

# The Influence of Job Satisfaction and Employee Engagement on Organizational Commitment

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## Abstract

*This research is survey research. This study's population were all craftsmen who worked in the woodcraft center in Kreet village, Bantul district. The total population of craftsmen at the wooden batik handicraft center in Kreet village is 148. Sampling was carried out by census. The data collection technique used a questionnaire. The number of respondents was 148 craftsmen in Kreet village. This study uses techniques of structural equation modeling (SEM) - Partial least square. Based on the analysis and discussion of variables job satisfaction (job satisfaction) The estimated coefficient value of the most significant influence on organizational commitment, so that job satisfaction has the most significant influence on increasing commitment in the wooden batik and mask craft center in Kreet Village, the owner of the craft center should pay attention to the awards received by craftsmen and improve the working environment conditions.*

Keywords: Job satisfaction, employee engagement, and commitment.

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## I. INTRODUCTION

As one of the provinces in Indonesia, Yogyakarta has a lot of potential in the creative industry sector with many tourist destinations in Yogyakarta because it has an existing history, culture, and nature. According to data from the Ministry of Industry of the Republic of Indonesia (2018), one factor supporting Small and Medium Industries (IKM) in Yogyakarta is the creative industry. Yogyakarta has various IKM sectors, including the precious metal industry, chemicals, agricultural and forestry products, fashion, culinary, and handicrafts. The creative industry in the handicraft sector can synergize with tourist centers as service providers. However, in this handicraft industry, there are still many problems faced. For example, large industries such as factories can absorb labor from the villages where the factories are located, so that this causes a reduction in workers willing to work in the handicraft industry. In addition to the presence of the factory, the failed regeneration process is a factor that causes parents or previous artisans to be reluctant to teach knowledge or skills to their future generations because of a lack of satisfaction and belonging to the organization they work for, resulting in a lack of attachment between artisans and business owners.

A more important theoretical reason for explaining commitment is found in the social exchange theory. Social exchange theory shows that rights and obligations arise through a series of interactions between parties who are in a state of mutual dependence (Cropanzano and Mitchell, 2005). In this study, organizational commitment includes three types, namely: affective commitment, ongoing commitment, and normative commitment.

The first issue is related to job satisfaction. Dernovsek et al. (2008) explained that employees who do not have a sense of attachment to the company would tend to be skeptical of any initiatives or forms of communication made by the company, and this has the potential to spread to other employees. However, the problem is that many of the surveys are conducted using self-made measuring instruments, so it is hoped that further research must contain a clear definition of employee engagement so that it does not lead to different interpretations of meaning.

The second issue is related to employee engagement. Saks (2006) found that employee engagement is an intermediary role in the relationship between job characteristics, perceived organizational support, perceived supervisor support, reward and recognition, procedural justice, and distributive justice and the consequences of engagement (job satisfaction, organizational commitment, intention to quit. work). This study aims to analyze the effect of job satisfaction, employee engagement, and commitment to the handicrafts UKM in Yogyakarta.

## **II. LITERATURE REVIEW**

Organizational commitment is an attitude towards an organization and a willingness to achieve everything for the organization (Sjahrudin, 2013). Organizational success depends on employee commitment to the organization (Baraba et al., 2014). According to Meyer and Allen (2013), organizational commitment is the desire of organizational members to maintain their membership in the organization and are willing to strive for the achievement of organizational goals. Sugandini et al. (2018), in their study of employee engagement in UKM, showed that job satisfaction and employee engagement have an effect on commitment.

Brief (1998) defines job satisfaction as "an internal state expressed through affective and/or cognitive evaluation of work experience with some level of approval or disapproval." In addition to its conceptual domain (job satisfaction as an affective statement or as an attitude), the concept of job satisfaction can vary according to the targets that individuals evaluate. Biswas and Bhatnagar (2013) argue that employees who experience pleasant emotional states at work are more satisfied with their jobs.

Global Perrin (2003) defines employee engagement as the willingness of employees and their ability to contribute to the company's continuous success. This sense of attachment to the organization is strongly influenced by various factors, such as emotional and rational factors related to work and overall work experience. Employee engagement can potentially be improved through satisfied employees (Abraham, 2012). Such assumptions imply that job satisfaction is an antecedent of job involvement (Barnes & Collier, 2013). Yalabik et al. (2013) also show that job satisfaction is an antecedent of commitment.

