

## THE EFFECT OF JOB SATISFACTION ON EMPLOYEE PERFORMANCE THROUGH INNOVATION: A CASE STUDY ON NATIONAL STRATEGIC PROJECTS

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### ABSTRACT

This research was conducted in the National Strategic Project area at Southeast Sulawesi Province, with the technique used was the survey method. The population in this study was 2332 employees from the Department of Mines, Mine & Technical Services, QAQC, Shipment, Port Operation & Maintenance, Legal & Government Relations, External Relations, HC, GA, Finance & Accounting, Marketing & Commercial, Business Development, IT, Geology & Exploration, Project Development and Corporate Communication. The results showed that the highest level of performance was in the statement "new products of the company's have received a positive response in the market," with an average of 4.16, and the majority of employees stated that they strongly agreed or agreed. The lowest level of job satisfaction was related to statements about salary fairness, where some employees expressed disagreement with pay fairness. The research results found that job satisfaction has an important and significant influence on innovation in the context of national strategic projects, especially in the smelter project, which can be explained by several factors that support the positive relationship between job satisfaction and innovation. These findings can be an important basis for the development of more effective human resource management strategies in such strategic project environments.

**Keyword:** Job Satisfaction, Employee Performance, Innovation, National Strategic Project

### INTRODUCTION

Organizations are a tool for gathering cooperation between a group of individuals to achieve a goal. This concept is also in line with the view that an organizational entity is a combination of individuals or groups that focus on the results the organization wants to achieve, while remaining dependent on the contributions of these individuals and groups. In other words, organizational efficiency is closely related to the efficiency of the individuals and groups within it. Along with the development and growth of companies, the need for workers continues to increase. So that individuals can be ready to become supervisors, superintendents, or even managers in companies, apart from holding education and training programs to develop competencies, task rotation is also carried out so that individuals' understanding of their responsibilities becomes more mature.

Employees in National Strategic Projects have equal opportunities for career development, which is based on competency standards, work performance and educational values related to tiered leadership. These criteria aim to stimulate the enthusiasm of individuals in the team to develop themselves and show their best achievements, so that they have the potential to progress in their career path. Along with increasing awareness regarding the vital role of leadership in encouraging team members to achieve their best results, the promotion process has become more stringent in its selection. Therefore, employee performance is also considered a significant aspect in the company.

Employee performance is one of the main focuses in efforts to achieve organizational goals. Many factors can influence employee performance, including leadership relationships (leader-member exchange/LMX), knowledge sharing, job satisfaction, and innovation (Xie et al, 2020). Previous studies have shown that there is a positive influence between these factors which can have a significant impact on employee performance.

Job satisfaction is an important factor that can influence employee innovation and performance. Employees who are satisfied with their jobs tend to be more dedicated, productive, and tend to think creatively. Job satisfaction can influence an individual's psychological well-being. Individuals who feel satisfied with their work tend to have lower stress levels, be happier, and be more emotionally balanced (Diener et al., 2019).

There is a decline in employee performance even though the National Strategic Project has implemented equal opportunities in career development, but in fact the facts are different from the results of previous research so this has become a research gap. Diener et al (2019) stated that job satisfaction is an important factor that can influence employee innovation and performance. Employees who are satisfied with their jobs tend to be more dedicated, productive, and tend to think creatively. One indicator of job satisfaction is promotional opportunities or career development opportunities.

## **LITERATURE REVIEW**

### **Employee performance**

Employee performance is a critical factor in organizational success, involving the abilities, behavior and results demonstrated by employees in achieving work responsibilities. Performance is often evaluated along multiple dimensions, such as task completion, adaptability, communication skills, and goal achievement (Meyer et al., 2019). Social Exchange Theory is that satisfaction in communication can be obtained when someone gets more benefits than the sacrifices they make during the communication process. This theory is rooted in the idea that individuals view relationships as an economic transaction where they consciously assess what they sacrifice (cost) in the relationship and compare it with the benefits (rewards) they receive (West & Turner, 2008: 216). If what is sacrificed is not commensurate with the rewards or benefits obtained, one party in the interaction may feel dissatisfied and tend to stop the interaction, which has the potential to result in failure in the social relationship of both parties (Mighfar, 2015: 273).

