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**THE INFLUENCE OF EMPLOYEE JOB SATISFACTION AND SERVICE QUALITY
ON PROFITABILITY IN PT. BANK JATIM: CUSTOMER SATISFACTION
AS THE INTERVENING VARIABLE**

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ABSTRACT

This research aimed to examine the influence of employee job satisfaction and service quality on profitability in PT. Bank Jatim, in which customer satisfaction was the intervening variable. According to literature review, the hypothesis of the research stated that employee job satisfaction and service quality influenced the profitability of the Bank and customer satisfaction as intervening variable proved to affect the relationship between independent variable and dependent variable. The data of the research were collected by using questionnaire from respondents that consisted of 92 permanent employees of PT. Bank Jatim in Gresik City. The technique of hypothesis testing was performed by using Multiple Regression Analysis (MRA) and Path Analysis using SPSS 24 statistical application. The findings of the research indicated that employee job satisfaction and service quality have positive effect to profitability and customer satisfaction was shown as intervening variable. Specifically, this research found that employee satisfaction and service quality will improve the profitability of the company.

KEY WORDS

Job satisfaction, service quality, customer satisfaction, profitability.

As time passes, business competition in Indonesia is getting tighter. It is not only in the area of commerce and industry, but the area of banking has also emerged such signs. According to the data obtained by OJK in 2017, there were 116 Banks in Indonesia. It narrows the market share in Indonesia. In Indonesia, banks can operate outside the bank's work area, thus making it less likely for other banks. Therefore, the level of inter-bank competition is getting tighter which finally can decrease bank's ability to generate profits, (Soedarmono et al., 2013).

The little opportunity is contested by the banks in Indonesia with the proposed market share that is still promising. Customers become the consumers, (Nier, 2005). The customer would want its needs to be met by the Bank, as well as from the Bank's point of view. The Bank should also pay attention to its obligations as well as the needs and desires of its customers as partners of the bank itself, so that they not move to competitor banks (Berger et al., 2009). Banks should pay close attention to the good and perfect services for the service users in the bank that ultimately affect the ability to generate profits (Beck, 2013).

For a company runs in the field of services, employees are a great asset for the company in achieving company goals (Koys, 2001). The same case happens to companies engaged in the field of banking. To achieve the goals of banking companies is by generating profit or obtaining maximum profitability. Regarding to this issue, the management surely optimize the various motivations for employees in growing their spirit to work that can ultimately improve the company's performance, (Ramlall, 2004). Chi and Gursoy (2009) stated that employee satisfaction can have a positive influence on the company's financial performance.

Behind the success of the provision of services that cause the customers satisfied, there is a big role of employees who provide these services, (Spring and Araujo, 2009). If the employee is satisfied at the workplace, the employee will serve the customer with all their hearts and full of hospitality and empathy. It is absolutely influences the service to customers. If the customers feel disappointed, they will run to another bank and then the

image of the company will decrease and this may influence the profitability of the banking company. Naseem et al (2011) and Ariani (2015) stated that customer satisfaction can be influenced by employee satisfaction within the company; the more satisfied the employees to the rights given by the management, they will be more motivated in the giving the service to the customer so as to create customer satisfaction. Meanwhile, Tarigan and Widjaja, (2011) get the latest fact that employees are satisfied with the job and the rights given by management for themselves affect customer satisfaction because of the good service they are offered. So it can be concluded that job satisfaction from employees can affect customer satisfaction and indirectly can help to achieve the company's main goal that is the achievement of profit or profitability.

METHODS OF RESEARCH

Based on the scope of the research, this research can be categorized as explanative research because this research correlates between cause and effect that occur between the variables under research (Sujoko Efferin, 2004). Data collection was only conducted once after distributing the questionnaires to the employees of PT. Bank Jatim Branch Gresik.

The population of this research is all permanent employees of PT. Bank Jatim all over East Java branches, Batam Branches and Jakarta Branches which amounted to 4045 branches. The sample of this research is all permanent employees of PT. Bank Jatim Branch Gresik which amounted to 92 people. Questionnaires were distributed to all employees of PT. Bank Jatim Gresik consisting of Branch Manager, Head of Operations, Branch Head, Supervisor, Staff, Apprenticeship Staff and Security.

