

THE INFLUENCE OF MANAGERIAL COMPETENCY ON EMPLOYEE SATISFACTION THROUGH COMPENSATION AS A MODERATING VARIABLE

ZULKIFLI¹, MUHAMMAD ARIF² and HAMDI AGUSTIN³

^{1,2,3}Universitas Islam Riau Pekanbaru, Riau, Indonesia

Email: zulkifli_rusby@fis.uir.ac.id

Abstract

Managerial competency on employee satisfaction through compensation as a moderating variable is the first research in the field of human resource management. This study will analyze the direct influence of managerial competencies on employee satisfaction through compensation as a moderating variable at Sharia Financial Service Cooperatives in Pekanbaru. This study employed a descriptive method with a quantitative approach as its framework. 79 employees at Sharia Cooperatives in Pekanbaru participated in this study. Moreover, the data of this research is multiple regression analysis which is used for data analysis. The result of the study revealed that managerial competencies have a positive and significant influence on job satisfaction. Furthermore, Managerial competency on employee satisfaction through compensation as a moderating variable shows that the compensation variable has a positive effect, but the Managerial competency variable has no effect. The results of this study indicate that employee satisfaction is more influenced by the compensation variable than the managerial competency variable even though this variable is a moderator. This shows that managerial competency cannot increase employee satisfaction because sharia financial service cooperatives already have a standard of work that must be done by every employee so that to get satisfaction there is no need for managerial competency, but they really need a higher amount of compensation.

Keywords: Managerial Competencies, Compensation, Job Satisfaction, Sharia Financial.

INTRODUCTION

Over the years, job satisfaction has become a common topic in many countries around the world (Hee et al. 2020). The work performance of an individual generally depends on the level of job satisfaction. A person's organizational performance will increase if the level of employee job satisfaction is high. Referring to researchers, individuals who are happy with their current work tend to be more motivated and willing to try harder in carrying out their duties. Job satisfaction is able to affect the attitude, loyalty, support and dedication of employees to the organization. There are many studies on job satisfaction globally and in various sectors such as Islamic banking, trade, hospitals and other sectors. However, this paper concentrates on the sharia cooperative sector.

From the phenomenon that occurred in Pekanbaru, it was found that low quality and performance were found in employees at Sharia Financial Service Cooperatives. It is in line with the result of the study conducted by (Zulkifli, Hamzah, and Hamzah 2018). He found that there were several reasons why the employees had low quality and performance, which are they received low compensation with a salary below the regional minimum wage; they lack competencies in managing or organizing; they also had low job satisfaction.

Learning about the issue and relevant research report above, this study aims to 1) to analyze the direct influence of managerial competencies on employee job satisfaction; 2) to analyze the effect of compensation as a moderating variable on employee job satisfaction;

If the previous research focused more on customer satisfaction, then in this study it focuses more on the satisfaction of the employees of the Sharia Cooperative Employees in Pekanbaru City. The variables used to measure the satisfaction of Sharia Cooperative employees, managerial competence and employee compensation. Employees are one of the most important aspects of the role in an effort to achieve targets and contribute to achieving competitive advantage. The important thing that must be done by Sharia Cooperative Employees is to increase professionalism in terms of performance and competence in providing service satisfaction to customers. Based on the background that has been described, the formulation of the problem to be studied is whether managerial competence and compensation affect the satisfaction of Sharia Cooperative Employees in Pekanbaru City. Then as for the purpose of analyzing whether managerial competence through compensation as a moderating variable affects the satisfaction of Sharia Cooperative Employees in Pekanbaru City.

Wirah (2014), Darmawan et al. (2015), Rudlia (2016), Suroto et al. (2018), Malau et al. (2019) examines the effect of managerial competence and compensation on employee job satisfaction, but in this study, we use the compensation variable as a moderating variable because compensation is actually a driving factor for employee job satisfaction. This is because the compensation has met the wishes of the employees and the salary has exceeded the provincial minimum wage (UMP).

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Job satisfaction

Job satisfaction is important for every organization in various industries. Many organizations or employers want to know if their employees or subordinates are satisfied with their jobs. Job satisfaction is understood as the completion of tasks by employees who derive a sense of accomplishment from their workplace. Researchers have explained job satisfaction as a good feeling that a person gets when someone has a job that he enjoys doing (Umaru & Ombugus, 2017). Job satisfaction is also a constructive emotional domain that stems from employees' personal opinions about their work. It basically measures how a person finds his/her task and how far he/she is able to do that task. According to researchers (Awang et al. 2010), they state that job satisfaction is a feeling about an individual's career or about certain aspects of

work that will have an impact on the productivity and work performance of an organization. Job satisfaction is a worker's internal feeling about his job (Chamundeswari, 2013). Job satisfaction is also a psychological response to a work situation (Umaru & Ombugus, 2017).

