

# Employee Satisfaction as An Intervening Variable: Determinants of The Effect of Job Security and Employee Engagement on Employee Performance

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**Abstract.** The company expects employees to work optimally according to the demands of the targets that have been set. The continuity of the company's business certainly cannot be separated from employee performance who is competent and supports the company's vision and mission. On the one hand, the company makes efficiency in the field of human resources by recruiting contract employees. But on the other hand, employment status and expectations for career continuity in the company greatly contribute to influencing the performance of these employees at work. Perceptions of security or insecurity at work can have a psychological impact on employees. The subjects of There were 81 employees of PT. XYZ in Jakarta that participated in this survey. The census approach, also known as saturated sampling, was utilized in this investigation. The analytical method is simple regression analysis. The hypothesis test revealed that job security, employee engagement, Employee performance is influenced by a variety of factors, including job satisfaction. Job satisfaction has been shown to have a positive impact on job security and employee engagement, as well as staff performance. The contribution of the effectiveness of the independent variable is 47.8% of job performance. There are other factors of 42.2% that also play a role but are not revealed in this study.

**Keywords:** Job Security-1; Employee Engagement-2; Employee Performance-3; Job Satisfaction-4

## 1 Introduction

The world's energy needs today are still very dependent on fossil fuels, namely coal, oil and natural gas. Therefore, the need for fossil energy continues to grow along with the increase in the world's population and the level of economic capacity in meeting fuel needs. Although several new and renewable energy sources have been developed, their global role is still not significant. The world's transportation Gasoline and diesel, for example, are almost exclusively reliant on the sector. For heating, cooking, and electricity generation, almost every country in the globe relies significantly on petroleum fuels. About one-third of the world's total energy consumption is accounted for by petroleum products made from crude oil and other liquid hydrocarbons.

Employment contracts for workers who are outsourced themselves are of course different from permanent workers in a company. The employee's employment contract will determine the continuity of work which is an important dimension of the job security of the workforce. This of course correlates to strengthen or can also weaken the performance of employees in a company. Meanwhile, the current volatile upstream oil and gas industry demands the best performance from employees in order to support the company's sustainability. As with other commodities, when supply exceeds demand, prices will fall, and vice versa. A drastic decline in oil prices occurred in 2014 due to a decline in demand from European countries Excess oil production, along with a consistent supply from OPEC countries, caused prices to plummet. (U.S. Bureau of Labor Statistics, 2014).

Apart from depending on supply and demand, oil and gas prices are also influenced by world geopolitical factors. Decisions are made by oil and gas producing countries, Organization of Petroleum Exporting Countries (OPEC), superpowers such as Russia, and private oil businesses such as ExxonMobil are also involved. Natural calamities that could impair production, as well as political turmoil in oil-producing countries, can have an impact on price fixing. The highly volatile oil and gas price conditions forced companies to focus on production cost efficiency. The company focuses on one specialization only, and concludes outsourcing contracts with other companies. In the field of human resource management, oil and gas companies see the use of HR outsourcing as a solution to this. Statistics prove that outsourcing human resources is able to reduce overall production costs, companies get trained human resources needed for various specific positions. HR is contracted for some time.

The Indonesian government itself is among the countries that have adopted Flexible Labor Market policies, as part of efforts to reduce unemployment and poverty, which have not been significantly reduced after the long effects of the 1998 economic crisis [1]. The tangible form of this policy is the existence of outsourced workers. The term outsourcing formally appeared in the Proposed Labor Policy Reform of Bappenas 2005. Outsourcing is seen as a way to improve the recruitment process through flexible practices in the workplace (AKATIGA, 2006:2).

However, whether the outsourcing HR has optimal performance is something that needs to be considered. Considering the psychological relationship of employees with their work becomes very important from an economic point of view. Companies must not only recruit the best human resources to compete effectively; they must also recruit human resources who are psychologically attached to their jobs; who are willing and able to completely devote themselves in their roles; who are proactive and committed to high performance standards They need people who are passionate about what they do [2].

Based on the Harvard research, the determining factor for a company's success from the aspect of human resource management is employee engagement. (A Harvard Business Review Analytic Services Report, 2013). Another variable that also needs to be explored with regard to contract employees or outsourcing employees is job security, whether then his status as a contract employee has an influence on performance. In measuring the connectedness of the variables that affect employee performance, job security factors often appear to affect the connectedness. Researches that explore job security and employee performance find that good job security can have a positive effect or participate in maximizing employee performance, but it can also have the opposite effect [3].

Kroemer and Grandjean (2003) define job security as the intensity of continuing work or vice versa, namely the threat of becoming unemployed [4]. In this sense, job security is the certainty of an individual's future work that lasts for a long time [5]. In line with the above, job

security is the level of individual confidence in having a job, position, position in the organization [6].

Another factor that becomes an issue in employee performance is job satisfaction. This factor is often defined by how satisfied employees are with their work, whether they like work, colleagues, relationships with the work environment and superiors, feelings of job status. This job satisfaction variable is influenced by various things, including employee engagement with the company and job security. It is explained in various studies that high job satisfaction is able to produce optimal employee performance in the company, and ultimately determine the company's business progress [7].

