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The Effect of Employee Satisfaction on Employee Performance with Employee Loyalty and Employee Engagement as Mediating Variables in Manufacturing Sector Employees in Jabodetabek

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Abstract: This study aims to analyze the effect of Employee Satisfaction on Employee Performance, mediated by Employee Loyalty and Employee Engagement, among manufacturing sector employees in Jakarta. Data were collected from 266 respondents using purposive sampling. Descriptive statistics and hypothesis testing were conducted using AMOS software version 26. The results indicate that Employee Satisfaction positively influences Employee Loyalty, Employee Engagement, and Employee Performance. Additionally, Employee Loyalty and Employee Engagement both positively influence Employee Performance. Regarding indirect effects, Employee Loyalty partially mediates the relationship between Employee Satisfaction and Employee Performance, while Employee Engagement also partially mediates this effect. The managerial implications suggest that management can improve employee performance by providing training to meet employee needs, ensuring employees apply what they have learned at work, fostering ongoing communication and involvement, and motivating employees to feel confident in their tasks.

Keyword: Employee Satisfaction, Employee Loyalty, Employee Engagement, & Employee Performance.

INTRODUCTION

One of the most important goals of any organization is to manage its employees effectively by encouraging positive attitudes such as increased productivity, job satisfaction, and job engagement, while also preventing negative attitudes such as high employee turnover and absenteeism. This can be achieved in any organization by implementing better management practices and applying the best employee empowerment systems. Human resources are assets composed of employee skills and experiences (Memon, Khahro, & Mustafa, 2023).

Almost all organizations must have the right human capital to achieve their goals, maintain competitive advantage, and succeed in business (Cherif, 2020). The urgency of human resource management is crucial to achieve organizational goals efficiently and maintain competitive advantage (Batool, Shengbin, & Batool, 2020). This will undoubtedly add

responsibilities for employees within the organization to achieve the organization's objectives by leveraging opportunities to create and maintain competitive advantage, which should be accompanied by strategic planning from all supporting elements of the company (Basnyat & Lao, 2020).

Modern businesses strive to utilize sustainable human resources to gain competitive advantage. Companies must have strong strategies to maintain their existence and positive performance in line with the targets of each company, so skilled and competent employees play a crucial role in achieving company success (Dodanwala & Santoso, 2021). Employee performance has become a hot topic among decision-makers, who continuously highlight staff or employee performance. Employees perform better when they are confident in their ability to complete job-related tasks. Research shows that employee performance is influenced by employee satisfaction (Genc & Coskun, 2016).

Manufacturing company performance is of particular interest to research, such as PT. Indofood. PT Indofood CBP Sukses Makmur Tbk (ICBP) recorded a net profit of IDR 2.35 trillion in Q1 2024, a decrease of 40.52 percent compared to the net profit of IDR 3.95 trillion in Q1 2023. However, ICBP recorded a 4 percent increase in consolidated net sales, rising from IDR 19.14 trillion in Q1 2023 to IDR 19.92 trillion in the same period this year. In addition, the company's operating profit rose significantly by 23 percent, from IDR 3.99 trillion in Q1 2023 to IDR 4.92 trillion in Q1 2024. Operating profit margins also improved, rising from 20.9 percent in the first quarter of last year to 24.7 percent in the same period this year. This reflects increased efficiency and operational profitability, even though net profits declined. Also noteworthy is PT. Amerta Indah Otsuka. The rise and fall in profits of both companies still make these two companies stable players in the food and beverage manufacturing sector. This situation is closely tied to employee performance at each company.

Employees feel the meaning of their work when they are satisfied with their jobs. Employees who understand how their position impacts others will perform better because they have confidence in their ability to complete work-related tasks. Organizations rely on their workforce to achieve maximum productivity, making employee satisfaction crucial to organizational success (Chiang & Hsieh, 2012).