Job satisfaction has no agreed definition by academics, but job satisfaction is generally agreed upon despite its wide significance and use in the fields of human resource management, industrial psychology and organizational behavior, which makes it important that before a clear meaning is given, there is a need to consider the significance and natural human activities around the world (Aziri 2011). Several researchers and authors have defined job satisfaction based on their views. A definition given by Vroom (1982) is that an individual's effective orientation with respect to their tasks and schedules is what defines job satisfaction; this definition places a lot of emphasis on the role played by an employee in the workplace

Spector (1997) which states that job satisfaction is basically centered on individuals' feelings about their entire job, which emphasizes the degree to which individuals like or hate their jobs. Therefore, job satisfaction is a measure of how employees feel positively or negatively about their work and that is the main reason why job satisfaction and dissatisfaction are always present at certain points and situations. Likewise, Likewise, Aziri (2011) asserts that the level of job satisfaction is at the highest level of satisfaction and dissatisfaction.

Job satisfaction can be interpreted as a happy feeling and achievement of an employee's success in carrying out his work which can be directly related to employee performance and employee welfare levels. However, job satisfaction is believed to be multidimensional and there is no clear assessment, it can be seen in various ways by different individuals, usually related to motivation although the scope of the relationship is still not very clear (Aziri (2011).

Managerial competencies

According to Spencer and Spencer (1993) classify the dimensions and components of individual competence into three, namely: (a) intellectual competence, (b) emotional competence, and (c) social competence. A person is said to be competent when he meets the standard criteria that have been determined by a national or international standard body in accordance with the specific field mastered.

Competence is based on what a person does, in the form of behavior and can be seen. If one is competent, then the result will be effective and greatly affect their job performance. A set of competencies is called as a competency model is a collection of behaviors that are supported by basic knowledge, skills and attitudes related to the role and responsibility for a particular job. Building a competency model requires identification of successful performance for a role or responsibility for the job and then define the knowledge, skills and attitudes related to the performance. Building a model is a process collaboration of all stakeholders.

In operating a business, a manager is demanded to have competencies and skills in managing available resources in a company, especially a competency to combine human resources and nature actualized by running the management functions. Regarding this statement, (Winardi 2001) further explains that Managerial Competencies are the capacity to do the activity of planning, organizing, implementing, and supervising to achieve the target that has been made. In line with (Winardi 2001), according to (Siagian 2007), Managerial Competencies are the competencies in managing a business, such as planning, organizing, giving motivation, supervising, and evaluating.

Siagian (2007) states that managerial competencies are the competencies in managing a business consisting of planning, organizing, giving motivation, supervising, and evaluating. In the case of this study, managerial competencies are reflected in the role of a director. In evaluating employee performances, for instance, the directors took a part in initiating and supporting the policies that had been applied to increase the performance of an organization. Moreover, through the director's lead, the employees performed the activities to fulfill the goal of the organization. Therefore, from this finding, it can be concluded that employee performance cannot be separated from the role of the director's managerial competencies in managing the staffs' work activity. The result of this study are supported by the research conducted Jasiyah et al. (2018), Wiarah (2014), Darmawan et al. (2015), Rudlia (2016), Suroto et al. (2018), Malau et al. (2019) which research results show managerial competencies effect on job satisfaction

H1: There is managerial competence affects employee satisfaction

Compensation

Compensation is one of the human resource management strategies to create a balance between employees and the director of a company in achieving the goal and target that have been made. Compensation can improve performance, motivation, loyalty, and employee satisfaction at work. If compensation is given precisely in accordance with capacity between responsibilities and rights, then employees are motivated to achieve organizational goals (Rinny et al, 2020).

Compensation is a term related to financial rewards received by people through an employment relationship with an organization. Compensation will have a different meaning for each person. It can be defined as a return over the services given by human resources for an organization or as a value adhered to the skills and competencies of human resources by a company. It can also be defined as an appreciation given by a company to people who have served greatly. Giving compensation is a strategic function of human resources to have a significant effect on other human resource functions.

According to Malayu (2014) it explains the meaning of compensation, which is "a remuneration received by employees in the form of money, direct or indirect goods for the remuneration they have sacrificed to the organization". Meanwhile, according to (Mangkuprawira, 2014) it defines that compensation is "a form of payment received by employees so that they continue to be more productive in carrying out their duties and

responsibilities. These payments are both cash, non-cash and are expected to provide benefits for the employees who receive them”. