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**THE ROLE OF JOB SATISFACTION AS MEDIATION: ADDITIONAL EMPLOYEE INCOME AND ORGANIZATIONAL JUSTICE ON EMPLOYEE PERFORMANCE IN REGIONAL MINISTRY**

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**ABSTRACT**

This study discusses how additional employee income and organizational justice factors have an influence on employee performance in the scope of Human Resources Management. The purpose of this study was to find out how much influence the level of additional employee income and organizational justice factors have an influence on employee performance mediated by job satisfaction. The population and sample in this study are civil servants class III working at the Cooperatives, Industry and Trade Regional Ministry in Malang City on January 15, sum of 49 respondents. This study was designed using a causality research design with a quantitative approach where in this research the process begins with the preparation of a theoretical model and analysis as a basis for submitting hypotheses, then proceed with the preparation of operational concepts, to obtain a conclusion as a research finding. Data collection in this study was carried out by filling the survey by the respondents. The result of this study is that job satisfaction is not able to mediate the role of organizational justice in improving employee performance. The better job satisfaction felt by employees through the provision of additional income and the sense of organizational justice obtained will affect employee performance.

**KEYWORDS:** Additional employee income, organizational justice, job satisfaction and employee performance.

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## 1. INTRODUCTION

The organization as a whole is determined by human resources. Companies can grow rapidly and succeed at this time based on the growth factor of human resources who have high-performing employees so that these companies can compete with other companies. Employees support is an important factor for the company, which is based on employee performance.

Performance is basically the responsibility of every worker in the organization. [Sutrisno, 2016] says that employee performance is the result of work that is seen quantitatively from the quality of work time to achieve the goals set by the organization. Efforts to improve HR performance are not simple, because performance has a different concept and can be analyzed from various perspectives and can be influenced by many factors, including employee job satisfaction, organizational fairness in work and compensation or incentives received.

Along with the progress of the era and the very fast and sophisticated technology, it also influences the level and pattern of daily needs which significantly affect all components of society, including the civil servants. An important problem that has developed in the midst of the current development of the civil servants profession is the relatively low level of income compared to employees of private companies. Many parties blame the salary aspect as a factor causing the low loyalty and integrity of the civil servants. Government administrators, both the civil servants and honorary staff in an agency, are the spearhead of government administration where the main tasks and functions are to assist the smooth running of government from various sectors that are in direct contact with the community or authority stakeholders for the benefit of society [Perseverando Pratama Mahu, 2021]. This also happened to the civil servants at the Office of Cooperatives, Industry and Trade in Malang City. Responding to this phenomenon, providing additional income, both financial and non-financial compensation, will be able to have a good effect and be a driving force for better and more productive work. Additional Employee Income is additional income given monthly based on the previous month's performance to civil servants outside of salaries and benefits. The additional income provided to civil servants is aimed at increasing civil servants welfare [Agung Sugara, 2022].

Every employee has different work goals, therefore, when a leader is aware of these differences, he must be able to align the goals that are expected to be achieved by each employee. (Johns, 2001) in Theory of Equity explains that employees will reduce their contribution after feeling unfairly treated. A good organization is an organization that is able to achieve the mission, vision and goals of the organization [Julio Kurniawan, 2021]. Leaders must be able to align the goals that are expected to be achieved by each employee. Encouraging every employee to work effectively and efficiently while still paying attention to applicable regulations, this will ultimately improve employee performance. One's job satisfaction can be explained through one of the theories regarding job satisfaction, namely the Theory of Justice which states that job satisfaction can be created in a person, if a person feels there is justice in what is done and received by that person [Rivai and All, 2011]. The purpose of providing incentives is to increase job satisfaction, to improve employee welfare, motivate employees, and retain employees who have high potential [Adinda Rahajeng, 2021]

