

EXAMINING FACTORS AFFECTING EMPLOYEE PERFORMANCE IN BATAM CITY SHOPPING MALLS

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Abstract

Globalisation has broadened market prospects for Indonesian industries and concurrently expanded employment opportunities for its citizens. A critical determinant of company improvement is employee performance. This study is centred on identifying factors that influence employee performance, specifically focusing on the mediating role of job satisfaction. The target demographic for this research comprised employees working in shopping malls in Batam City, encompassing 379 respondents who were reached through questionnaire distribution. The methodology involved a descriptive statistical approach and the application of Partial Least Squares (PLS) for data analysis. The findings of the study highlight that organisational commitment, employee communication, and internal branding significantly and positively influence employee performance, with job satisfaction acting as a mediator. This suggests that these factors when harmonised with enhanced job satisfaction, contribute substantially to improved employee performance. This research offers valuable insights for businesses, especially within the retail sector, seeking to enhance employee productivity and overall organisational effectiveness.

Keywords: Organizational Commitment, Employee Communication, Internal Branding, Employee Performance, Job Satisfaction

Introduction

Globalization is a process that connects people worldwide and intertwines them in all aspects of life, including economics, culture, politics, technology, and the environment. Globalization provides Indonesian industries with a broader market for their products and creates extensive job opportunities for Indonesian citizens. On the other hand, it also intensifies competition, both among Indonesian industries and foreign industries. The retail business in Indonesia significantly influences globalization as foreign retail industries require substantial capital to carry out their activities in the country (Rizqi et al., 2023)

Generally, a shopping mall is an important component of the economy of a region and contributes to the government and society. However, it is also important to remember that malls can have negative impacts on small traders and the environment if not properly regulated. Household consumption expenditures can be categorized into two types based on their nature: leisure and lifestyle consumption expenditures, and non-leisure consumption expenditures. Leisure and lifestyle consumption expenditures include subcomponents such as transportation and communication (such as transportation costs, telephone, and internet expenses) as well as subcomponents related to restaurants and hotels. On the other hand, non-leisure consumption expenditures encompass subcomponents like food and beverages (excluding restaurants), clothing, footwear, and related services, housing and household equipment, health and education, and other miscellaneous expenses (such as club memberships or hobby costs).

Leisure and lifestyle consumption expenditures are typically optional and depend on the preferences and lifestyle of each individual, while non-leisure consumption expenditures tend to be more essential and related to basic human needs. However, it is important to note that the division between leisure and non-leisure consumption expenditures can vary depending on the definitions and classifications used in a study or analysis.

Literature Review

Employee Performance

According to (Yuniarti, 2021), employee performance is the measure of how well an individual or group achieves expected outcomes based on the given tasks and responsibilities. Good performance is characterized by being efficient and effective, which means achieving organizational goals in the right way and generating positive impact for the organization. Therefore, employee performance is a crucial factor in the success of an organization. To enhance employee performance, regular evaluations, constructive feedback, and opportunities for skill and knowledge development need to be provided. The questionnaire statements are adopted from (Author & Fazri, 2022).

Organizational Commitment

According to (Umar & Norawati, 2022) organizational commitment refers to the attitude or behavior of employees that demonstrates loyalty or allegiance to the organization they work for. Organizational commitment is an ongoing process where organizational members express their concern for the organization

and its future success. This can help companies maintain workforce stability and reduce costs associated with recruiting and training new employees. The questionnaire statements are adopted from (Ahmad & Raja, 2021).

Employee Communication

According to (Mangkunegara, 2018), workplace communication is a crucial process in carrying out tasks and responsibilities within an organization or company. In workplace communication, leaders or supervisors convey ideas, goals, and task-related information to employees or subordinates, enabling them to work effectively and efficiently. Workplace communication also involves various forms of interaction, such as face-to-face meetings, emails, phone calls, text messages, or other communication applications. Furthermore, in workplace communication, it is important to maintain mutual understanding and ensure that the message conveyed is clearly and accurately understood by the recipient. The questionnaire statements are adopted from (Suparyanto dan Rosad, 2020).

Internal Branding

According to (Hadi, 2022), internal branding is the activity and process aimed at providing information and inspiring employees to understand and consistently practice the values, mission, and vision of the company. Internal branding also involves effective internal communication strategies to ensure that the company's messages are well-received and correctly understood by employees. The questionnaire statements are adopted from (Kaur et al., 2020).