Pongton and Suntrayuth (2019) found that employee engagement and employee satisfaction significantly affect employee loyalty and employee performance. In addition to influencing employee performance and employee satisfaction, increasing employee engagement is one of the best ways to slow down voluntary turnover (Memon, et al., 2021).

Companies must be able to identify factors that lead to performance improvement and develop strategies to promote employee loyalty and satisfaction (Ateeq et al., 2023). Book et al. (2019) and Al Kurdi et al. (2020) emphasize that employee satisfaction and loyalty are key factors for organizational success. Besides employee satisfaction and loyalty, Abdullahi et al. (2021) found that employee performance is greatly influenced by employee engagement.

Several previous studies, such as Zanabazar et al. (2024), Puspita et al. (2020), Nguyen and Ha (2023), and Kuncorowati et al. (2022), show the influence of employee engagement, satisfaction, loyalty, and performance. However, some research results indicate no effect between employee engagement, satisfaction, loyalty, and performance. These findings reveal gaps in previous research, as well as differences in the background, location, country, research period, and company types.

Research in the manufacturing industry is particularly interesting due to the ongoing growth of manufacturing activities in Indonesia. In August 2023, the Manufacturing Purchasing Managers' Index (PMI) rose to 53.9, higher than the 53.3 level in July. This increase was driven by growth in new demand from both domestic and international markets. The expansion trend in the manufacturing sector is expected to significantly boost job creation in August.

This study differs from previous research, such as Zanabazar (2024), which focused on employee loyalty, intention to leave, job engagement, and job satisfaction; Nguyen and Ha (2023), who studied employee loyalty, satisfaction, internal communication, job engagement, and organizational engagement; and Kuncorowati et al. (2022), which examined job satisfaction, loyalty, and performance. Based on these studies, this research will examine the effect of employee satisfaction on employee performance with employee loyalty and engagement as mediating variables.

This study is conducted in the manufacturing sector in Indonesia, specifically in the Jabodetabek area, focusing on two manufacturing companies: PT. Indofood Sukses Makmur Tbk and PT. Amerta Indah Otsuka. According to data from investor.id (2024), both companies are in the consumer goods industry and continue to report profits despite global economic challenges.

Based on the above description, this research examines the effect of employee satisfaction on employee performance, with employee loyalty and engagement as mediating variables, focusing on employees in the manufacturing sector in Jabodetabek. Therefore, the title of this research is "The Effect of Employee Satisfaction on Employee Performance with Employee Loyalty and Employee Engagement as Mediating Variables in Manufacturing Sector Employees in Jabodetabek."

METHOD

This study refers to previous research conducted by Zanabazar et al. (2024) titled The Mediating Role of Employee Loyalty and Job Engagement in the Relationship Between Job Satisfaction and Intention to Leave Among Bank Employees in Mongolia. The study adopts a quantitative approach and hypothesis testing to analyze and evaluate the relationships among variables. Data processing is carried out using multiple linear regression with a Structural Equation Model (SEM) approach through AMOS version 26. Mediation analysis is conducted using the Sobel Test, while descriptive statistical analysis utilizes SPSS version 24. The unit of analysis is individuals, specifically employees in the manufacturing industry in Jabodetabek.

This study includes four variables: one independent variable, two mediating variables, and one dependent variable. All variables are measured using a 5-point Likert scale. The Employee Engagement variable is adapted from Abdullahi et al. (2022) with six indicators, including work resilience and pride in work. The Employee Satisfaction variable has three dimensions-training satisfaction, performance appraisal satisfaction, and pay satisfaction-developed by Memon et al. (2021) with a total of thirteen indicators. The Employee Loyalty variable is adapted from Xu and Yao (2022) with five indicators, including recommending the company to others and the desire to build a career at the same company. The Employee Performance variable is adapted from Abdullahi et al. (2022) with six indicators reflecting individual performance within the organization.

Primary data collection is done through a survey by distributing an online questionnaire via Google Forms to manufacturing sector employees in Jabodetabek. The questionnaire consists of 30 items covering the four research variables. Non-probability sampling with purposive sampling is used for data collection. The sample size is determined according to Hair et al. (2017), using a ratio of 1:5 to 1:10 per indicator, with a total of 266 respondents.

The instrument testing includes validity and reliability tests. The validity test uses factor loading with a minimum threshold of 0.35 based on Hair et al. (2017). The validity test results show that all items of the Employee Satisfaction, Employee Loyalty, Employee Engagement, and Employee Performance variables have factor loadings above 0.35, indicating they are valid. The reliability test uses Cronbach's Alpha, with a minimum threshold of 0.60 according to Hair et al. (2017). The analysis results show that all variables have Cronbach's Alpha values above 0.60, confirming the reliability of the instruments.

The data analysis method uses SEM with AMOS version 26 to test the relationships between Employee Satisfaction, Employee Loyalty, Employee Engagement, and Employee Performance. SEM is used to identify the impact of Employee Satisfaction on Employee Loyalty, Employee Engagement, and Employee Performance in manufacturing sector employees in Jabodetabek. Additionally, the mediation analysis uses the Sobel Test to assess the role of Employee Loyalty and Employee Engagement in the relationship between Employee Satisfaction and Employee Performance.

RESULTS AND DISCUSSION

Data Description

This study involved 266 employees in Jakarta, who provided data through questionnaires. The respondents' characteristics based on gender show that the majority are male (82.3%) with the remainder female (17.7%), which is associated with the technical nature of the work. By age, the largest group is those aged 26-30 years (33.8%), considered a productive age with high work motivation. Regarding marital status, most respondents are married (85.7%), and in terms of the highest level of education, the majority hold a Bachelor's degree or equivalent (50.8%), correlating with positions in corporate offices or large companies.

Descriptive Statistics

The study uses descriptive statistics to measure respondents' perceptions regarding four variables: Employee Satisfaction, Employee Loyalty, Employee Engagement, and Employee Performance.

1. Employee Satisfaction

Employee Satisfaction has an average score of 4.21. Employees feel satisfied with training, performance appraisals, and salary levels, although the performance evaluation standards are considered unclear (with the lowest average score of 3.95).

2. Employee Loyalty

Employee Loyalty has an average score of 4.13, indicating that employees feel committed and engaged in their careers with the company. The lowest score is related to the desire to spend an entire career with the company (4.05), while the highest score (4.24) indicates a willingness to stay connected and engaged with the company.

3. Employee Engagement

Employee Engagement has an average score of 4.14. Employees feel confident and proud of their work, although there is slight uncertainty about working for the company long-term (lowest average score of 4.05).

4. Employee Performance

Employee Performance has an average score of 4.19, with employees feeling comfortable and actively involved in tasks and group discussions. The lowest score is 4.02, reflecting the maintenance of high work standards, while the highest score (4.35) indicates involvement in work meetings.

Data Analysis

Hypotheses were tested to determine the effect of Employee Satisfaction on Employee Performance, mediated by Employee Loyalty and Employee Engagement. The hypotheses were tested using Structural Equation Modeling (SEM) with a significance level (alpha) of 0.05. The decision rule, based on Hair et al. (2022), is as follows:

- a. If the $p\text{-value} > 0.05$, H_0 is supported and H_a is not supported, meaning there is no significant effect.
- b. If the $p\text{-value} \leq 0.05$, H_0 is not supported and H_a is supported, meaning there is a significant effect.

Table 1. Hypothesis Testing Results

Hypothesis	β	Prob.	Decision
H1: Employee Satisfaction has a positive effect on Employee Loyalty	0.923	0.000	Supported
H2: Employee Satisfaction has a positive effect on Employee Engagement	0.908	0.000	Supported
H3: Employee Satisfaction has a positive effect on Employee Performance	0.404	0.040	Supported
H4: Employee Loyalty has a positive effect on Employee Performance	0.309	0.019	Supported
H5: Employee Engagement has a positive effect on Employee Performance	0.231	0.036	Supported
H6: Employee Satisfaction positively affects Employee Performance, mediated by Employee Loyalty	0.013	0,011	Supported
H7: Employee Satisfaction positively affects Employee Performance, mediated by Employee Engagement	0,009	0,020	Supported

Source: Data processed using AMOS

Analysis of the Effect of Employee Satisfaction on Employee Loyalty

Table 2. Hypothesis Test Results Ha1

Hypothesis	Estimation (β)	Prob.	Decision
Employee Satisfaction has a positive effect on Employee Loyalty	0.923	0.000	H ₁ supported

Source: Data processed using AMOS

The first hypothesis tests the effect of Employee Satisfaction on Employee Loyalty, with the following hypotheses:

H₀₁: Employee Satisfaction does not have a positive effect on Employee Loyalty.

H_{a1}: Employee Satisfaction has a positive effect on Employee Loyalty.

Based on the hypothesis test results in Table 2, the estimate value of 0.923 shows a beta value consistent with the proposed hypothesis, where Employee Satisfaction has a positive effect on Employee Loyalty. The test results also show a p-value of $0.000 \leq 0.05$ (alpha 5%), so H₀₁ is not supported or H_{a1} is supported, and it can be concluded that there is a statistically significant positive effect of Employee Satisfaction on Employee Loyalty. This means that as Employee Satisfaction increases, Employee Loyalty also increases among employees.

Analysis of the Effect of Employee Satisfaction on Employee Engagement

Table 3. Hypothesis Test Results Ha2

Hypothesis	Estimation (β)	Prob.	Decision
Employee Satisfaction has a positive effect on Employee Engagement	0.908	0.000	H ₂ supported

Source: Data processed using AMOS

The second hypothesis tests the effect of Employee Satisfaction on Employee Engagement, with the following hypotheses:

H₀₂: Employee Satisfaction does not have a positive effect on Employee Engagement

H_{a2}: Employee Satisfaction has a positive effect on Employee Engagement

Based on the results of the hypothesis test in Table 3, the estimate value of 0.908 indicates that the beta value is consistent with the proposed hypothesis, where Employee Satisfaction has a positive effect on Employee Engagement. Based on the test results, the p-value is $0.000 \leq 0.05$ (alpha 5%), so H₀₂ is not supported or H_{a2} is supported. It can be concluded that statistically, there is a positive effect between Employee Satisfaction and Employee

Engagement, meaning that the higher the level of Employee Satisfaction, the higher the level of Employee Engagement among employees.

Analysis of the Effect of Employee Satisfaction on Employee Performance

Table 4. Hypothesis Test Results Ha3

Hypothesis	Estimation (β)	Prob.	Decision
Employee Satisfaction has a positive effect on Employee Performance	0.404	0.040	H ₃ supported

Source: Data processed using AMOS

The third hypothesis tests the effect of Employee Satisfaction on Employee Performance, with the following hypotheses:

H₀₃: Employee Satisfaction does not have a positive effect on Employee Performance.

H_{a3}: Employee Satisfaction has a positive effect on Employee Performance.

Based on the hypothesis test results in Table 4, the estimate value of 0.404 indicates that the beta value is consistent with the proposed hypothesis, where Employee Satisfaction has a positive effect on Employee Performance. Based on the test results, the p-value is $0.040 \leq 0.05$ (alpha 5%), so H₀₃ is not supported or H_{a3} is supported. It can be concluded that statistically, there is a positive effect between Employee Satisfaction and Employee Performance, meaning that the higher the level of Employee Satisfaction, the higher the level of Employee Performance among employees.

Analysis of the Effect of Employee Loyalty on Employee Performance

Table 5. Hypothesis Test Results Ha4

Hypothesis	Estimation (β)	Prob.	Decision
Employee Loyalty has a positive effect on Employee Performance	0.309	0.019	H ₄ supported

Source: Data processed using AMOS

The fourth hypothesis tests the effect of Employee Loyalty on Employee Performance, with the following hypotheses:

H₀₄: Employee Loyalty does not have a positive effect on Employee Performance

H_{a4}: Employee Loyalty has a positive effect on Employee Performance

Based on the hypothesis test results in Table 5, the estimate value of 0.309 indicates that the beta value is consistent with the proposed hypothesis, where Employee Loyalty has a positive effect on Employee Performance. Based on the test results, the p-value is $0.019 \leq 0.05$ (alpha 5%), so H₀₄ is not supported or H_{a4} is supported. It can be concluded that statistically, there is a positive effect between Employee Loyalty and Employee Performance, meaning that the higher the level of Employee Loyalty, the higher the level of Employee Performance among employees.

Analysis of the Effect of Employee Engagement on Employee Performance

Table 6. Hypothesis Test Results Ha5

Hypothesis	Estimation (β)	Prob.	Decision
Employee Engagement has a positive effect on Employee Performance	0.231	0.036	H ₅ supported

Source: Data processed using AMOS

The fifth hypothesis tests the effect of Employee Engagement on Employee Performance, with the following hypotheses:

- H_{05} : Employee Engagement does not have a positive effect on Employee Performance.
 H_{a5} : Employee Engagement has a positive effect on Employee Performance.

Based on the hypothesis test results in Table 6, the estimate value of 0.231 indicates that the beta value is consistent with the proposed hypothesis, where Employee Engagement has a positive effect on Employee Performance. Based on the test results, the p-value is $0.036 \leq 0.05$ (alpha 5%), so H_{05} is not supported or H_{a5} is supported. It can be concluded that statistically, there is a positive effect between Employee Engagement and Employee Performance, meaning that the higher the level of Employee Engagement, the higher the level of Employee Performance among employees.

Analysis of the Effect of Employee Satisfaction on Employee Performance Mediated by Employee Loyalty

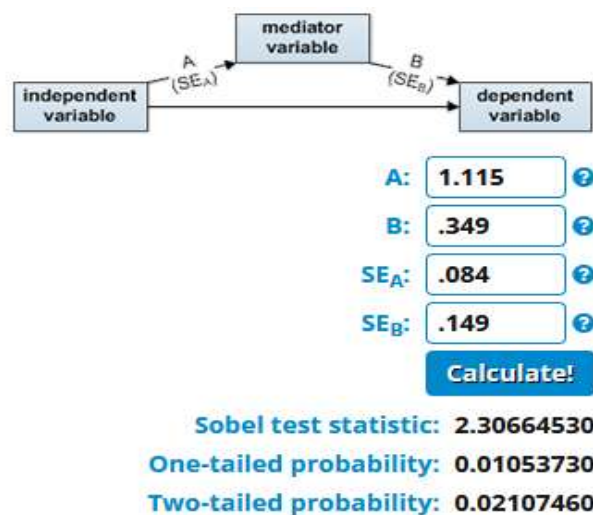


Figure 1. Results of Hypothesis Testing H_{a6}

The sixth hypothesis tests the effect of Employee Satisfaction on Employee Performance mediated by Employee Loyalty, with the following hypothesis:

- H_{06} : Employee Satisfaction does not have a positive effect on Employee Performance mediated by Employee Loyalty
 H_{a6} : Employee Satisfaction has a positive effect on Employee Performance mediated by Employee Loyalty

Based on the Sobel test results using an online calculator, the estimate value of $SE_A \times SE_B = 0.084 \times 0.149 = 0.013$ indicates that H_{06} is not supported, or H_{a6} is supported. The mediation value of 0.013 is smaller than the direct effect value of 0.550. The p-value of $0.011 \leq 0.05$ further strengthens the significance of Employee Loyalty's mediating role in influencing the effect of Employee Satisfaction on Employee Performance. Therefore, it can be concluded that there is a positive effect of Employee Satisfaction on Employee Performance, which is partially mediated by Employee Loyalty (partial mediation).

Analysis of the effect of Employee Satisfaction on Employee Performance mediated by Employee Engagement

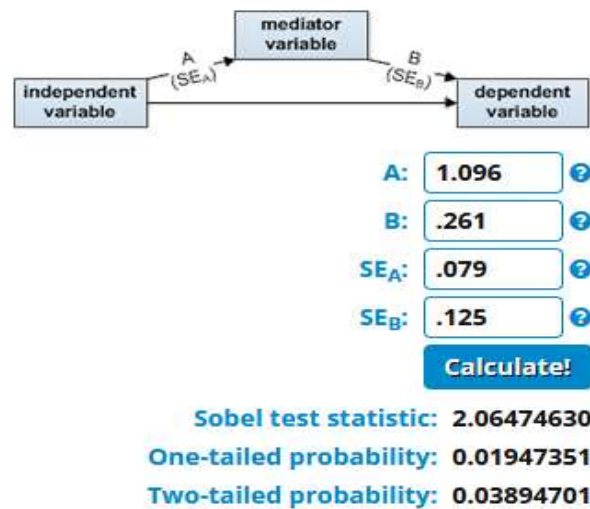


Figure 2. Results of Hypothesis Testing Ha7

The seventh hypothesis tests the effect of Employee Satisfaction on Employee Performance mediated by Employee Engagement, with the following hypotheses:

H₀₇: Employee Satisfaction does not have a positive effect on Employee Performance mediated by Employee Engagement

H_{a7}: Employee Satisfaction has a positive effect on Employee Performance mediated by Employee Engagement

Based on the Sobel test results using an online calculator, the estimate value from $SE_A \times SE_B = 0.079 \times 0.125 = 0.009$ indicates that H₀₇ is not supported, or H_{a7} is supported. The mediation value of 0.009 is smaller than the direct effect value of 0.550. The p-value of $0.020 \leq 0.05$ strengthens the significant effect of the mediating role of Employee Engagement in influencing Employee Satisfaction on Employee Performance. Therefore, it can be concluded that there is a positive effect of Employee Satisfaction on Employee Performance, partially mediated by Employee Engagement.

Discussion of Research Results

The results of the discussion of each hypothesis in this study are as follows:

H1: Employee Satisfaction has a positive effect on Employee Loyalty

The first hypothesis in this study concludes that there is a significant positive effect between Employee Satisfaction and Employee Loyalty. This hypothesis supports previous research by Vuong et al. (2021), which stated that there is a positive effect between Employee Satisfaction and Employee Loyalty, meaning the higher the level of Employee Satisfaction, the higher the Employee Loyalty.

Nguyen and Ha (2023) and other researchers concluded that employee satisfaction positively affects employee loyalty, believing that if employees receive adequate compensation and benefits, their satisfaction and loyalty will increase. Furthermore, Kim and Vinh (2020) found that individuals who are satisfied with their jobs will increase their loyalty to the organization.

The effect of Employee Satisfaction on Employee Loyalty is positive and significant, meaning that the more respondents can apply what they have learned at work, accept and be satisfied with the performance evaluations done by supervisors, agree on what constitutes good

performance in their work, and are satisfied with their overall salary level, the more likely they are to recommend the job, actively recommend the company to friends and family, and remain engaged with the company in the future.

H2: Employee Satisfaction has a positive effect on Employee Engagement

The second hypothesis in this study concludes that there is a significant positive effect between Employee Satisfaction and Employee Engagement. This hypothesis supports previous research by De Simone et al. (2018), Orgambídez-Ramos and de Almeida (2017), Ocampo et al. (2018). Albrecht and Marty (2017) found that employee engagement is closely related to psychological factors such as employee satisfaction, which impacts employee performance. Suhartanto et al. (2018) also found that employee satisfaction influences employee engagement, and Cahill et al. (2015) found that employee engagement affects work-life balance.