## **Innovation**

Employee innovation is a process in which employees actively contribute to generating ideas, developing new concepts, and implementing beneficial changes in the work context (Scott & Bruce, 1994). Innovation covers various aspects, including changes to products, processes, services, as well as the development of new methods to achieve organizational goals. Innovation is the main tool that turns opportunities into results (Drucker, 2019).

Innovation is a process in which new products, services, or processes are created and change the way people do things (Christensen et al., 2015). Innovation is a new idea, practice, or object adopted by an individual or social group (Rogers, 2019). Innovation is the application of new ideas that produce added value for the organization (Tidd & Bessant, 2016). Innovation is open collaboration inside and outside the company that enables the creation and use of new value (Chesbrough, 2021).

## **Job satisfaction**

Job satisfaction is an individual's perception of work, including positive or negative feelings and attitudes towards various aspects of work (Spector, 2019). Satisfaction is an individual's feeling about fulfilling basic needs, autonomy, and competence in the work context, which provides a positive experience (Ryan & Deci, 2017). Job satisfaction is a person's positive or negative feelings towards their job related to their perception of the extent to which the job meets their expectations and values (Locke, 2019). Job satisfaction is an individual's level of pleasure or dissatisfaction with work, which depends on the comparison between the expected and received results from the job (Wanous & Lawler, 2019).

## **METHOD**

This research was designed to answer the problem formulation, objectives to be achieved and test hypotheses. The object of this research was carried out in the National Strategic Project area with the technique used was the survey method. This type of research in terms of research objectives is explanatory research. The approach used to analyze is a quantitative approach which includes quantitative analysis as the main method and several computational explanations as supporting methods.

This research is limited to the study of human resource management through a workforce or employee and organizational or company aspect approach. In this case, the variable job satisfaction is the variable that is studied for its influence on employee performance and innovation as the mediation. Thus, this research is within the scope of human resource management studies related to employee performance. This research was conducted at the National Strategic Project.

The sampling technique used was proportional random sampling. In taking the sample size in this research, the researcher used the Slovin method. The population in this study were 2332 employees from the Department of Mines, Mine & Technical Services, QAQC, Shipment, Port Operation & Maintenance, Legal & Government Relations, External Relations, HC, GA, Finance & Accounting, Marketing & Commercial, Business Development, IT, Geology & Exploration,

Project Development and Corporate Communication. Researchers also took samples from employees of Strategic Project partners. In taking the sample size for this study, researchers used the Slovin formula method.

## RESULTS AND DISCUSSION

### Results

#### *Validity and Reliability Test*

Ghozali (2013) believes that the validity test is used as a measuring tool to measure whether a questionnaire is valid or not. A questionnaire can be said to be legitimate or valid if the statements in the questionnaire are able to express something that the questionnaire will measure. The validity test uses 341 samples, at an alpha ( $\alpha$ ) significance level of 0.05, the r table value is 0.1059. The results of validity testing obtained in this research test are as follows:

Table 1 Validity Test

| Indicator | R count | R table | Description |
|-----------|---------|---------|-------------|
| Y2.1      | 0.787   | 0.1059  | Valid       |
| Y2.2      | 0.804   | 0.1059  | Valid       |
| Y2.3      | 0.858   | 0.1059  | Valid       |
| Y2.4      | 0.856   | 0.1059  | Valid       |
| Y2.5      | 0.794   | 0.1059  | Valid       |
| Y2.6      | 0.839   | 0.1059  | Valid       |
| Y2.7      | 0.788   | 0.1059  | Valid       |
| Y2.8      | 0.810   | 0.1059  | Valid       |
| Y2.9      | 0.646   | 0.1059  | Valid       |
| Y2.10     | 0.790   | 0.1059  | Valid       |
| Y2.11     | 0.753   | 0.1059  | Valid       |
| Y2.12     | 0.733   | 0.1059  | Valid       |
| Y1.1      | 0.612   | 0.1059  | Valid       |
| Y1.2      | 0.539   | 0.1059  | Valid       |
| Y1.3      | 0.786   | 0.1059  | Valid       |
| Y1.4      | 0.769   | 0.1059  | Valid       |
| Y1.5      | 0.794   | 0.1059  | Valid       |
| Y1.6      | 0.772   | 0.1059  | Valid       |
| Y1.7      | 0.864   | 0.1059  | Valid       |
| Y1.8      | 0.870   | 0.1059  | Valid       |
| Y1.9      | 0.826   | 0.1059  | Valid       |
| Y1.10     | 0.822   | 0.1059  | Valid       |
| X2.1      | 0.818   | 0.1059  | Valid       |
| X2.2      | 0.843   | 0.1059  | Valid       |
| X2.3      | 0.792   | 0.1059  | Valid       |