Table 1 – Respondent Profiles

Respondent Profiles	Category	Frequency	Percentage
Sex	Male	56	60.9%
	Female	36	39.1%
	Total	92	100%
Age	20-30	48	52.5%
	31-40	27	29.3%
	41-50	10	10.9%
	51-58	7	7.6%
	Total	92	100%
Division/Unit	Customer Service	33	35.9%
	Credit	35	38%
	Accounting, Marketing etc.	17	18.5%
	Branch Management	7	7.6%
	Total	92	100%
Position	Branch Manager	1	1.1%
	Head of Operations and the same level	6	7.6%
	Supervisor and the same level	18	19.6%
	Staff	59	64.1%
	Security	4	4.3%
	Driver	3	3.3%
	Apprenticeship Staff	1	1.1%
	Total	92	100%

Based on the results of data collection that had been conducted before, the data of respondent identity were obtained to complete the research information. The data of respondent identity were identified by sex, age, division or unit, and job position. Based on sex profile, the respondents were dominated by 56 male respondents or 60.9% and 36 female respondents or 39.1%. Based on age profile, the respondents were dominated by 48 respondents aged 20-30 years or 52.5%, 27 respondents aged 32-40 years or 29.3%, 10 respondents aged 41-50 years or 10.9% and only 7 respondents aged 51-58 years or 7.6%.

Based on division profile, the division of credit was dominated by 35 respondents or 38%. The second place was customer service with 33 respondents or 35.9%. Accounting, marketing & others with 17 respondents or 18.5%, and branch management was only 7

respondents or 7.6% from 100%. Based on position profile, respondents were dominated by staff with 64.1% or 59 respondents, by supervisors and the same level with 18 respondents or 19.6%, by head of operations and the same level with 6 respondents or 7.6%, by security guard with 4 respondents or 4.3%, by driver with 3 respondents or 3.3%, and by branch manager and apprenticeship staff with only 1 respondent from each division or 1.1%.

RESULTS OF STUDY

Validity Test. The first evaluation of the measurement model is the validity test. To see the result of validity test, it is conducted by looking at the result of measurement instrument (questionnaire) on SPSS output by using bivariate correlation with sig < 0.05 (Imam Gozali, 2011). The results of the validity test can be seen in the following table:

Table 2 – The Result of Validity Test

Variable	Indicator	p-value	Sig
EMPLOYEE JOB SATISFACTION (X_1)	EJS 1	0.445	0.000
	EJS 2	0.249	0.017
	EJS 3	0.751	0.000
SERVICE QUALITY (X_2)	SQ 1	0.738	0.000
	SQ 2	0.510	0.001
	SQ 3	0.328	0.000
	SQ 4	0.517	0.000
	SQ 5	0.809	0.000
CUSTOMER SATISFACTION (Y)	CS 1	0.972	0.000
	CS 2	0.902	0.000
	CS 3	0.864	0.000
	CS 4	0.830	0.000
	CS 5	0.835	0.000
	CS 6	0.947	0.000
PROFITABILITY (Z)	PR 1	0.894	0.000
	PR 2	0.831	0.000
	PR 3	0.950	0.000

The result of validity test can be seen in this table that we can see all valid variables because sig < 0.05. Reliability test is the second evaluation of the measurement model. To see the results of reliability test, it is conducted by looking at the results of measurement instrument (questionnaire) on SPSS output using cronbach alpha with sig > 0.06 (Imam Gozali, 2011). The result of reliability test can be seen in the following table:

Table 3 – The Result of Reliability Test

Variable	Cronbach Alpha
Employee Job Satisfaction	0,685
Service Quality	0,836
Customer Satisfaction	0,980
Profitability	0,950

The result of reliability test can be seen in the following table, we can see all the reliable variables, because sig > 0.06. After obtaining the results of validity and reliability test, we can continue the third evaluation from measurement model that is Multiple Regression Analysis. This evaluation can show the influence of Independent Variable X_1 (Employee Satisfaction) and Independent Variable X_2 (Service Quality) to Dependent Variable Z (Profitability). The results of Multiple Regression Analysis can be seen in table 4.