## **2. LITERATURE REVIEW**

### **2.1 Employee performance**

Performance is a real behavior that is displayed by everyone as work performance produced by employees according to their role in the agency [Rivai, 2004]. Performance appraisal is a system used to assess and find out whether an employee has carried out his duties properly and in accordance with his duties. Civil servants work performance assessment consists of elements: performance appraisal and work behavior. The procedure for assessing employee performance is by assessing two elements, namely performance appraisal and work behavior, with a weight value of 60% performance appraisal elements and 40% work behavior. Employee Work Goals, abbreviated as performance appraisal, are employee work plans that are prepared based on the agency's annual work plan and targets to be achieved from each implementation of positional duties by an civil servants. Performance appraisal serves as feedback on various matters such as abilities, strengths, weaknesses, and potential which in turn is useful for determining goals, plans and career development

### **2.2 Additional Employee Income**

Additional employee income is additional income given monthly based on the previous month's performance to civil servants outside of salaries and benefits. The additional income provided to civil servants is aimed at increasing civil servants welfare [Agung Sugara, 2022]. In order to improve the quality, work performance and to achieve efficiency and effectiveness of the state civil apparatus, it is necessary to provide additional employee income in order to increase effectiveness and work enthusiasm so that the implementation of development is achieved properly. Additional employee income must comply with regulations issued by the government. Providing additional employee income based on Regional Regulation of Malang Mayor number 2 of 2023 is expected to increase work productivity, motivation, discipline, and employee welfare.

### **2.3 Organizational justice**

Organizational justice focuses on the impact of managerial decision making, perceived quality, fairness effects, the relationship between individual and situational factors and explains individual justice perceptions in organizations [Greenberg and Colquitt, 2013]. There are two models of organizational justice factors which consist of distributive justice and procedural justice [Sweeney and McFarlin, 2011]. Through the use of a structural model, Sweeney and McFarlin define that distributive justice is related to organizational-level results (pay satisfaction) while procedural justice is related to organizational-level results (organizational commitment). Organizational justice should be managed properly because it has a positive impact on employee attitudes and behavior.

### **2.4 Job Satisfaction**

Job satisfaction is a pleasant or unpleasant emotional state with which employees view their work. Job satisfaction reflects a person's feelings towards his work. This can be seen in the positive attitude of employees towards work and everything that is encountered in the work environment. The personnel department or management must constantly monitor job satisfaction, as it affects absenteeism, labour turnover, morale, complaints, and other vital personnel issues. [Handoko, 2010]. Job satisfaction is an employee's perspective on profitable or unprofitable jobs. Like

motivation, job satisfaction can be influenced by the environment, while the job itself can lead to satisfaction through job design (Werther, 2014).

### 3. RESEARCH METHOD AND HYPOTHESIS

This study was designed using a causal research design to examine the relationship between exogenous, endogenous, and mediating variables. This research is an explanation of the causal relationship that has been hypothesized by the researcher, so that the researcher can determine exogenous, endogenous, and mediating variables. This study uses a qualitative approach, in which the process begins with the preparation of a theoretical model and analysis as a basis for determining hypotheses, which is then followed by the preparation of operational concepts, to conclusions as a research finding. In this study there are 4 variables, namely:

- a. Exogenous variable 1 : Additional Employee Income
- b. Exogenous variable 2 : Organizational justice
- c. Mediation variable : Job Satisfaction
- d. Endogenous variable : Employee performance

Data collection in this study was carried out using a questionnaire method for civil servants class III working at the Cooperatives, Industry and Trade Regional Ministry in Malang City on January 15, sum of 49 respondents using the saturated sampling method, namely a sample selection technique where all members of the population are sampled. The research instrument was tested using validity test to test the level of accuracy and reliability test to test the extent to which measurement results will remain consistent and reliable. For data analysis techniques, researchers used descriptive analysis techniques and path analysis.

