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## HUMAN CAPITAL AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE

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### ABSTRACT

**Introduction:** The competitiveness of the workforce in Indonesia is currently still relatively low compared to several ASEAN countries such as Thailand, Malaysia, and Singapore. One of the main factors of this problem is the level of education possessed by the workforce. The construction services sector is a sector that can leverage the country's economy. Thus, the construction sector requires skilled, superior, and reliable workers. The competence and level of education possessed by the workforce will be an important consideration for companies in the construction sector. The purpose of this study is to find out how the influence of Human Capital and Job Satisfaction on Employee Performance.

**Methods:** This study uses a quantitative method with a simple regression method. The sample of this research is as many as 42 respondents of CV Gunung Emas Mahameru project employees.

**Results:** The results showed that the variable Human Capital and Job Satisfaction had a significant effect on employee performance. This is the main capital that is needed by the company in order to improve performance towards a more optimal and efficient direction.

**Conclusion and suggestion:** The biggest company's capital is employees. Human capital is an important element that must be owned by the company. If the company's employees have good competence, it will create high productivity for the company.

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### INTRODUCTION

The workforce in Indonesia still has low productivity and competitiveness. According to research conducted by the Institute for Management Development (IMD) in 2018, Indonesia is ranked 46th out of 63 countries globally and the Indonesian workforce is currently quite lagging behind several ASEAN countries such as Thailand, Malaysia, and

Singapore. One of the factors for the low competitiveness of the workforce, namely the level of education is still the biggest problem, where the educational background and the field of work owned by the workers do not match. One of the main sectors that can leverage the national economic recovery is the construction services sector. Thus, this sector requires skilled, superior, and reliable human resources. The competence and level of education possessed by the workforce will be an important consideration for companies in the construction sector.

CV Gunung Emas Mahameru (CV. GEMA) is a company engaged in construction goods and services. CV GEMA has 3 levels of employee positions, namely permanent employees, contract employees, and daily workers. Contract employees are employees whose working period is adjusted to the ongoing project period. Daily workers include project field workers such as foremen, coolies, and handymen.

Based on the observations of researchers at CV Gunung Emas Mahameru employees, problems were found which indicated that employees were not satisfied with the salary payment system which was often not on time. Lack of control from superiors makes work in the field not in accordance with procedures and this results in the work deadline being pushed back from the schedule. Lack of knowledge and experience of workers who often cause field problems. Some of these problems have a bad impact on the company, it can be seen from the low performance of employees which is indicated by the undisciplined attitude of the employees and the lack of responsibility for the work given.

Seeing the potential problems that the company has, the researcher conducted an initial survey on the number of employees at CV GEMA regarding job satisfaction. The results of a preliminary survey conducted on 14 employees of CV GEMA show that the highest percentage is the salary or wages and bonuses given, which means that the salary or wages and bonuses given will improve employee performance so that the resulting performance can be more optimal.

## **LITERATURE REVIEW**

### **Human Capital**

Human capital is defined as knowledge, skills, and abilities possessed and utilized by individuals (Diaz-Fernandez et al, 2017). Human capital is the economic value of human resources concerning knowledge, skills, innovation, and individual abilities to do tasks so that they can create value in achieving company goals (Schermerhorn, 2005:33; in Rajak et al, 2018). There are 5 indicators of Human Capital according to Rajak et al. (2018), namely:

1. Skill

A level of expertise possessed by individuals in carrying out tasks.

2. Innovation  
A new idea is applied to improve a process (Robbins, 1996)
3. Creativity  
The ability of individuals or groups to provide new ideas or solutions to any problems that occur.
4. Life experience  
Life experience in terms of work is a process of forming knowledge and skills regarding a method of work that has been obtained by someone
5. Knowledge  
A knowledge possessed by someone that can be used to get the best solution in solving problems in an organization

### **Job Satisfaction**

Job satisfaction is the general attitude of an individual towards his job. If someone feels satisfied, it will show a positive attitude toward work (Robbins, 2003:168; in Rajak et al, 2018). According to Robbins (2006:304; in Rajak et al, 2017), There are six indicators that affect job satisfaction called job descriptive (JDI) namely:

1. Employee salary  
Incentives seen as fair based on the job provided, individual skill level, and wage standards are likely to result in satisfaction.
2. The Job  
Employees tend to like jobs that provide opportunities for their abilities and skills.
3. Work Colleague  
The attitude of coworkers who are friendly and mutually supportive will provide a sense of comfort.
4. Job promotion  
Transfer of employee positions to other positions and higher responsibilities. Employees will feel happy because they are promoted and will encourage employees to work even harder.
5. Supervision  
Employee appraisal activities from superiors. Employees will prefer to have supervision that is fair, open, and willing to work with the team.
6. Work environment  
If the working environment is comfortable, clean, and good, it will improve employee performance.