The effect of Employee Satisfaction on Employee Engagement is positive and significant, meaning that the more respondents can apply what they have learned at work, accept and be satisfied with performance evaluations from supervisors, agree on what constitutes good performance in their work, and are satisfied with their overall salary level, the more likely they are to feel strong and confident in their work, be proud of their work, and find it difficult to disengage from their job.

H3: Employee Satisfaction has a positive effect on Employee Performance

The third hypothesis in this study concludes that there is no significant positive effect between Employee Satisfaction and Employee Performance. This hypothesis supports previous research by Vabi et al. (2020), which stated that there is no significant effect between Employee Satisfaction and Employee Performance. Furthermore, Pongton and Suntrayuth (2019) found that satisfaction can improve performance, which provides guidance for management to enhance employee performance.

The effect of Employee Satisfaction on Employee Performance is positive and significant, meaning that the more respondents can apply what they have learned at work, accept and be satisfied with performance evaluations from supervisors, agree on what constitutes good performance in their work, and are satisfied with their overall salary level, the more likely they are to feel that a shared understanding in the company can be translated into feasible solutions, feel comfortable with job flexibility, and actively engage in group discussions and work meetings.

H4: Employee Loyalty has a positive effect on Employee Performance

The fourth hypothesis in this study concludes that there is a significant positive effect between Employee Loyalty and Employee Performance. This hypothesis supports previous research by Yaqub et al. (2021), which stated that there is a positive effect between Employee Loyalty and Employee Performance, where employees with high loyalty will do their best and avoid mistakes, which ultimately impacts their personal and organizational performance. Loyal employees always contribute their best to the organization to improve overall business unit performance. High employee loyalty makes the organization more superior compared to companies with less loyal employees.

The effect of Employee Loyalty on Employee Performance is positive and significant, meaning that when respondents are asked to recommend their job, they will recommend the company, actively recommend the company to friends and family, and remain engaged with the company in the future; the more likely they are to feel confident that a shared understanding within the company can be translated into feasible solutions, feel comfortable with job flexibility, and actively engage in group discussions and work meetings.

H5: Employee Engagement has a positive effect on Employee Performance

The fifth hypothesis in this study concludes that there is no significant positive effect between Employee Engagement and Employee Performance. This result supports previous research by Mohd et al. (2018) and Afroz (2018), which found that Employee Engagement directly has a significant effect on improving Employee Performance.

The effect of Employee Engagement on Employee Performance is positive and significant, meaning that the more respondents feel strong and confident in their work, proud of their job, and find it difficult to disengage from their job, the more likely they are to feel that a shared understanding in the company can be translated into feasible solutions, feel comfortable with job flexibility, and actively engage in group discussions and work meetings.

H6: Employee Satisfaction has a positive effect on Employee Performance mediated by Employee Loyalty

The sixth hypothesis in this study concludes that there is a significant positive effect between Employee Satisfaction and Employee Performance mediated by Employee Loyalty. This hypothesis supports previous research by Yaqub et al. (2021) and Nguyen and Ha (2023).

The effect of Employee Satisfaction on Employee Performance mediated by Employee Loyalty is positive and significant, but the effect is weak, indicating that Employee Loyalty does not have a major influence. This means that the more respondents can apply what they have learned at work, accept and be satisfied with performance evaluations from supervisors, agree on what constitutes good performance in their work, and are satisfied with their overall salary level, the more likely they are to recommend the job, actively recommend the company to friends and family, and remain engaged with the company in the future, ultimately feeling that a shared understanding in the company can be translated into feasible solutions, feeling comfortable with job flexibility, and actively engaging in group discussions and work meetings.

H7: Employee Satisfaction has a positive effect on Employee Performance mediated by Employee Engagement

The seventh hypothesis in this study concludes that there is no significant effect between Employee Satisfaction and Employee Performance mediated by Employee Engagement. This result supports previous research by Suhartanto et al. (2018), Albrecht and Marty (2017), and Saleem et al. (2020).

