Analysis of the Effect of Individual Characteristics, Employees’ Competency and Organizational Climate on Job Satisfaction and Employees’ Performance at a State-Owned Trading Company in Indonesia

SYAIFUDDIN*

Universitas Quality, Indonesia

Job satisfaction and employees’ performance are important aspects to improve the company’s competitive value. This research aims to know the influence of individual characteristics, employees’ competency and organizational climate toward job satisfaction and its implication on employees’ performance. The research method used in this research is cross sectional survey. The population of this research was from 4 cities with a total sample of 51 employees. Moreover, this research applied a structural equation modeling with Partial Least Square approach for analyzing the data. The results showed that individual characteristics and organizational climate do not have an effect on job satisfaction, while employees’ competency have a significant effect on job satisfaction. Moreover, job satisfaction has a significant effect on employees’ performance. It is necessary to conduct training and education programs along with flexible structural support and adequate rewards for the employees to improve their job satisfaction. These aspects are expected to improve employees’ overall performance on the job.

Keywords: individual characteristics, employee competency, organizational climate, job satisfaction, employee performance

JEL Classification: M12, M14, M20

1. Introduction

Achieving performance to maintain and improve the company's continuity is the main purpose of a company. Performance is a result of optimum work performance done by a person or group or business entity. The increasing business competition and economic crisis are two problems faced by the company while it is trying to maintain and improve its performance. The ability of a company to survive certain problems depends

* Corresponding Author: Syaifuddin, Universitas Quality, Medan, Indonesia

Article History:
Received 8 September 2017 | Accepted 21 September 2017 | Available Online 5 October 2017

Cite Reference:
on the resources of the company. It starts from the financial, human and technological aspects. Resources owned and needed by the company cannot be seen as the stand-alone parts. They must be seen as a synergy of formidable entity. In this case, the role of human resources is crucial because it is the only resource that has a sense of feeling, desire, skills, knowledge, encouragement, power, and work.

Therefore, the failure of a company in managing human resources leads to the intervention in achieving the company’s goals, both in performance and profit and the survival of the company itself. Human resources are an important and substantial resource for a company since they are the one who manages the financial resources as well as the operations of the company’s technology resources. The aim of optimizing the employees’ ability is to improve their performance. Ultimately it will improve the overall performance of the company.

There are several ways of improving the performance of employees, such as providing education and training to improve their competences, providing appropriate compensation, creating a conducive organizational climate and working environment and many others. Yu and Ramanathan (2012) proved that individual competence can reduce low cost, quality and flexibility on operation strategy. Through these processes, employees are expected to maximize their job responsibilities. A study by Gangani et al., (2006) shows that competence of human resources can improve employee performance and competitive advantage. The provision of compensation and favorable organizational climate, as well as a good working environment is basically the right of the employees. On the other hand, those aspects are the obligation of the company to support the contribution of its employees in order to achieve the goals.

Giving attention to human resources in the company plays a role because each employee has different characteristics. Therefore, management must be able to combine all the differences into a strength that can be used to achieve company goals. Individual characteristics are characterized by abilities, values or behaviors, attitudes, and interests (Robbins, 2006). Employees with high work ability supported by good behavior and attitude and high work interest enable the employee to do the job optimally so as to produce high performance. Employee performance is a major supporter of company performance.

Competence is one aspect that needs to be concerned in facing the competition in business today. At the same time, competence shows the employees’ ability to compete in a company. The competence of an individual is something inherent that can be used to predict his or her level of performance. Moreover, competence is something that can be related to motives, self-concept, nature, knowledge, and expertise (Mitrani, 1995). Individual competencies in the form of skills and knowledge can be developed through education and training (Ulrich et al., 1995; Ennis, 1998; Chaston et al., 2001; Ley and Albert, 2003; Hadian et al., 2015).

The implementation of the employees’ duties and responsibilities takes place in a climate within the company, known as the organizational climate. The organizational climate is closely related to the atmosphere within the organization itself (Dessler, 2007). In this case, the organizational climate is a variable that affects the performance of individuals and organizations as the effect of organizational and psychological processes. A positive climate felt by the employees will create innovative behaviors that arise from the unfettered new ideas and the support from the company. In addition, employees will have a positive perception on the functioning of the organization. Therefore, developing a creative climate becomes very important in order to support and stimulate the creativity of the individuals within an organization.

The role of individual characteristics, competencies, and organizational climate on employees’ performance can be moderated or enhanced by job satisfaction. This is in line with an opinion from Yukl (2011) study that says an aspect that affects employee performance is the employees’ job satisfaction. The phenomenon that often arises from employee dissatisfaction is high employee turnover rate and high absenteeism. They indicate the low job satisfaction. In addition, job satisfaction is also an important factor that comes from the effectiveness of performance and successful work. The low job satisfaction in an organization comes from a sequence of 1) the decreasing task implementation, 2) the increasing absenteeism, and 3) the decreasing organizational morale. Meanwhile, at the individual level, job dissatisfaction is associated with: 1) a great desire to resign, 2) the increased level of job stress, and 3) the occurrence of various psychological and physical problems. In the hospital organization, the low job satisfaction is reflected by employees’ complaints such as 1) an unfair distribution system of medical services fee; 2) the leader does not listen to employees’ aspirations, 3) the poor work relationship between coworkers, 4) the lack of legal action towards indisciplined employees.

PT Perusahaan Perdagangan Indonesia (Persero), abbreviated as PT PPI is also known as ITC which stands for Indonesia Trading Company. It is the only state-owned trading company in Indonesia. PT PPI is engaged in general trading, covering export, import, and distribution which is a merger of three SOEs Niaga such as PT Tjipta Niaga (Persero), PT Dharma Niaga (Persero) and PT Pantja Niaga (Persero). It is effective
from March 31st, 2003, based on Government Regulation of The Republic of Indonesia No. 22 year 2003. PT PPI Regional Medan consists of four branches, namely Medan Branch, Pekanbaru Branch, Aceh Branch and Padang Branch. Each branch is charged with revenue targets which should be achieved within one year. Achieving these targets is one of the performance indicators of the branch. Moreover, the target achievement from these branches shows the Regional performance. The following table shows the target achievement of PT PPI Regional Medan in 2016.

Table 1. Plan and Realization of Revenue PT. PPI (Persero) Regional Medan Year 2016

<table>
<thead>
<tr>
<th>Branch</th>
<th>No. of Employees</th>
<th>Revenue (Billion Rp)</th>
<th>% Realization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan</td>
<td>Realization</td>
<td></td>
</tr>
<tr>
<td>Medan</td>
<td>20</td>
<td>160</td>
<td>152.0</td>
</tr>
<tr>
<td>Pekanbaru</td>
<td>16</td>
<td>60</td>
<td>60.0</td>
</tr>
<tr>
<td>Aceh</td>
<td>13</td>
<td>70</td>
<td>71.4</td>
</tr>
<tr>
<td>Padang</td>
<td>13</td>
<td>40</td>
<td>42.0</td>
</tr>
<tr>
<td>Jumlah</td>
<td>62</td>
<td>330</td>
<td>325.4</td>
</tr>
</tbody>
</table>

Source: PT PPI (Persero) Regional Medan, 2017.

As seen on revenue realization, it is known that the Medan Branch did not reach its target. The achievement is only 95% of the target, which means that the performance of the Medan Branch has not been optimum. Meanwhile, the other branches reached the target, and some of them exceeded the target. Overall, in Regional Medan, the target achievement reached 98.6% which means it is not optimal. The targets achievement that has not been optimal associated with human resources owned by the company. The achievement of these targets is as a result of employees’ work of in each branch. With a limited number of employees, they must have the quality and competence to achieve the optimal performance. Therefore, they are able to face the increasingly competitive business environment.

This research was conducted to determine the effect of individual characteristics, employees’ competency and organizational climate on job satisfaction and its implication on employees’ performance at the state-owned trading company in Indonesia.

2. Literature Review and Conceptual Framework

2.1. Individual Characteristics

According to Mathis and Jackson (2006), there are four individual characteristics that influence people on making career choices, namely interests, identity, personality, and social background. Based on those aspects, the individual characteristics are ability, value, attitude, interest. According to Robbins (2003), ability is the capacity of an individual to do various tasks in a job. Someone’s value is based on the satisfying work, enjoyable work, relationships with people, intellectual development and time for family. Attitudes are evaluative statements—either profitable or unprofitable—about objects, people, or events. Interest is an attitude that makes people happy about the object of certain situations or ideas. This is followed by a feeling of pleasure and a tendency to search for the object that is favored. According to As’ad (2004), the patterns of someone’s interest is one factor that determines someone’s suitability for a certain job. People have a different interest in the type of work.

2.2. Employees’ Competence

The basic concepts of open competence are standard and competence. Standards are defined as agreed sizes or forms. Competence is defined as the ability to perform tasks in the workplace, including applying skills supported by the knowledge (cognitive) and abilities in accordance with required the conditions. Therefore, the competency standard can be assumed as the formulation of the ability and expertise that must be possessed by the human resources in carrying out the work based on the requirements (Ardiana et al., 2010).

2.3. Organizational Climate

According to Tagiuri and Litwin (Wirawan, 2007), organizational climate is a continuous internal organizational quality, which experienced by the members of the organization; influences their behavior. In addition, it can be described as a set of characteristics or organizational traits. Furthermore, Dessler (2007) said the climate of the organization is closely related to the atmosphere within the organization itself. In this case, the organizational climate is a variable that affects the performance of individuals and organizations as the effect of organizational and psychological processes. The positive climate perceived by the employees will
create innovative behaviors that arise from the unbound new ideas and support from the company. In addition, employees will have a positive perception on the functioning of the organization. Therefore, creating a creative climate in an organization becomes very important to support and stimulate the creativity of the individuals. According to Hoogendoorn (1999), the indicators of organizational climate within an enterprise are autonomy and flexibility, trust and openness, sympathetic and supportive, honest and respectful, clarity of goals, risky work, and personal growth.

**H1:** Individual characteristics, employees’ competency, and organizational climate have a significant effect on employees’ job satisfaction.

### 2.4. Job Satisfaction

Cecelia (2006) explains job satisfaction can be understood through three aspects, such as 1) job satisfaction is a form of worker response to work environment conditions; 2) job satisfaction is often determined by work or performance results; and 3) job satisfaction associated with the other attitudes and owned by every worker. Luthans (2006) specifically suggests various dimensions of job satisfaction which are developed into a measure of satisfaction variables on (1) the attractiveness of work done by workers, (2) the amount of compensation received by workers, (3) the opportunity of promotion, (4) the leader’s ability in providing technical assistance, behavior support, and peer support. Callaghan and Coldwel (2014) argue the job dissatisfaction relatively might be an important indicator or precursor to potential loss of institutional capital. Pushpakumari (2008) states that an employee’s attitude is important to management since it determines the behavior of workers within the organization. A common opinion is that a satisfied worker is a productive worker. His research shows that there is a positive correlation between job satisfaction and employees’ performance.

**H2:** Job satisfaction has a significant effect on employees’ performance.

### 3. Research Methodology

This research uses a quantitative approach with primary and secondary data sources. This location of this research is PT. Perusahaan Perdagangan Indonesia (Persero), covering the working area: Aceh, Medan, Pekanbaru, and Padang. The population of this research is all employees of PT. Indonesian Trade Company (Persero). The research samples were taken from 51 people. The sampling technique uses simple random sampling.

The data collected from the questionnaires given to respondents. Data analysis technique used in this research is the structural equation modeling Partial Least Square. Furthermore, the variables were measured by 5 points Likert scale starts from strongly agree to strongly disagree.