Job Satisfaction

According to (Pendahuluan, n.d.), job satisfaction is a pleasant emotional state towards one's work. Employees who are satisfied with their jobs usually exhibit positive attitudes towards their work, such as feeling happy, motivated, and enthusiastic in performing their tasks. Therefore, it is important for companies to pay attention to employee job satisfaction in order to enhance overall performance and productivity. The questionnaire statements are adopted from (Author & Fazri, 2022).

Framework

Based on the description above, the variables used in this study can be put forward in the following framework.

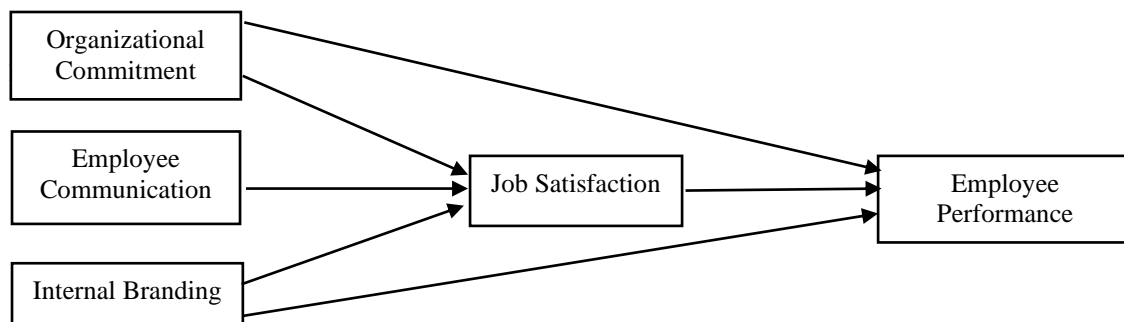


Figure 1. Framework

Hypothesis

- H1 (a): Consumption value can be influenced by functional value
- H1 (b): Consumption value can be influenced by emotional value
- H1 (c): Consumption value can be influenced by social value
- H2: Consumption value can influence purchase intention

Methods

Research method is a systematic approach or procedure used to conduct research and gather relevant data regarding the discussed research topic (Hair et al., 2021). This research employs a basic research design, which aims to enhance the theories applied in the investigation within the shopping mall domain. Additionally, the research adopts a descriptive method to portray the real-life conditions of the researched objects. Primary data sources are utilized, acquired directly from research participants through the distribution of questionnaires. The researcher administered questionnaires across seven shopping malls situated in Batam. The questionnaire distribution occurred once within a short timeframe until the targeted number of respondents was achieved.

The objective of utilizing this analytical method is to assess the presence of data that meets the requirements of reliability and validity, as gathered from respondents in accordance with the proposed hypotheses. In this study, the researcher employs the Partial Least Squares (PLS) approach for data analysis.

The PLS method utilizes regression techniques to estimate the relationships between independent and dependent variables (Hair et al., 2021).

In PLS-SEM, path coefficients of +/-1, while substantial, do not necessarily indicate multicollinearity issues, as PLS-SEM employs a principal component-based approach to mitigate multicollinearity among variables. Therefore, the path coefficient values need not be compared to a threshold of +/-1, as in classical SEM. Alongside path coefficients, PLS-SEM also provides t-statistic values for each path coefficient. A t-statistic value exceeding 1.96 indicates that the indicator weights (loadings) associated with that path are statistically significant at a 95% confidence level. In PLS-SEM, indicator weights illustrate the extent to which an indicator explains the variance of its underlying construct. Greater indicator weights signify a stronger relationship between the indicator and its construct (Hair et al., 2021).

Result and Discussion

Average Variance Extracted (AVE)

The minimum acceptable Average Variance Extracted (AVE) is 0.50. An AVE of 0.50 or higher indicates that the construct explains 50 percent or more of the variance in the indicators that form the construct. If the AVE is less than 0.50, it suggests that the construct may not be capable of explaining as much as 50 percent of the variation in the utilized indicators.