Hypothesis 1: Job satisfaction affects commitment

Hypothesis 2: Employee engagement affects commitment.

### III. RESEARCH METHODOLOGY

This research is survey research. The population in this study were all craftsmen who worked in the woodcraft center in Krebet village, Bantul district. The total population of craftsmen at the wooden batik handicraft center in Krebet village is 148. Sampling was carried out by census. The data collection technique used a questionnaire. The number of respondents was 148 craftsmen in Krebet village. This study uses techniques of structural equation modeling (SEM) - Partial least square.

### IV. FINDING AND DISCUSSION

#### IV.1. Characteristic Respondents

Characteristics of survey respondents are shown in Table 3. Most of the respondents are owners and managers of SMEs, and this is because in SMEs, usually, the owner is also the manager.

Table 3. Characteristics of respondents

Characteristics		Percentage
Gender	Male	46%
	Female	54%
Age of Respondents	≤ 30	24%
	30-39	27%
	40-49	23%
	≥ 50	26%
Position in business	Owner	34%
	Manager	15%
	Owner and Manager	49 %
	Others	2%
Type of Business	Fashion	34%
	Culinary	3%
	Crafts	55%
	Others	8%

#### IV.2. Results of research data analysis

##### Testing Results Outer Model

The analytical method used in this study is the Partial Least Square (PLS) with the program Smart PLS 3.0. This technique consists of an outer model or measurement model and an inner model or structural model (Ghozali, 2014). An outer model or indicator test is carried out to assess the reliability and validity of the model. The results of the outer model in this study are shown in Table 2 as follows.

Table 2. Construct Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Engagement	0.711	0.723	0.815	0.523

Job Satisfaction	0.705	0.709	0.820	0.534
Organizational Commitment	0.749	0.779	0.768	0.530

### Convergent Validity

The Value of convergent validity is the Value of outer loading on latent variables with its indicators. According to Chin, quoted by Imam Ghozali (2014), said that the value outer loading of  $> 0.7$  is considered very good to meet the requirements convergent validity. Table 2 shows that each variable indicator has a value  $> 0.7$  so that all indicators are declared feasible or valid.

### Composite Reliability

Composite reliability is the part used to test the reliability value of indicators on a variable. A variable can be declared to meet composite reliability if it has a value composite reliability  $> 0.6$  (Ghozali, 2014). Based on the data presented in Table 2 above, it can be seen that the composite value reliability of all research variables is  $> 0.6$ , indicating that each variable has met the composite reliability so that it can be concluded that all variables have a high level of reliability.

### Average Variant Extracted (AVE)

The average variant extracted (AVE) Value for each indicator requires that the Value be  $> 0.5$  for a good model. Based on the data presented in Table 2 above, it is known that the AVE value of each variable has a value  $> 0.5$ . Thus it can be stated that each variable has good validity.

### Cronbach's Alpha

The reliability test with the above composite reliability can be strengthened by using the Value Cronbach alpha. A variable can be declared reliable or fulfills Cronbach alpha if it has a value Cronbach alpha  $> 0.7$  (Ghozali, 2014). Based on the data presented above in Table 2, it can be seen that the value Cronbach alpha of each research variable is  $> 0.7$ . Thus, these results indicate that each research variable has met the requirements for the Value Cronbach alpha, so it can be concluded that all variables have a high level of reliability.

### Discriminant Validity

An indicator is declared to meet discriminant validity if the Value of the cross-loading factor indicator on the variable is the largest compared to other variables (Ghozali, 2014). Based on the tests carried out, there are several indicators that must be removed, and the data presented are shown in Table 3 below. It can be seen that the cross-loading factor value of each indicator on the variable is the largest compared to the value cross-loading on the other variable indicators. Based on the results obtained in Table 3, it can be stated

that the indicators used in this study already have good discriminant validity in compiling their respective variables.