Based on the research approach used, research variables include individual characteristics consists of 4 indicators of ability, value, and behavior, attitudes, and interests (Mathis and Jackson, 2006). Employees’ competency variable consists of 4 indicators such as personal character, self-concept, knowledge, and skill (Spencer and Spencer in Ruky, 2006). The organizational climate variable consists of 6 indicators such as structure, standard set, responsibility, reward, support, and commitment (Stringer in Wirawan, 2007). Job satisfaction variable consists of 5 indicators such as satisfaction with the work situation, satisfaction to supervision and management, satisfaction with communication, satisfaction to company’s policy and job satisfaction (JDI in Luthans, 2006). The employees’ performance variable consists of 4 indicators such as quantity, quality, timeliness, and cooperation (Mathis and Jackson, 2006).

### 4. Analysis and Results

Data analysis using structuring equation modeling partial least square results are presented in this section. Validity and reliability test are shown in the following tables.

**Table 2. Result of Outer Loading**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Char</th>
<th>Comp</th>
<th>Climate</th>
<th>Satisfaction</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Char1</td>
<td>(0.809)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Char2</td>
<td>(0.807)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Char3</td>
<td>(0.897)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Char4</td>
<td>(0.795)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp1</td>
<td>(0.843)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp2</td>
<td>(0.805)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 3. Result of Validity and Reliability Test

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>CR</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Characteristics</td>
<td>0.686</td>
<td>0.846</td>
<td>0.897</td>
</tr>
<tr>
<td>Competency</td>
<td>0.729</td>
<td>0.876</td>
<td>0.915</td>
</tr>
<tr>
<td>Organizational Climate</td>
<td>0.672</td>
<td>0.901</td>
<td>0.925</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.663</td>
<td>0.872</td>
<td>0.908</td>
</tr>
<tr>
<td>Performance</td>
<td>0.752</td>
<td>0.889</td>
<td>0.924</td>
</tr>
</tbody>
</table>

### Table 4. Result of Path Analysis and Hypotheses Testing

<table>
<thead>
<tr>
<th>Variables</th>
<th>Path Value</th>
<th>p value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Characteristics --&gt; Satisfaction</td>
<td>0.079</td>
<td>0.281</td>
<td>Reject</td>
</tr>
<tr>
<td>Competency &gt; Satisfaction</td>
<td>0.640</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td>Organizational Climate &gt; Satisfaction</td>
<td>0.229</td>
<td>0.040</td>
<td>Reject</td>
</tr>
<tr>
<td>Satisfaction &gt; Performance</td>
<td>0.850</td>
<td>0.000</td>
<td>Accept</td>
</tr>
</tbody>
</table>

R Square:
- Satisfaction: 0.69, 0.000
- Performance: 0.72, 0.000

The research model is presented in figure 1.

![Figure 1. The structural research findings](image-url)
5. Discussion

5.1. The Influence of Individual Characteristics on Job Satisfaction

Individual characteristics towards job satisfaction recorded the results of path coefficient 0.079 with p-value 0.281. The result of p-value is greater than 5%. Therefore, the individual characteristics not significantly influences job satisfaction. This finding is similar with Yuan’s research (1997), which suggests that individual characteristics (public service, age, education, race, and gender) do not have a consistent effect on job satisfaction. However, these two studies are different from study by Lee and Way (2010) and Subyantoro (2009) showed that individual characteristics directly have a positive and significant effect on job satisfaction. The study by Lubis (2012) states that employees’ characteristics variable either directly or indirectly has a significant effect on employee job satisfaction.

5.2. Influence of Employee Competence to Job Satisfaction

Individual competences towards job satisfaction have the results of path coefficient 0.640 with p-value 0.000. The result of p-value is lower than 5%. Therefore, the individual competence significantly influences job satisfaction. Supiyanto (2015) shows that competence has a significant effect on employees’ job satisfaction. The results of Manaroinsong’s research (2012) also showed that individual competence has a direct and significant effect on employees’ job satisfaction. According to Mitrani (1995), competence is a nature of a person that related either effectively or successfully to the actualization of a job. Study by Zaim et al., (2013) shows that individual and managerial competence has a significant effect on individual and organizational performance. According to Spencer and Spencer (Ruky, 2006) competence is the basic characteristic of a person (individual) that influences the way of thinking and acting, making generalizations of encountered situations and surviving long enough within human beings. In accordance with the definition, the components that shape a competence are motives, personal characteristics, self-concept, knowledge, and skills. Goffin and Woycheshin (2006) show six employee competencies from task-based job analysis.

5.3. The Influence of Organizational Climate on Job Satisfaction

Organizational climate towards job satisfaction have the results of path coefficient 0.229 with p-value 0.040. The result of p-value is higher than 5%. Therefore, the organizational climate does not significantly influences job satisfaction. This result echoes the research done by Susanty (2012) which shows that organizational climate has no significant effect on job satisfaction. This is different from a research by Lubis (2012) which points that organizational climate variable, either directly or indirectly has a significant effect on job satisfaction. Further research by Aryansah and Kusumaputri (2013) indicates a positive relationship between the organizational climate with the quality of employees’ working life. Study by Adeniji (2011) proved that organizational climate has a significant effect on job satisfaction.

Moedjarto in Simamora (2004) suggest that a positive work climate displays a strong sense of kinship between employees in the company. The sense of togetherness is strong that employees feel obliged to help each other. According to Siver (Komariah and Triatna, 2005), the social climate of an organization is formed by a reciprocal relationship between the behavior of the organization's leader and the behavior of members of the organization as a group. A leader’s behavior can affect the interpersonal interaction of members of the organization. Thus, leadership dynamics conducted by leaders with members are seen as a key to understand the variations of work climate. The interaction between members’ behavior and leader’s behavior will determine the work climate. A good and conducive working climate to educational activities will produce an effective interaction. The efforts to achieve organizational goals will work well for the overall performance.

5.4. Influence of Job Satisfaction on Employee Performance

Job satisfaction towards employees’ performance has the results of path coefficient 0.850 with p-value 0.000. The result of p-value is lower than 5%. Therefore, the self-efficacy significantly influences job satisfaction. Lubis (2012) showed that job satisfaction variables significantly affect employees’ performance. The results are in line with a research by Indrawati (2013) that shows job satisfaction has a significant positive impact on employees’ performance. According to Bull (2005), the employees’ successful experience in a mentally challenging job enables them to exercise their skills and abilities. In addition, they experience a greater degree of job satisfaction. Furthermore, according to Ramayah et al., (2001), job satisfaction explains how employees come to work and how they can be enforced to do their work. The key elements of this parameter are incentives, rewards, and recognition.
6. Conclusion, Recommendations and Limitations

The results show that individual characteristics do not have a significant effect on job satisfaction. Meanwhile, the competency variable and organizational climate have a significant effect on job satisfaction. Similarly, job satisfaction has a significant effect on employees’ performance. This indicates that employees’ competency needs to be improved through training and education program in order to improve the job satisfaction. It is also the same with the organizational climate. In order to increase work satisfaction, it is necessary to create a flexible work structure and clear working procedures. The existence of support and organizational commitment in creating a conducive working atmosphere accompanied by sufficient awards will be able to improve employees’ job satisfaction. The improvement of job satisfaction is expected to produce optimal employee performance. Nevertheless, this research still has some limitations where the population is only from an investment company. It is necessary to add companies from the other sectors. Therefore, it is necessary to explore further factors that can improve employees’ job satisfaction such as positive support organization, psychological capital, motivation, distributive justice and the other factors that allegedly affect employees’ job satisfaction.

References


Aryansah, I., 2013. Iklim organisasi dan kualitas kehidupan kerja karyawan. HUMANITAS (Jurnal Psikologi Indonesia), 10(1), pp.75-86.