Table 1. Result Average Variance Extracted (AVE)

	AVE	Result
Job Satisfaction	0,595	Valid
Organizational Commitment	0,593	Valid
Internal Branding	0,565	Valid
Communication	0,567	Valid
Employee Performance	0,507	Valid

Source: Primary Data Processed (2023)

Reliability Test

Reliability testing using Cronbach's alpha and Composite Reliability (CR) is a common practice to assess the overall reliability level of indicator blocks utilized for measuring a construct. To be categorized as reliable, the Cronbach's alpha value should be >0.6, and the Composite Reliability (CR) value should be >0.7.

Table 2. Result Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Result
Communication	0,812	0,865	Reliabel
Employee Performance	0,816	0,891	Reliabel
Internal Branding	0,914	0,928	Reliabel
Job Satisfaction	0,830	0,880	Reliabel

Source: Primary Data Processed (2023)

Path Model

The results of bootstrapping are presented in the figure below.

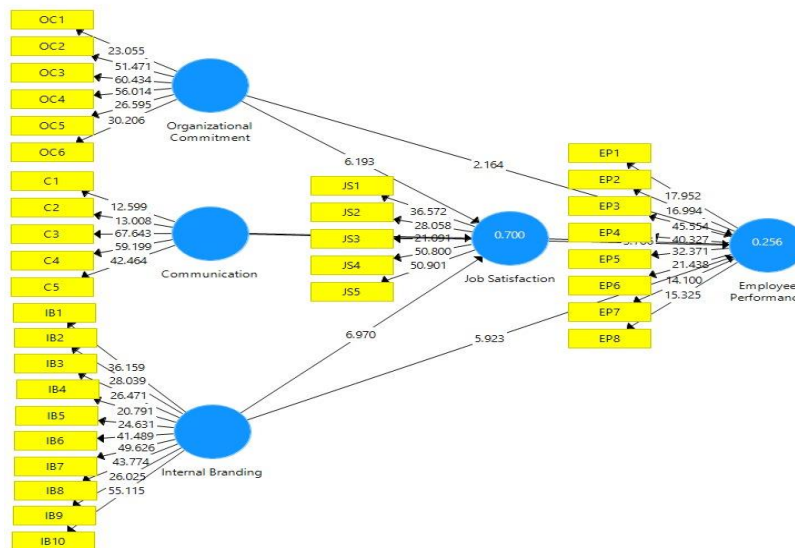


Figure 1. Result Bootstrapping

Employee Communication has a positive and significant effect on Employee Performance.

In accordance with the obtained results, the T-Statistic with a value of 8.981 and P-Values of 0.000 from employee communication and employee performance indicate a statistically significant relationship between the two variables. These findings are consistent with the research outcomes (Klasik et al., 2021), (Sari & Panglipursari 2022), (Hartati et al., 2020).

Employee Communication has a positive and significant effect on Job Satisfaction.

Consistent with the obtained results, the T-Statistic value of 6.738 and P-Values of 0.000 from employee communication and job satisfaction indicate a statistically significant relationship between the two variables. These findings align with the research outcomes (Klasik et al., 2021), (V.A.R.Barao et al., 2022).

Internal Branding has a positive and significant effect on Employee Performance.

Based on the analysis results, it was found that the internal branding variable has a significant relationship with employee performance, as indicated by a T-Statistic of 5.685 and P-Values of 0.000. This finding suggests that there is a statistically significant relationship between internal branding and employee performance. These results are also consistent with previous research (Kaur et al., 2020), (Latifah & Muafi 2021).

Internal Branding has a positive and significant effect on Job Satisfaction.

In line with the obtained results, the T-Statistic with a value of 6.484 and P-Values of 0.000 from the internal branding variable and job satisfaction demonstrate a statistically significant relationship between the two variables. These findings are consistent with the research outcomes (Kaur et al., 2020), (Latifah & Muafi 2021).

Job Satisfaction has a positive and significant effect on Employee Performance.

In accordance with the obtained results, the T-Statistic value of 3.671 and P-Values of 0.000 from job satisfaction and employee performance indicate a statistically significant relationship between the two variables. These findings are consistent with the research outcomes (Muchsinati & Jeanny 2021) (Amri & Ramadhi 2021).

Organizational Commitment has a positive and significant effect on Employee Performance.

In line with the obtained results, the T-Statistic with a value of 2.071 and P-Values of 0.039 from the organizational commitment variable and employee performance indicate a statistically significant relationship between the two variables. These findings are consistent with the research outcomes (Hariyanto et al., 2021), (Loan 2020).