Schaufeli and Bakker (2004) define employee "A joyful, fulfilling, work-related state of mind marked by enthusiasm, passion, and immersion," according to engagement. Rather than a transient and specific experience, engagement refers to a more permanent and extensive affective-cognitive state that is not focused on any single object, event, individual, or behavior [8].

Employee engagement, according to Kahn (1990), is defined as an employee's mastery of their profession at work, where they will attach themselves to their task, work, and express themselves physically, mentally, and emotionally while performing [9]. Brown (in Robbins, 2003) also offers a definition of employee engagement, arguing that an employee is interested in his or her work if he or she can psychologically relate to it relate with it and finds his or her performance vital for himself as well as the company [10].

Kroemer and Grandjean (2003) define job security as the intensity of continuing work or vice versa, not feeling threatened by losing his job and feeling confident that his job is still needed by the organization [4]. In this sense, job security is the certainty of an individual's future work that lasts for a long time [5]. On the other hand, job security is the level of individual confidence in having a job, position, position in the organization [6]. So in line with the above, individuals who have job security are individuals who feel they are not threatened in their work.

Job satisfaction, according to Hoppock (1935), is the result of a mix of psychological, physiological, and environmental factors [11]. Employees' feelings about their work, both positive and negative, are referred to as job satisfaction [11]. Job satisfaction, according to Brief (1998), is defined as a person's feelings and thoughts about work that are expressed affectively or cognitively at some level of experience, enjoys or dislikes work. Thus, job satisfaction encompasses employees' emotions, feelings, ideas, and impressions of their employment from a variety of angles [12].

According to Shaju and Subhashini's (2016) research, there is a favorable association between job happiness and employee performance [13]. (Inuwa, 2016); demonstrating that job happiness and employee performance have a favorable and significant link. Job satisfaction refers to an individual's feelings about his or her complete job; it can also refer to a sense of accomplishment or success at work.

## **2 Research Methods**

The quantitative research was carried out at PT XYZ in Jakarta. Contract/outsourcing personnel at PT XYZ are the characteristics in sample. The total number of employees in this study was 81. This study took samples of outsourced employees in the office of PT XYZ, which is one of the private upstream oil and gas companies in Indonesia. The selected respondents are considered to have the knowledge to understand the questions posed in the research

questionnaire. The sampling The census approach was employed in this investigation, or saturated sampling. With a population of 81, all of them will be used as respondents.

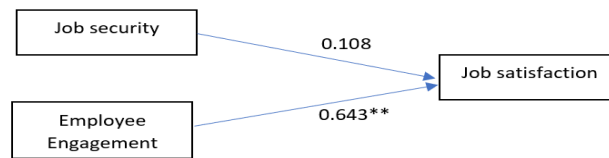
### 3 Results and Discussion

**Table 1.** Reliability Test Results

Variable	Number of Items	Number of Item Variants	Total Variant	Reliability
Job security	4	1.43	3.068	0.71
Employee engagement	10	2.651	7.517	0.719
Job satisfaction	8	2.71	7.421	0.7935
Employee performance	23	6.338	26.299	0.72

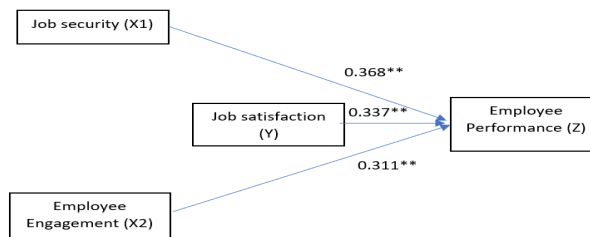
**Table 2.** Model 1 Multiple Regression Test Results

Model	Adjusted R Square	Uji T t	Sig	Information
Job Security	0,478	1,229	0,223	Hypothesis rejected
Employee Engagement		7,300	0,000	Hypothesis accepted



**Table 3.** Multiple Regression Test Results Model 2

Model	Adjusted R Square	Uji T t	Sig	Information
Job Security	0,660	5,008	0,000	Hypothesis accepted
Employee Engagement		3,345	0,001	Hypothesis accepted
Job Satisfaction		3,664	0,000	Hypothesis accepted



## Discussion

Based on the results of data processing model I, it is known that Job security has a positive impact on job satisfaction indicated by the beta coefficient value of 0.108 which shows the effect of X1 to Y is positive but the effect is weak. While the significance value of the t test on how job security affects work happiness obtained is 0.223. This value is greater than 0.05, for a 95% confidence level, so the effect of X1 to Y is positive but not significant. Thus the null hypothesis / Ho is accepted, job security's impact on job satisfaction is not significant. The value of the beta coefficient on the effect of employee engagement on job satisfaction is 0.643. While the significance value of the t test on the effect is 0.000, the value is greater than 0.05, for a 95% confidence level, so that the effect is significant.