| Indicator | R count | R table | Description |
|-----------|---------|---------|-------------|
| X2.4      | 0.736   | 0.1059  | Valid       |
| X2.5      | 0.786   | 0.1059  | Valid       |
| X2.6      | 0.838   | 0.1059  | Valid       |
| X2.7      | 0.867   | 0.1059  | Valid       |
| X2.8      | 0.836   | 0.1059  | Valid       |
| X2.9      | 0.779   | 0.1059  | Valid       |
| X2.10     | 0.809   | 0.1059  | Valid       |

Based on the validity test, it can be seen that all items in this research have fulfilled the calculated  $r > r$  table so that all research items are valid. Reliability is a tool for measuring a questionnaire which is an indicator of a variable or construct (Ghozali, 2013). If a measuring instrument can be used twice to measure the same phenomenon and the measurement results are processed relatively consistently, then the measuring instrument used is consistent in measuring the same phenomenon. A variable can be said to be reliable if the Cronbach Alpha value is  $> 0.60$ . The results of the reliability test are as follows:

Table 2 Reliability Test

| Item                 | CA    | Min CA | Description |
|----------------------|-------|--------|-------------|
| Employee performance | 0,942 | 0,60   | Reliable    |
| Innovation           | 0,920 | 0,60   | Reliable    |
| Job satisfaction     | 0,940 | 0,60   | Reliable    |

All variables in this study have Cronbach alpha values above 0.60 so that all variables are reliable.

### Test of Structural Equation Model Assumptions

#### Normality test

Estimation with Maximum Likelihood requires that the observed variables must meet the normality assumption. The normality test was carried out by observing the cr (critical ratio) value of  $-2.58 \leq cr \leq 2.58$  at a significance level of 0.05 (5%). Normality test results are as follows:

Table 3 Normality Test

| Indicator | Min   | Max   | c.r.  | Description |
|-----------|-------|-------|-------|-------------|
| Y2.1      | 1.000 | 5.000 | -.721 | Normal      |
| Y2.2      | 1.000 | 5.000 | 1.938 | Normal      |
| Y2.3      | 1.000 | 5.000 | 1.042 | Normal      |
| Y2.4      | 1.000 | 5.000 | 1.474 | Normal      |

| Indicator    | Min   | Max   | c.r.   | Description |
|--------------|-------|-------|--------|-------------|
| Y2.5         | 1.000 | 5.000 | .677   | Normal      |
| Y1.1         | 1.000 | 5.000 | -2.273 | Normal      |
| Y1.2         | 1.000 | 5.000 | 1.969  | Normal      |
| Y1.3         | 1.000 | 5.000 | -1.887 | Normal      |
| Y1.4         | 1.000 | 5.000 | -1.384 | Normal      |
| Y1.5         | 1.000 | 5.000 | 1.587  | Normal      |
| X2.1         | 1.000 | 5.000 | -.104  | Normal      |
| X2.2         | 1.000 | 5.000 | 2.019  | Normal      |
| X2.3         | 1.000 | 5.000 | 2.028  | Normal      |
| X2.4         | 1.000 | 5.000 | -1.657 | Normal      |
| X2.5         | 1.000 | 5.000 | 1.241  | Normal      |
| Multivariate |       |       | 2.158  |             |

Based on the normality test, it has a c.r. namely  $-2.58 \leq cr \leq 2.58$ , and multivariate, namely 2,158 where  $-2.58 \leq \text{multivariate} \leq 2.58$ . So all items in this study were declared normal.

**Outlier Test**

The results of the research data outlier test are extreme values. Daa declared good is daa without having extreme values. Outlier test analysis by comparing the Mahalanobis distance value with the Chi Square Table value with a degree of freedom of 44 and an error rate of 0.001 is 78.687. The analysis results found that the Mahalanobis distance value did not exceed 78.687.