Table 3. Cross Loading (Validity Diskriminan)

	Employee Engagement	Job Satisfaction	Organizational Commitment
X1.2	0.741	0.410	0.298
X1.3	0.717	0.394	0.303
X1.4	0.710	0.347	0.355
x1.5	0.726	0.338	0.525
X2.2	0.334	0.659	0.335
X2.3	0.317	0.821	0.359
X2.4	0.420	0.754	0.360
X2.5	0.407	0.678	0.333
X3.1	0.462	0.433	0.820
X3.2	0.350	0.334	0.755
X3.3	0.363	0.245	0.589

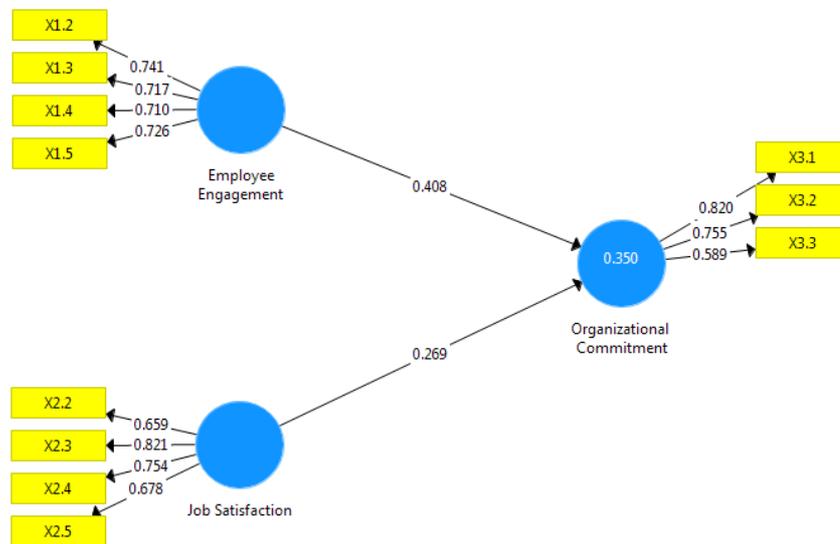


Figure 1. PLS-Algorithm

Testing Results of Inner Models

Table 4 shows the results of the relationship between the variables studied. All of the research hypotheses proposed in this study are accepted. The acceptance of the hypothesis can be seen from the p-value that is smaller than 0.05.

Table 4. Path Analysis Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (  O / STDEV  )	P Values
Employee Engagement → Organizational Commitment	0.408	0.417	0.081	5.031	0.000
Job Satisfaction → Organizational Commitment	0.269	0.278	0.080	3.353	0.001
	R Square			Adjusted R Square	
Organizational Commitment	0.350			0.339	

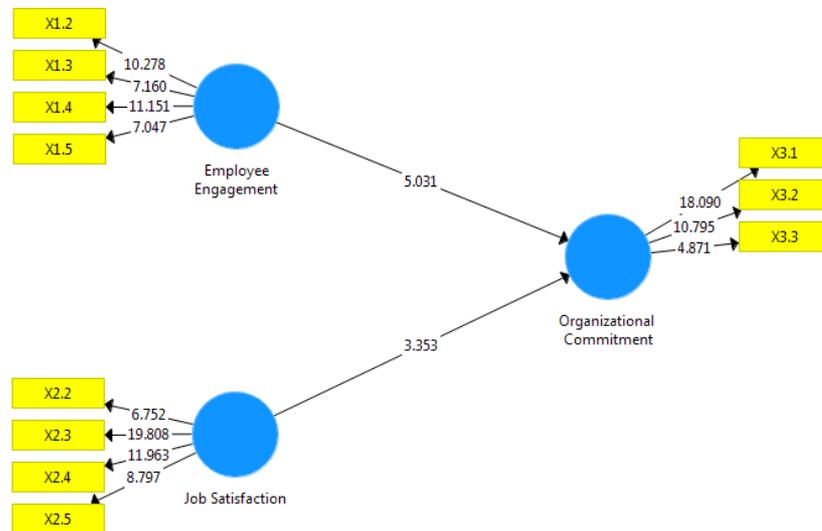


Figure 2. PLS-Bootstrapping

**IV.3. Discussion**

Job Satisfaction and organizational commitment

Job satisfaction has a direct positive effect on employee engagement and has an indirect and significant positive effect on commitment in wooden batik craft centers and masks.