In this study there are 6 hypotheses:

- H<sub>1</sub>: Additional employee income has a positive and significant effect on job satisfaction
- H<sub>2</sub>: Organizational justice has a positive and significant effect on job satisfaction
- H<sub>3</sub>: Job satisfaction has a positive and significant effect on employee performance
- H<sub>4</sub> : Additional employee income has a positive and significant effect on employee performance
- H<sub>5</sub>: Organizational justice has a positive and significant effect on employee performance
- H<sub>6</sub>: Additional employee income and organizational justice have a positive and significant effect on employee performance through job satisfaction.

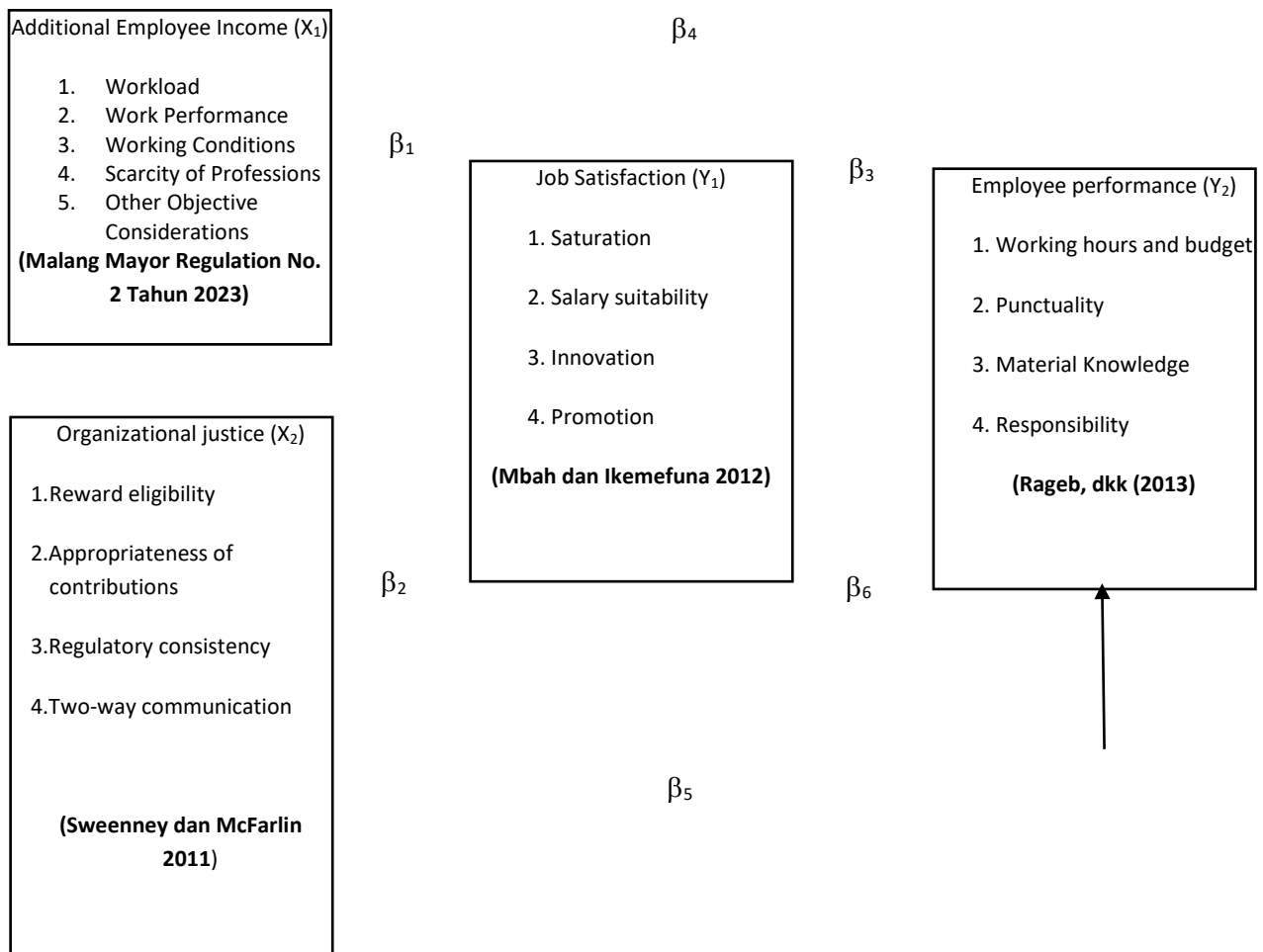


Figure 1: Conceptual framework

#### 4. ANALYSIS AND DISCUSSION

In this study using respondents totaling 49 people. The characteristics of respondents based on gender, age range, last education, and years of service. The majority of respondents were male, 38 respondents (77.55%) compared to 11 female respondents (22.45%). Then based on age, 20 respondents (40.82%) were 41-50 years old, followed by 31-40 years old 18 respondents (36.73%), 20-30 years old 9 respondents (18.36%), and age > 50 years as many as 2 respondents (4.08%). Based on the level of education, the majority of respondents had an undergraduate degree of 30 respondents (61.22%), then Diploma 3 of 12 respondents (24.49%) Senior High School 5 respondents (10.20%) and the least masters educated were 2 respondents (4.08%). Based on years of service, the majority of respondents had worked for more than 10 years as many as 27 respondents (55.10%), then respondents with a working period of 6-10 years were 12 (24.90%) and the least with a working period of 1-5 year as many as 10 respondents (20.41%)

**Table 1.** Statistical test result of variable research

Research Variable	Instrument	r validity	CA	mean
Additional Employee Income	AEI1- Workload	0,604	0,864	4,01