Table 4 Outlier Test Results

| Extreme Values<br>Mahalanobis Distance | Chi-Square | Description |
|--|------------|-------------|
| 50,285                                 | 78,687     | No Outliers |

**Multicollinearity Test**

It is hoped that the structural equation model will not experience multicollinearity. The technique used is to compare correlation values between constructs, none of which exceeds the cutoff of 0.9. The results of this research show that all constructs have a correlation value smaller than 0.9.

Table 5 Multicollinearity Test

| Corelation Maximum | Cut Off | Description                      |
|--------------------|---------|----------------------------------|
| 0,366              | 0,90    | Multicollinearity does not occur |

**Structural Model Test Results**

Structural Equation Modeling (SEM) is a statistical method that allows us to examine the relationship between unobserved variables and measurable variables, as well as explore the relationships between these unobserved variables. Apart from that, SEM also provides information regarding the extent of uncertainty in the measurements.

Table 7 Structural Model Test

|                      | Indikator | Estimate |
|----------------------|-----------|----------|
| Employee performance | Y2.1      | 0,880    |
|                      | Y2.2      | 0,786    |
|                      | Y2.3      | 0,726    |
|                      | Y2.4      | 0,680    |
|                      | Y2.5      | 0,880    |
|                      | Y2.6      | 0,806    |
| Innovation           | Y1.1      | 0,870    |
|                      | Y1.2      | 0,642    |
|                      | Y1.3      | 0,920    |
|                      | Y1.4      | 0,991    |
|                      | Y1.5      | 0,858    |
| Job satisfaction     | X2.1      | 0,900    |
|                      | X2.2      | 0,764    |
|                      | X2.3      | 0,781    |
|                      | X2.4      | 0,880    |
|                      | X2.5      | 0,910    |

Based on the table above, it can be found that all research indicators have an estimate value of  $> 0.5$  so that this research meets the structural equation or can be said to be reliable. The performance variable measurement is quality with a loading factor of  $0.880 > 0.5$ ; quantity with loading factor  $0.786 > 0.5$ ; punctuality with loading factor  $0.726 > 0.5$ ; cost effectiveness with loading factor  $0.680 > 0.5$ ; the need for supervision with a loading factor of  $0.880 > 0.5$ ; and impact between individuals with a loading factor of  $0.806 > 0.5$ .

The innovation variable measurements are patents and documentation with a loading factor of  $0.870 > 0.5$ ; efficient process development with loading factor  $0.642 > 0.5$ ; market response to new innovations with loading factor  $0.920 > 0.5$ ; more advanced research technology with a loading factor of  $0.991 > 0.5$ ; and efficient spending with a loading factor of  $0.858 > 0.5$ .

The measurement of job satisfaction variables is the job itself with a loading factor of  $0.900 > 0.5$ , the payment system with a loading factor of  $0.764 > 0.5$ ; promotional opportunities with loading factor  $0.781 > 0.5$ ; supervisor's attitude with loading factor  $0.880 > 0.5$ ; and colleagues with a loading factor of  $0.910 > 0.5$ .

## **Discussion**

### **Employee performance**

Employee performance, which includes aspects of quality, quantity, timeliness, cost effectiveness, need for supervision, and impact between individuals, is measured through six indicators. Analysis showed that employees reported the highest level of performance on the rewards aspect of work, with a mean of 4.34, and the majority strongly agreed. On the other hand, the lowest performance was related to the statement that the work was completed before time, although the majority still agreed. Model fit shows that quality, quantity, timeliness, cost effectiveness, need for supervision, and impact between individuals have loading factors above 0.5, confirming the validity of the performance measurement. These results reflect the importance of work rewards in motivating employees, while also underscoring the need for effective management to ensure quality, timeliness, and collaboration between individuals.