From the results of the determinant test, it means that 47.8% of the value of Job satisfaction can be explained by the following factors influence of X1 and X2. While 52.2% is influenced by other variables outside the study. The research findings show that if job security and employee engagement of PT XYZ's contract employees are increased, then these conditions can increase the job satisfaction of contract employees, but the chance of occurrence is not significant. The effect is not much. So, it is not effective to optimize job satisfaction by building job security from employees. Other factors determine job satisfaction at PT XYZ.

Based on the results of model II data processing, The beta coefficient of 0.368 indicates that job security has a favorable effect on employee performance, implying that X1 has a positive influence on Y. A significant value of 0.000 was found for the impact of job security on employee performance. This statistic indicates that the influence is significant. As a result, the null hypothesis / Ho is rejected, implying that job stability has a significant beneficial impact on employee performance.

Furthermore, the influence of employee engagement on employee performance has a beta coefficient of 0.311. While the effect's significant value is 0.001, the value is more than 0.05 for a 95 percent confidence level, indicating that the influence's probability is quite high. It may be concluded that employee engagement has a favorable and considerable impact on employee performance.

Based on the SPSS output, it is known that R square is 0.660. Thus, it can be deduced that the variables Job Security (X1) and Employee Engagement (X2) are both significant (X2), and Job Satisfaction (Y) simultaneously or jointly affect Employee Performance (Z) by 66%. This means that 66% of the value of employee performance can be explained by the influence of X1, X2, and Y. Meanwhile, 34% is influenced by other variables outside the study.

The result Job security, employee engagement, and employee motivation all influence employee performance satisfaction on contract employees at PT XYZ is positive and very significant. This finding is in line with the proposed hypothesis. The results of this study support the results of previous research published in the International Journal of Economic Research, in 2017, Shaheen Ahmad et.al. conducted a study on the topic of A Critical Analysis of the Employee Job Security and Performance Relationship in a Developing Economy the Impact of Employee Engagement on Organizational Performance – A Case of an Insurance Brokerage Company, by SEM-PLS. Eragesvarie Pillay and Dr. Shamila Singh, was published in 2018.

The continuity of the company's business certainly cannot be separated from employee performance who is competent and supports the company's vision and mission. On the one hand, the company makes efficiency in the field of human resources by recruiting contract employees. But on the other hand, employment status and expectations for career continuity in the company greatly contribute to influencing the performance of the employee at work. Perceptions of security or insecurity at work can have a psychological impact on employees. This is in line with research findings which show that if job security can be improved, employee performance

will significantly increase. If the company is going to optimize the company's performance, the company needs to optimize employee performance, for that it is very important to pay attention to the job security of contract employees who work at PT XYZ.

The role of mediation is not significant because of the insignificant Job security's impact on job satisfaction At PT XYZ, the condition of job security does not effectively affect employee satisfaction with the work they do. So, if the company will improve employee performance by focusing on job security, it does not need to go through job satisfaction. Job security will directly improve performance.

On contract employees at PT. XYZ, Job satisfaction's function in buffering the impact of employee engagement on employee performance Job satisfaction is seen to have the power to improve employee performance and, as a result, is expected to have an impact on employees' overall performance. Employee engagement is a component that has a big impact on performance since it can offer a sense of belonging and has a good and significant impact on the bottom-line performance of contract employees. Research findings indicate that at PT XYZ, performance improvement can be achieved by two alternatives, namely by increasing employee performance and by paying attention to job satisfaction of contract employees. These two options are able to optimize the performance of contract employees at PT XYZ.

## **4 Conclusion**

The following conclusions can be formed based on the findings of the research analysis and discussion:

- a. Job security has a favorable and considerable direct effect on contract employee performance at PT. XYZ.
- b. Employee engagement has a positive and strong direct effect on contract employees' performance at PT. XYZ.
- c. Job security has a direct but insignificant beneficial effect on job satisfaction for contract employees at PT. XYZ.
- d. Employee For contract employees at PT. XYZ, engagement has a favorable and large direct effect on job satisfaction.
- e. At PT, job happiness has a positive and large direct impact on contract employees' performance. XYZ
- f. Job security does not have a direct impact on the productivity of employees contract employees at PT. XYZ
- g. Employee engagement has an indirect impact on employee productivity of contract employees at PT. XYZ

### **Suggestions**

The following recommendations are based on the findings of this study are submitted:

- a. Given the highly volatile oil and gas prices and also triggered by the pandemic condition that hit Indonesia, oil and gas companies really need to be efficient. Despite the steps taken by recruiting contract employees, the company expects maximum performance from the employees involved. PT XYZ needs to focus on building employees' emotional attachment to their work and company, building motivation and positive attitudes of employees in dealing with workloads. On the other hand, the performance of contract employees at PT XYZ is also strongly influenced by the views and expectations of the work undertaken, position in the organization, and especially the continuity of his work career at PT XYZ. This needs to be included in the planning of the human resources career scheme at PT XYZ.

- b. It is known, based on the findings of data processing, that the model presented in this study has not been able to fully explain the contribution of all factors in achieving optimal employee performance. It is recommended that further research can develop further research studies by involving other variables that have the potential to influence.

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