In this table, it can be seen that there is influence of independent variable (employee job satisfaction and service quality) to dependent variable (profitability). This conceptual model can explain that the contribution percentage of independent variable to dependent variable was 75.3%, while the rest was 24.7%. It was influenced by other variables that were not included in this research model.

Table 4 – The Result of Multiple Linear Regression Output (Coefficient of Determination) Summary Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868 ^a	.753	.747	.57304

a. Predictors: (Constant), SQ, EJS

Table 5 – The Results of Multiple Linear Regression Output (t-Test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.266	.239		-1.112	.269
	EJS	.656	.072	.546	9.051	.000
	SQ	.554	.073	.459	7.618	.000

a. Dependent Variable: PR

Based on the table, it can be seen that the independent variable X_1 (Employee Job Satisfaction) is positively associated with the dependent variable Z (Profitability) because the sig value of the independent variable X_1 (Employee Job Satisfaction) is 0.000 in which it is less than < 0.05 . The independent variable X_2 (Quality of Service) is positively related to the dependent variable Z (Profitability) because sig value of independent variable X_2 (Service Quality) is 0.000 in which it is less than < 0.05 . The results showed that all independent variables influenced the dependent variable. To prove customer satisfaction as the intervening variable, we can use path analysis with SPSS 24 software. The results of path analysis are shown in the following table:

Table 6 – The Results of Multiple Linear Regression Output (Path Analysis)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.242	.150		-1.611	.111
	EJS	.206	.060	.171	3.450	.001
	SQ	.234	.053	.194	4.399	.000
	CS	.698	.060	.677	11.717	.000

a. Dependent Variable: PR

DISCUSSION OF RESULTS

Employee Job Satisfaction (X_1) → Customer Satisfaction (Y) → Profitability (Z). From the results of Path Analysis we know that there was a direct relationship between the independent variable X_1 (Employee Job Satisfaction) → Z (Profitability) amounted to 0.171. Indirect relationship between X_1 (Employee Job Satisfaction) → Y (Customer Satisfaction) → Z (Profitability) was $0.171 \times 0.677 = 0.369$. Therefore, the total relationship between independent variable to dependent variable was $0.171 + 0.369 = 0.54$. It meant that customer satisfaction that was assumed as intervening variable can be proven as true intervening variable because the total value of indirect relationship from independent variable (X_1) through the intervening variable (Y) then to dependent variable (Z) was 0.369; bigger than direct relationship from independent variable (X_1) directly to dependent variable (Z) that was amounted to 0.171.

Service Quality (X_2) → Customer Satisfaction (Y) → Profitability (Z). From the results of Path Analysis we know that there was a direct relationship between the independent variable X_2 (Service Quality) → Z (Profitability) amounted to 0.194. Indirect relationship between X_2 (Service Quality) → Y (Customer Satisfaction) → Z (Profitability) was $0.459 \times 0.677 = 0.311$. Therefore, the total relationship between independent variable to dependent variable was $0.195 + 0.311 = 0.505$. It meant that customer satisfaction that was assumed as intervening variable can be proven as true intervening variable because the total value of indirect relationship from independent variable (X_2) through the intervening variable (Y) then to

dependent variable (Z) was 0.311; bigger than direct relationship from independent variable (X_2) directly to dependent variable (Z) that was amounted to 0.195.

CONCLUSION AND SUGGESTIONS

Based on the findings and discussion of the research that had been described, it can be concluded that employee job satisfaction and service quality positively affect the profitability of the Bank but there is a finding that customer satisfaction can increase the influence of job satisfaction and employee service quality to the profitability of the Bank. Based on these findings, it is suggested that further researchers develop this research by examining other factors that may influence profitability. Moreover, the addition of the number of samples is also needed to be taken into account considering the large number of respondents and other companies. Future researchers may consider other methods to examine employee job satisfaction, for example by using in-depth interviews to the employees, so that the information can be more varied than using questionnaire as the research instrument in which the answers are available on the sheets.

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