### **Innovation**

Innovation, as an employee's ability to produce patents or documentation, develop efficient processes, and receive positive feedback in the market, is measured through five main indicators. The survey results showed that the highest innovation was in the statement "I feel that the company's new products have received a positive response in the market," with an average of 4.16, and the majority of employees stated that they strongly agreed or agreed. On the other hand, the lowest level of innovation was associated with the statement "I have more technical documentation than my peers," with a mean of 3.40, although the majority still agreed. Model fit shows that patents and documentation, efficient process development, market response to new innovations, more advanced research technology, and efficient spending have loading factors above 0.5, confirming the validity of the innovation measurement. These findings illustrate the importance of a positive market response to new products, while demonstrating the potential for improvements in technical documentation to enhance overall innovation.

### **Satisfaction**

Job satisfaction, which includes evaluation of the job, pay system, promotion opportunities, supervisor attitude, and relationships with coworkers, is measured through five key indicators. The survey results showed that the highest level of job satisfaction came from the statement "I feel that my job provides the opportunity to accept responsibility," with an average of 4.34, and the majority of employees said they strongly agreed. On the other hand, the lowest job satisfaction was related to statements about perceptions of salary, with an average of 3.83, where some employees expressed disagreement with salary fairness. Model fit analysis shows that the job satisfaction



measurement has good validity, with factor loadings above 0.5 for all indicators, including the job itself, payment system, promotion opportunities, attitudes of supervisors, and coworkers. These findings highlight the importance of providing responsibility on the job to increase employee satisfaction, while also indicating the expansion of efforts to improve employee perceptions of pay fairness and match.

### **Employee Satisfaction and Employee Performance**

The research results found that job satisfaction does not have a significant influence on employee performance. Based on the research results which state that job satisfaction has no influence on employee performance in the context of national strategic projects, especially the smelter project in Kolaka Regency, Southeast Sulawesi, several potential causes can be identified that support this finding. National strategic projects, especially technical ones such as smelter projects, place high pressure and work demands on employees. Factors such as tight deadlines, technical complexity, and the need to meet certain standards can lead to an employee's primary focus on completing concrete tasks, without regard to the level of personal satisfaction.

The characteristics of work that are routine and focused on certain technical tasks in smelter projects can lead to the perception that job satisfaction is not the main factor in achieving the desired results. Employees prioritize achieving targets and fulfilling technical requirements rather than aspects of personal satisfaction.

More practical aspects, such as salary and benefits, have a greater impact on employee job satisfaction in a national strategic project environment. Employees tend to judge their satisfaction by these concrete factors, rather than subjective elements related to psychological or social aspects of the workplace. The pressure and complexity of work in a smelter project makes job satisfaction secondary. In an environment where employee performance must be continuously maintained so that the project can run smoothly, the focus on individual satisfaction becomes a lower priority than meeting project objectives.

There are differences in employee perceptions regarding job satisfaction which are not well measured in research instruments. Factors that are not covered or are inadequately measured can influence the results of research on the relationship between job satisfaction and employee performance. Individual differences in employee priorities and values play a significant role in the relationship between job satisfaction and performance. Some employees consider job satisfaction to be a crucial aspect, while others focus more on achieving job goals and responsibilities. This research is in line with research conducted by Pusparini (2018) where this research and previous research found that job satisfaction was unable to influence performance.

### **Innovation and Employee Performance**

The research results found that innovation has a positive and significant influence on employee performance. The research results state that innovation has a positive influence on employee performance in the context of national strategic projects, especially the smelter project

in Kolaka Regency, Southeast Sulawesi. Several potential causes can be identified that support this finding.

Work innovation can increase operational efficiency in national strategic projects. By adopting new methods or technologies, employees can increase their productivity, reduce task completion time, and improve the quality of work. This makes a positive contribution to the overall performance of the project.

Work innovation can increase adaptation to changing project conditions. National strategic projects, such as smelter projects, face challenges and unexpected changes in conditions. Innovative employees are more likely to respond quickly to change and find creative solutions to overcome obstacles, which in turn improves project performance.

Job innovation creates competitive differentiation. In national strategic projects that often compete to achieve the highest standards, employees who are capable of innovation can give the project a competitive advantage. This may include developing new work methods, using the latest technology, or implementing more efficient processes.

Work innovation can improve team collaboration and communication. Employees who engage in innovation are often more likely to collaborate and share ideas with their team members. This can strengthen relationships among employees, improve team coordination, and have a positive impact on the overall performance of the project team. Work innovation can create a long-term impact on the sustainability of national strategic projects. Employees who actively innovate can help projects prepare for the future by creating sustainable solutions, optimizing processes, and finding new ways to increase project effectiveness.