Organizational Commitment has a positive and significant effect on Job Satisfaction.

According to the obtained results, the T-Statistic with a value of 5.806 and P-Values of 0.000 from the organizational commitment variable and job satisfaction indicate a statistically significant relationship between the two variables. These findings are consistent with the research outcomes (Mwesigwa et al., 2020), (Ashraf, 2020).

Employee Communication has a positive and significant effect on Employee Performance mediated by Job Satisfaction.

Based on the T-Statistic value of 3.187 and a P-Value of 0.001, it can be concluded that a significant relationship exists between communication, job satisfaction, and employee performance. The findings of this research indicate that communication has a positive influence on job satisfaction, which in turn impacts employee performance. In this context, effective communication between employees and management, or among colleagues, will have a positive effect on employee job satisfaction. When employees feel content with their work, it motivates them to perform better, actively contribute, and achieve higher levels of performance. Job satisfaction plays a pivotal role as a mediator between communication and employee performance. In other words, job satisfaction acts as a bridge connecting the influence of communication to employee performance. When employees are satisfied with their jobs, it drives improvements in performance. The results of this study underscore the importance for companies to pay attention to and enhance internal communication. By doing so, companies can create higher levels of job satisfaction among employees and ultimately enhance their performance (Klasik et al., 2021), (V.A.R.Barao et al., 2022).

Internal Branding has a positive and significant effect on Employee Performance mediated by Job Satisfaction.

Based on the T-Statistic value of 3.040 and a P-Value of 0.002, it can be concluded that there is a significant relationship between internal branding, job satisfaction, and employee performance. This study demonstrates that internal branding has a positive influence on job satisfaction, which in turn affects employee performance. In this context, internal branding refers to the efforts to build the company's brand

image within the organization and strengthen employees' commitment to the company. The findings of this research indicate that when internal branding is effectively implemented, it can enhance employees' job satisfaction. Employees who feel connected to the company's brand identity and have a strong commitment to the organization tend to have higher levels of job satisfaction. Job satisfaction then acts as a mediator or connector between internal branding and employee performance. In other words, through job satisfaction, the impact of internal branding on employee performance becomes more apparent. Employees who are content with their work are more likely to be motivated, contribute actively, and achieve better performance. The results of this study underscore the importance for companies to pay attention to and strengthen their internal branding. By enhancing internal branding, companies can improve employee job satisfaction and ultimately enhance their performance (Husna et al., 2021), (Latifah & Muafi 2021).

Internal Branding has a positive and significant effect on Employee Performance mediated by Job Satisfaction.

Based on the T-Statistic value of 3.205 and a P-Value of 0.001, it can be concluded that there is a significant relationship between organizational commitment, job satisfaction, and employee performance. This study demonstrates that organizational commitment has a positive influence on job satisfaction, which in turn affects employee performance. Organizational commitment refers to the level of dedication and attachment employees have towards the organization they work for. The findings of this research indicate that employees with higher levels of organizational commitment tend to have higher levels of job satisfaction. They feel connected and committed to giving their best for the organization. Job satisfaction then acts as a mediator or connector between organizational commitment and employee performance. In other words, through job satisfaction, the influence of organizational commitment on employee performance becomes more evident. Employees who feel satisfied with their jobs due to their high level of organizational commitment are more likely to be motivated, contribute actively, and achieve better performance. The results of this study emphasize the importance for companies to cultivate strong organizational commitment. By strengthening organizational commitment, companies can enhance employee job satisfaction and ultimately improve their performance (Dewi & Surya, 2021), (Loan 2020).

Conclusion

This study was conducted to analyze the influence of employee performance on organizational commitment, communication, and internal branding, mediated by job satisfaction in shopping malls in Batam City. The organizational commitment variable has a significant impact on employee performance. The employee communication variable significantly influences employee performance. The internal branding variable significantly affects job satisfaction. Furthermore, the organizational commitment variable significantly influences job satisfaction. The employee communication variable has a significant impact on job satisfaction. Additionally, the internal branding variable significantly influences job satisfaction. Moreover, the organizational commitment variable significantly affects employee performance, mediated by job satisfaction. The employee communication variable significantly influences employee performance, mediated by job satisfaction. The internal branding variable also affects employee performance, mediated by job satisfaction. Lastly, the job satisfaction variable significantly influences employee performance.

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