The effect of Employee Satisfaction on Employee Performance mediated by Employee Engagement is positive and significant, but the effect is weak, meaning that Employee Engagement does not have a major influence. The more respondents can apply what they have learned at work, accept and be satisfied with performance evaluations from supervisors, agree on what constitutes good performance in their work, and are satisfied with their overall salary level, the more likely they are to feel strong and confident in their work, proud of their work, and find it difficult to disengage from their job, ultimately feeling that a shared understanding in the company can be translated into feasible solutions, feeling comfortable with job flexibility, and actively engaging in group discussions and work meetings.

Highest Direct and Indirect Effects on Employee Performance

Table 7. Highest Direct and Indirect Effects on Employee Performance

No	Description	β
1	Employee Satisfaction → Employee Performance	0,404
2	Employee Satisfaction → Employee Loyalty → Employee Performance	0,013

Source: Data Processing Results

Based on the table above, it can be seen that the highest effect on Employee Performance is from Employee Satisfaction, with a Beta value of 0.404. This result shows that Employee Satisfaction is important for improving Employee Performance.

Meanwhile, the effect of Employee Satisfaction mediated by Employee Loyalty on Employee Performance has an estimate value of 0.013. The mediating role of Employee Loyalty is partial mediation between the effect of Employee Satisfaction on Employee Performance, and therefore, the level of Employee Loyalty should be carefully monitored by company management.

CONCLUSION

This study was conducted to examine the effect of Employee Satisfaction on Employee Performance, mediated by Employee Loyalty and Employee Engagement, involving 266 respondents who are employees in Jakarta. The majority of respondents are male, aged 26-30 years, hold a bachelor's degree or equivalent, and are married. Seven hypotheses were tested, all of which were supported by the research findings. Based on the analysis, the average Employee Satisfaction variable indicates that respondents feel they can apply their skills in the workplace, are satisfied with performance evaluations, and are content with their salary levels. Meanwhile, the average Employee Loyalty variable shows that employees are willing to stay engaged and pursue their careers within the company. The average Employee Engagement variable indicates that employees feel confident and proud of their work. Additionally, the average Employee Performance variable suggests that employees feel comfortable and actively participate in discussions and work tasks.

The results of the first hypothesis test show that Employee Satisfaction has a positive and significant effect on Employee Loyalty. The second hypothesis indicates that Employee Satisfaction has a positive and significant effect on Employee Engagement. The third hypothesis also confirms that Employee Satisfaction positively and significantly influences Employee Performance. The fourth hypothesis demonstrates that Employee Loyalty has a positive and significant effect on Employee Performance. Similarly, the fifth hypothesis reveals that Employee Engagement positively and significantly impacts Employee Performance. The sixth hypothesis suggests that Employee Loyalty functions as a partial mediator in the relationship between Employee Satisfaction and Employee Performance. Finally, the seventh hypothesis indicates that Employee Engagement also serves as a partial mediator in the relationship between Employee Satisfaction and Employee Performance.

Based on the research findings, several recommendations are proposed to enhance the effectiveness of Employee Satisfaction, Employee Loyalty, Employee Engagement, and Employee Performance. Stakeholders should maintain positive aspects such as opportunities to apply skills, satisfaction with performance evaluations, and adequate salaries. On the other hand, improvements should be made to performance evaluation standards, training programs, and the creation of challenging work environments to increase employee engagement and loyalty.

This study has several limitations, including its focus on only two companies in Jakarta with a sample size of 266 respondents and its use of only four variables: Employee Satisfaction, Employee Loyalty, Employee Engagement, and Employee Performance. Future researchers are encouraged to expand the scope of the study to various companies and include additional variables such as organizational culture or work quality. Qualitative research is also recommended to gain a deeper understanding of the relationships between the tested variables in this study.

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