According to Dernovsek et al. (2008) related to job satisfaction, it explains that employees who have no attachment to the company will tend to be skeptical of any initiatives or forms of communication made by the company, and this will have the potential to spread to other employees (Purbudi, 2016). The results of hypothesis testing prove that job satisfaction has a positive effect on commitment in the wooden batik craft center and the mask in Kreet Village. Job satisfaction in this study is shown from respect for work, new challenges, comfortable with environmental conditions, and support from colleagues. The results of the respondents' answers averaged 4.05, so it can be concluded that the respondents have high job satisfaction. The results of this study support Vorina et al. (2017), which states that job satisfaction affects employee commitment. In this study, the elements of job satisfaction consisted of the rewards that the craftsmen got for their work, the craftsmen felt they had a new challenge when they received a difficult job offer, the craftsmen felt comfortable with their working environment, colleagues who supported each other's work and the craftsmen felt they loved their work. So it can be concluded that this study shows a positive effect of job satisfaction on a direct and significant employee engagement so that the higher the job satisfaction of the craftsmen at the wooden batik and mask craft center in Kreet Village, the higher the craftsmen's attachment and this will increase the craftsmen's commitment at the wooden batik and mask craft center in Kreet Village.

#### Employee engagement and commitment

Employee engagement has a positive effect on commitment at the craft center in Kreet Village. This means that the stronger the craftsmen's attachment to the wooden batik craft center and masks in Kreet Village, the stronger / higher the relationship between the center craftsmen so that it will have an impact on the increasing commitment of craftsmen in the wooden batik craft center and masks in Kreet Village. This study supports Meyer and Allen (1997) defining organizational commitment as a form of participation, ownership, and emotional attachment to work organizations. A higher level of employee engagement is associated with the cost of leaving the organization / ongoing commitment (Perrin, 2003). In this study, the elements of the craftsmen's attachment are measured to the craftsmen's feelings who feel their physical abilities support the completion of the work; the craftsmen feel enthusiastic about their work, the craftsmen feel happy with their work, the craftsmen feel happy when the craftsmen work intensively, they can feel joy when working so they feel that time flies quickly when working. So it can be concluded that this study shows a direct and significant positive effect of employee engagement as a mediating reward on commitment. Therefore, it is concluded that the higher the engagement of the craftsmen in the wooden batik and mask craft center in Kreet Village, the higher / stronger the relationship between the craftsmen and the handicraft center owners, and this will increase the commitment of the craftsmen in the wooden batik and mask craft centers in the village. Create respondents' answers to questions on employee engagement averaged 4.23. This means that most employees have a high attachment to the batik and mask handicraft UKM in Kreet village.

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## V. CONCLUSION

Based on the results of data analysis and discussion that has been described in the previous chapter, the following conclusions can be drawn: Job satisfaction and employee engagement have a direct positive effect on the commitment of craftsmen organizations in the center of wooden batik and masks in Kreet Village. So the higher job satisfaction and attachment craftsmen on SMEs in wood batik craft center and a mask in the village Kreet, then the higher the craftsmen commitment.

## VI. CONTRIBUTION AND SUGGESTIONS FOR FUTURE RESEARCH

Based on the analysis and discussion of variables job satisfaction (job satisfaction) The estimated coefficient value of the greatest influence on organizational commitment, so that job satisfaction has the greatest influence on increasing commitment in the wooden batik and mask craft center in Kreet Village, the owner of the craft center should pay attention to the awards received by craftsmen and improve the working environment conditions. Comfortable for the craftsmen, in order to further increase the attachment of the craftsmen and continue to maintain the craftsmen's commitment at the wooden batik and mask craft center in Kreet Village. Job satisfaction, appreciation, attachment of craftsmen have an influence on the craftsmen's commitment to stay and work in the wooden batik and mask craft center in Kreet Village. Therefore both center managers can continue to maintain engagement with the craftsmen so that the small and medium industries in both villages can survive and become more competitive amidst the onslaught of factories built in the area and can make the village an icon of a tourist village.

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