outside of the variables studied in this study. Employee performance showed 0.467 or 46.7% influenced by motivation and worker satisfaction. The remaining 53.3% of the effect of employee performance can be explained by other variables outside of the variables used in this study. While motivation has a value of 0.091 or 9.1% influenced by superiors-subordinates. The remaining 90.9% was influenced by other variables outside of the variables used in this study (see Table 3).

Table 3
R-Square Value Test Results

<table>
<thead>
<tr>
<th>Source: Processed Data</th>
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<tbody>
<tr>
<td><strong>Table 3</strong></td>
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</table>

Table 3
R-Square Value Test Results

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worker Satisfaction</td>
<td>0.476</td>
<td>0.466 Low</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.472</td>
<td>0.467 Low</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.096</td>
<td>0.091 Low</td>
</tr>
</tbody>
</table>

Source: Processed Data

The path coefficient is to give an idea of how the direction of the variable relationship towards a negative relationship or a positive relationship (Ghozali, 2016). In this test it has a value range from -1 to 1. The positive range is from 0-1, while the negative range is (-1)-0.

Table 4
Path Coefficient Test Results

<table>
<thead>
<tr>
<th>Source: Processed Data</th>
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</thead>
<tbody>
<tr>
<td><strong>Table 4</strong></td>
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</table>

Table 4
Path Coefficient Test Results

<table>
<thead>
<tr>
<th>Hypothesis Statement</th>
<th>Path Coefficient</th>
<th>t-Statistics</th>
<th>P Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior-subordinate (cause) has a significant positive effect on motivation (H1)</td>
<td>0.302</td>
<td>4.333</td>
<td>0.000 Hypothesis accepted</td>
<td></td>
</tr>
<tr>
<td>Superior-subordinate (cause) has a significant positive effect on job satisfaction (H2)</td>
<td>0.325</td>
<td>4.932</td>
<td>0.000 Hypothesis accepted</td>
<td></td>
</tr>
<tr>
<td>Motivation has a significant positive influence on employee performance (H3)</td>
<td>0.682</td>
<td>1.737</td>
<td>0.000 Hypothesis accepted</td>
<td></td>
</tr>
<tr>
<td>Job satisfaction has a significant positive relationship with performance (H4)</td>
<td>0.140</td>
<td>2.165</td>
<td>0.001 Hypothesis accepted</td>
<td></td>
</tr>
<tr>
<td>Motivation has a positive effect on job satisfaction (H5)</td>
<td>0.036</td>
<td>10.659</td>
<td>0.000 Hypothesis accepted</td>
<td></td>
</tr>
<tr>
<td>Moderation of Islamic work ethic can strengthen motivation towards job satisfaction (H6)</td>
<td>0.030</td>
<td>0.914</td>
<td>0.361 Hypothesis not accepted (rejected)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data
First hypothesis signified subordinate superiors (guanxi) has a significant positive effect on motivation, referring to the path coefficient value of 0.309, T-table which is 4.333 > 1.967 and p-value of 0.000 < 0.05. It can be concluded the direct influence of subordinate superiors (guanxi) on motivation to be positive and significant. The study finding is in line with Cheung et al. (2009), Mejia et al. (2020), Ren & Chadee (2020), Yang & Lau (2015), Zhai et al. (2013), and Zhang et al. (2023) where they also explain the relationship between superior-subordinate (guanxi) is well established and has an impact on workers who will try better, increased loyalty, more devotion at work, and all due to increased motivation from workers and even contributes to the career development of workers.

Second hypothesis signified that subordinate-superiors (guanxi) has a significant positive effect on worker satisfaction, referring to the path coefficient value of is 0.325, T-table which is 4.932 > 1.967, and p-value by 0.000 < 0.05. It can be concluded that the direct influence of subordinate superiors (guanxi) on worker satisfaction is positive and significant. The study findings is in line with previous research of Cheung et al. (2009), Zhai et al. (2013), and Zhang et al. (2023). Where the superior-subordinate relationship (guanxi) led to a positive effect on the satisfaction of workers. Third hypothesis proposed in the study signified the positive significant effect of motivation on employee performance, referring to the path coefficient of 0.662, T-table which is 15.737 > 1.967, and p-value by 0.000 < 0.05. It can be concluded that the direct influence of motivation on employee performance is positive and significant. The study finding is in line with previous studies of Anoraga (2009), Minavand & Lorkojouri (2013), and Oktavianasari (2017) that explain high and good motivation has an impact on pleasure, worker satisfaction, and workers try their best in obtaining goals.

Fourth hypothesis signified that worker satisfaction has a significant positive effect on employee performance. This result referring to the path coefficient of 0.149, T-table of 2.165 > 1.967, and p-value by 0.031 < 0.05. The results of this study are in accordance with previous research studies of Al-Ahmadi (2009), Matagi et al. (2022), Sungu et al. (2019), Torlak & Kuzey (2019), and Yousef (2000). Therefore, a well-managed organization is essentially the result of effective behavior management that may lead to the worker satisfaction (Widarto & Anindita, 2018). Fifth hypothesis signified that motivation has a significant positive effect on worker satisfaction by referring on the path coefficient of 0.546, T-table of 10.659 > 1.967, and p-value of 0.000 < 0.05. It can be concluded that the direct influence of motivation on worker satisfaction is positive and significant. Danner & Lonky (1981), Deci (1971), Judge et al. (2001), Ogunnaike et al. (2014), Shaibu et al. (2022), and Torrington et al. (2009) explain that job satisfaction is determined by motivation. Workers with strong motivation will generally behave in a positive approach and affects their work environment. Conversely, if his work attitude is bad, it has an impact on the poor work environment (Niam & Syah, 2019).

Sixth hypothesis signified that Islamic work ethics does not moderate the relationship of motivation to the employee satisfaction. It can be seen from the path coefficient value of 0.036, T-table which is 0.914 < 1.967, and p-value by 0.361 > 0.05. However, the finding is supported by the research findings of Shaibu et al. (2022) that signified that the moderation effect of Islamic work ethic had no significant effect on the relationship between compensation packages, job satisfaction, and the relationship between motivation and job satisfaction. The variety of religious communities in Indonesia who live in harmony and Indonesians who do not use Islamic companies as a legal basis have influenced this hypothesis. This reason is reinforced by the test results that show the influence of the Islamic work ethic is only 0.036 and is included in the weak / low criteria.

CONCLUSION
There are 5 hypotheses were declared accepted and provable while 1 hypothesis was rejected. Of the 5 hypotheses accepted, all of them have the influence and strengthen of each variable. While the rejected hypothesis is the moderation of the Islamic work ethic, which is not qualified and has no influence or reinforcing impact of motivation on job satisfaction.
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