	AEI2- Work Performance	0,725		3,96
	AEI3- Working Conditions	0,645		3,69
	AEI4- Scarcity of Professions	0,709		3,70
	AEI5- Other Objective Considerations	0,664		3,84
Organizational justice	OJ1- Reward eligibility	0,671	0,834	3,98
	OJ2- Appropriateness of contributions	0,693		3,97
	OJ3- Regulatory consistency	0,772		3,65
	OJ4- Two-way communication	0,598		4,17
Job Satisfaction	JS1 - Saturation	0,553	0,780	3,79
	JS2 - Salary suitability	0,602		3,95
	JS3 - Innovation	0,579		4,05
	JS4 - Promotion	0,561		3,98
Employee performance	EP1 - Working hours and budget	0,540	0,741	3,97
	EP2 - Punctuality	0,652		4,08
	EP3 - Material Knowledge	0,579		4,04
	EP4 - Responsibility	0,562		4,14

In the table above it is explained that the biggest influence in the aspect of additional employee income is workload, on the aspect of organizational justice is two-way communication, on job satisfaction is innovation, and on employee performance is responsibility.

Testing the validity of the model in path analysis really needs to be done in order to know whether or not an analysis that has been carried out is valid. In testing the validity of the model in path analysis, there are two indicators that must be considered, namely the total coefficient of determination ( $R^2$ ). In this case the interpretation of the coefficient of determination ( $R^2$ ) is the same as the interpretation of the coefficient of determination ( $R^2$ ) in the regression analysis.

$$R^2(\text{model}) = 1 - (\sqrt{1 - R_1^2} * \sqrt{1 - R_2^2})$$

$$R^2(\text{model}) = 1 - (\sqrt{1 - 0,407} * \sqrt{1 - 0,645})^2$$

$$R^2 = 1 - 0,044 = 0,9556$$

Based on the calculation results above, the total determination coefficient value with a value of 0.9556 indicates that the data variation can be explained in the research model, namely 95.56% or in other words, the information included in 95.56% can be explained in the research model. Meanwhile, 4.44% can be explained by other variables (which are not yet included in the model).