### **Employee Performance**

Hasibuan (2013: 94, in Syafrina 2017) defines work performance as a result of work achieved in carrying out a given task based on experience, skills, sincerity, and time. According to Hasana (2017:21 in Rajak et al. 2018) Performance is the result or level of a person's overall ability during a certain period in carrying out tasks, such as work standards, targets or criteria that have been determined and have been mutually agreed upon. According to Katz (1964; in Janssen & Yperen 2004) states that there are 2 dimensions:

1. In-role job performance is an act to describe employee performance and thus is warned, assessed, and rewarded by the employing organization. These rules and procedures make work behavior predictable so that organizational tasks can be coordinated and controlled to achieve organizational goals.
2. Innovative job performance is the performance of employees who are innovative and can result in the realization of new ideas in work roles, work groups, or organizations in order to take advantage of the performance of roles, groups, or organizations.

### **Previous Study and Hypothesis**

The first research written by Frimayasa (2020) has a purpose, namely to analyze organizational commitment and human capital partially and simultaneously on employee performance. The method used in this research is a descriptive-analytical method using quantitative analysis. The population of this research is 100 employees of PT Frisian Flag Indonesia. The results of this study indicate that there is a significant influence between the independent human capital variables on employee performance. The relationship with this research is the human capital variable on employee performance.

The second study was written by Rajak et al. (2018). Researchers were inspired to lift this title from a study written by Rajak et al. (2018). The purpose of this study is to determine the effect of Human Capital and job satisfaction on the performance of the employees of the Ternate City Environmental Service. The method of this research is explanatory research with a quantitative approach with a sample of 69 respondents. The results of this study indicate that Human Capital and job satisfaction have a positive and significant effect on employee performance. The better work quality of employees is influenced by the high level of Human Capital and job satisfaction of the employees of the Ternate City Environmental Service.

Based on the research above, it is possible that there is an influence between Human Capital and Job Satisfaction on employee performance at CV Gunung Emas Mahameru. Therefore, the proposed hypothesis is as follows:

- H1: Human Capital has a significant effect on employee performance at CV Gunung Emas Mahameru

H2: Job satisfaction has a significant effect on employee performance at CV Gunung EmasMahameru

## RESEARCH METHODS

This research is a descriptive study using the data collection method used in this study is a questionnaire method with a Likert scale research questionnaire measurement scale. The population used in this study were employees of the CV Gunung Emas Mahameru project. The sampling technique used in this study is the purposive sampling technique. This technique is used to determine the specific criteria set by the researcher on the sample. Based on the purposive sampling technique from a population of 50 people, the number of samples selected in this study was 42 permanent employees of the CV Gunung Emas Mahameru project who were at the project field staff level. The primary data in this study is the data from the answers of respondents who are company employees. In addition, primary data was obtained by distributing questionnaires to respondents via Google Forms.

Data analysis in this study using SPSS. SPSS stands for Statistical Package for the Social Sciences. The analysis method in this study uses multiple linear regression analysis with the analysis tool, namely the classical assumption test.

## RESULT AND ANALYSIS

The total respondents from the study amounted to 42 respondents, 41 of whom were male and 1 respondent was female. As many as 43% or 18 respondents have worked at CV GEMA for less than 1 year. The highest frequency of respondents is 19 respondents or 45% of respondents have worked for 1 to 2 years. As many as 12% or 5 respondents have worked more than 2 years at CV GEMA. Most of the respondents are new employees who have been recruited according to the period or duration of the ongoing project. This study uses a Likert Scale variable measurement which is a psychometric scale that is generally used in research questionnaires.

The regression linearity test was carried out with the F statistical test. The F value was calculated and then consulted with the F table with a significance level of 5%. If the calculated F value is less than or equal to the F table, the relationship between the independent variable (X) and the dependent variable (Y) is declared linear.

**Table 1. Linearity Test Variable Human Capital (X1)**

			Sum of Squares	df	Mean Square	F	Sig.
y*x1	Between Groups	(Combined)	0.678	6	0.113	1,790	0.006
		linearity	0.114	1	0.114	1,812	0.008
		Deviation from Linearity	0.564	5	0.113	1,785	0.142
Within Groups			2,148	34	0.063		
Total			2.826	40			

Source: Data processed by SPSS

Based on table 1.6, it can be seen that the significance value of deviation from linearity is 0.142 > 0.05 hence there is a significant linear influence between the Human capital variables on employee performance.

**Table 2. Linearity Test Variable Satisfaction Work (X2)**

			Sum of Squares	df	Mean Square	F	Sig.
y * x2	Between Groups	(Combined)	1.086	9	-121	2,151	0.045
		linearity	0.027	1	0.027	0.489	0.008
		Deviation from Linearity	1.059	8	0.132	2,359	0.721
	Within Groups			1,739	31	0.056	
Total			2.826	40			

Source: Data processed by SPSS

Based on table 4.17, it can be seen that the significance value of deviation from linearity is .721 > 0.05 then there is a significant linear effect between the variables of job satisfaction on employee performance.

**Table 3. Summary of Analysis Results Multiple Linear Regression**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,132	0.810		3.866	0.000
	x1	0.298	0.173	0.280	1,721	0.000
	x2	0.273	0.134	0.009	0.053	0.003

a. Dependent Variable: y

Source: Data processed by SPSS

Based on table 4.17, it can be seen that the significance value of deviation from linearity is  $.721 > 0.05$  then there is a significant linear effect between the variables of job satisfaction on employee performance.

Based on the multiple linear regression equation above, it is known that the constant value is 3.132 which means Human Capital and job satisfaction are zero. The coefficient value of the Human Capital variable is 0.298. This shows that the higher the value of the Human Capital variable will improve employee performance, meaning that the higher the Human Capital owned by the employee, the stronger the influence of Human Capital on employee performance. The value of the X2 variable coefficient of job satisfaction is 0.273. This shows that the higher the value of the Job Satisfaction variable, the higher the employee's performance hence the higher the job satisfaction that the employee gets, the more influential it will be on the employee's performance.

The F test also shows whether all the independent variables included in the model have an influence on the dependent variable. The F statistical test has a significance of 0.05.

**Table 4. F Uji test**

Model	F	Sig
Regression	65,762	0.000

Source: Data processed by SPSS

Based on the results of table 4, it can be seen that the F test is 65.762 with a significance of 0.000 (sig.)  $< 0.05$ . So it can be concluded that the model in this study can be used because there is no difference in the data with the regression model.

The t-test (t-test) is a partial regression coefficient test, this test is conducted to determine the partial significance of the role between the independent variables on the dependent variable by assuming that other independent variables are considered constant

**Table 5. t-test**

Variable	Sig
Human capital	0.002
Job satisfaction	0.004

Source: Data processed by SPSS

- The significance value of X1's effect on y is 0.02%  $< 5\%$  and the t value of 2.270  $> 0.676$  hence that it can be concluded that H1 is accepted, which means that there is a significant effect of X1 on Y.

- It is known that the significance value of X2's influence on y is  $0.04\% < 5\%$ , so it can be concluded that H2 is accepted, meaning that there is a significant effect of X2 on Y.

The results of the partial hypothesis test can be seen that the probability value of the Human capital variable (X1) is smaller than the value of, which is  $0.003 < 0.05$ . Thus, it can be concluded that Human capital has a significant effect on the performance of CV GEMA employees. This is supported by this study supported by research by Retnowulan (2017) which states that Human Capital has a significant and positive effect on employee performance. This is also supported by research is written by Rajak et al. (2017) The results of this study indicate that human capital and job satisfaction have a positive and significant effect on employee performance.

Based on the results of this study, it can be said that the Human capital owned by CV GEMA employees is quite good, especially in skills and innovation. CV GEMA employees have the skills that accommodate so that they can increase the company's competitiveness.

The results of the partial hypothesis test indicate that the probability value of the job satisfaction variable (X2) is smaller than the value of, which is  $0.004 < 0.05$ , so it can be concluded that job satisfaction partially has a significant effect on the performance of CV GEMA employees. This is supported by the research of Lusri and Siagian (2017), the significance value of the independent variable product quality on the t-test is  $0.002 < 0.05$ . This shows that H1 is accepted. So that the independent variable of job satisfaction has a significant effect on the performance of CV GEMA employees. This is in accordance with research written by Cahyana and Jati (2017) The results of this study indicate that job satisfaction has a positive effect on employee performance. This statement is also supported by research written by Lusri and Siagian (2017) which states that job satisfaction has a positive effect on employee performance. This shows that the higher the level of job satisfaction felt by employees, whether it is giving salaries or giving jobs that are in accordance with their expertise, and the relationship with superiors is well established will improve the performance of employees.

Based on the results of the study, respondents feel quite agree with the job satisfaction that respondents get. This can be seen in the indicators most agreed upon by respondents, namely salary, co-workers, and work environment. Employees feel satisfied and happy with the salary so it can be said that CV GEMA has provided a salary in accordance with the standard work of the Surabaya City UMK. The work environment and co-workers in the company are also the indicators most agreed upon by the respondents. This shows that the environment and co-workers at CV GEMA are in accordance with what employees expect, namely an environment that supports each other.



## CONCLUSION

Based on the results of this study, it can be concluded that Human Capital has a significant effect on employee performance. So it can be said that the first hypothesis can be accepted. Job satisfaction has a significant effect on the performance of CV Gunung Emas Mahameru employees. Thus, the second hypothesis can be accepted. The biggest company capital is employees. Human capital is an important element that must be owned by the company. If the company's employees have good competence, it will create high productivity for the company.

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