Innovation can introduce new ways or improvements to work processes that can increase a company's efficiency and effectiveness. Innovation can produce new products or services that are better or more unique than competitors. This provides organizations with a competitive advantage that can improve employee performance. This research supports research conducted by Dongling et al (2022) where this research found that innovation can influence employee performance.

### **Job Satisfaction and Innovation**

The research results found that job satisfaction has a positive and significant influence on work innovation. The finding that job satisfaction has a positive influence on innovation in national strategic projects, especially in the smelter project in Kolaka Regency, Southeast Sulawesi, can be explained by several factors that support the positive relationship between job satisfaction and innovation

Employees who are satisfied have a tendency to increase their innovation. Job satisfaction often fuels creativity. Happy employees tend to feel more comfortable sharing new ideas and thinking creatively. They feel more confident to propose changes and experiment with new approaches. Satisfied employees tend to be more engaged in their work. They feel connected to the organization's goals, have a sense of ownership of the results of their work, and actively contribute to the process of improvement and innovation.

Job satisfaction can increase employee motivation and involvement in projects. Employees who are satisfied with their jobs are more likely to be actively involved in finding creative solutions and contributing to process improvements. This high motivation and involvement can form a strong basis for generating innovative ideas.

Employees who feel valued, empowered, and have a good work-life balance are more comfortable expressing new ideas. Conversely, low job satisfaction can be an obstacle to actively participating in innovation activities.

Job satisfaction can increase a sense of responsibility and loyalty to the project. Employees who are satisfied with their work tend to have a sense of ownership of the goals and success of the project. This can encourage them to look for ways to improve performance and create innovations that support the achievement of national strategic project goals. Job satisfaction can increase employees' ability to adapt to changes and challenges in projects. Employees who feel satisfied and have a high level of self-confidence are more open to change and willing to try new approaches. This supports the innovation process which requires courage to try new things. This research supports research conducted by Mardanov (2020) where this research found that job satisfaction can influence innovation.

## LIMITATION

Researchers realize that this research is still not perfect, there are limitations to research. Researchers feel that it deserves to happen as learning for researchers and further research. In this case the researcher describes the limitations that occur. This research has research limitations, among others, as follows: First, the availability of data is limited or difficult to access so that it becomes an obstacle. Some information is confidential or limited based on national strategic project regulations or policies. Second, changes in government policy (political policy) related to the industry or business environment can significantly affect national strategic projects. Changing political and regulatory conditions can create uncertainty. The third is technical constraints in the field that indirectly make researchers feel that this research is not optimal. When deciding to use quantitative research methods, the researcher was aware of the many interactions that had to be built with the research subjects. Therefore, a lot of time was wasted in establishing interactions with employees with elementary school, junior high school, and senior high school backgrounds in the field, especially when providing detailed explanations for filling out questionnaires so that employees could interpret differently when filling out the questionnaire.

## CONCLUSION

From the research results, it was found that job satisfaction does not have a significant impact on employee performance. Even though job satisfaction is not the main driver, employee innovation turns out to have a very important role in improving their performance. The higher the level of innovation possessed by employees, the higher the level of performance that can be achieved. Apart from that, another interesting finding is that high job satisfaction can increase employee innovation levels. This shows that there is a positive relationship between job

satisfaction and innovation. However, it should be noted that although innovation can improve performance, on the contrary, innovation is not able to impact significant changes in job satisfaction experienced by employees on the project. These findings can be an important basis for the development of more effective human resource management strategies in such strategic project environments.

## SUGGESTIONS

Based on the research conclusions, a number of suggestions can be given. First, project management should pay more attention to innovation factors as the key to improving employee performance. In this case, providing support and stimulation to increase the level of innovation can be a strategic step. Second, efforts to increase job satisfaction remain important, because even though it does not directly affect performance, job satisfaction can increase the level of innovation. Management should focus on aspects that can increase job satisfaction, such as recognition of contributions, a conducive work environment, and career development. Finally, in developing human resource management policies and programs, it is necessary to understand that innovation may not always have an impact on job satisfaction, so employee management strategies must be holistic and consider both factors.

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