**Table 2.** Statistical test result of variable research

Variable	Direct Influence	Indirect Influence	Result
Additional Employee Income ( $X_1$ ) → Job Satisfaction ( $Y_1$ )	0.380	-	H1 accepted
Organizational justice ( $X_2$ ) → Job Satisfaction ( $Y_1$ )	0.145	-	H2 accepted
Job Satisfaction ( $Y_1$ ) → Employee performance ( $Y_2$ )	0.457	-	H3 accepted
Additional Employee Income ( $X_1$ ) → Employee performance ( $Y_2$ )	0.168	0.174	H4 accepted
Organizational justice ( $X_2$ ) → Employee performance ( $Y_2$ )	0.125	0,066	H5 accepted
Additional Employee Income and Organizational justice → Job Satisfaction ( $Y_1$ ) → Employee performance ( $Y_2$ )		0,191	H6 rejected

Based on table 2, it can be concluded that the additional employee income variable has a direct influence on job satisfaction with a path analysis value of 0.380, which means that H1 in this study is accepted. Furthermore, the organizational justice variable has a direct influence on job satisfaction with a path analysis value of 0.145, which means that H2 in this study is accepted. The job satisfaction variable has a direct influence on employee performance with a path analysis value of 0.457, which means that H3 in this study is accepted. The variable of additional employee income has a direct effect on employee performance with a path analysis value of 0.168 and an indirect effect with path analysis of 0.174 which means H4 in this study is accepted. The organizational justice variable has a direct influence on employee performance with a path analysis value of 0.125 and an indirect effect with a path analysis of 0.066 which means that H5 in this study is accepted. Meanwhile, the variable of additional employee income and organizational justice through job satisfaction is known that the indirect effect given by organizational justice variables is smaller than the direct effect given by organizational justice variables on performance, so that means H6 in this study is rejected.

## 5. DISCUSSION

The results of descriptive statistics show that any additional increase in employee income will be followed by an increase in their job satisfaction at work, in the sense that the fulfillment of employee needs, both physiological needs in the form of direct compensation (in the form of money) or compensation in the form of indirect (career development) influences on employee job satisfaction. The attitude of employees towards their organization is an employee's response to job satisfaction, job satisfaction is the response of an employee in the form of an attitude towards his organization. Job satisfaction can determine high or low levels of employee performance. The existence of a level of job satisfaction is expected to increase employee performance so that it can achieve the goals expected by the company in obtaining good work results in producing good productivity. Additional employee income is a form of direct wages handed over to employees because their performance reaches the specified standard or even exceeds it. Thus, it can be interpreted that the high and low performance of employees can be influenced by the high and low levels of Additional Employee Income administration, if an increase and improvement is made to the additional employee income, the employee's performance will increase and vice versa.

Organizational justice can be summed up as employees' perceptions of the treatment they receive in the organization. The additional employee income awarding system gives rise to a sense of satisfaction and assesses it as a responsibility so that it affects the job satisfaction of the civil servants at the Cooperatives, Industry and Trade Regional Ministry in Malang City, this will encourage civil servants performance to be more optimal. In addition to the additional employee income factor, organizational justice is also a factor that is no less important, if you want to improve employee performance, organizational justice needs to be considered, including, the salary received is in accordance with the workload, the salary received reflects distribution, and the salary received is in accordance with performance.

## 6. CONCLUSION

Based on the discussion that has been described, this study can be concluded that the additional employee income has an effect on job satisfaction. The better the additional employee income given to employees will affect job satisfaction. The results of descriptive statistics show that organizational justice affects job satisfaction. The higher the level of justice felt by employees, it will affect job satisfaction. Statistical descriptive results show that job satisfaction affects employee performance. The higher the level of job satisfaction, it will affect employees in optimizing their performance. Statistical descriptive results show that additional employee income affects employee performance. The better the additional employee income received by employees, the more it will affect the level of employee performance. The results of descriptive statistics show that organizational justice affects employee performance. The better the organizational justice felt by employees, the more it will affect employee performance. The results of descriptive statistics show that job satisfaction has no effect on improving employee performance through additional employee income and organizational justice. Job satisfaction is not able to mediate the role of organizational justice in improving employee performance. The better job satisfaction felt by employees through the provision of additional income and the sense of organizational justice obtained will affect employee performance.

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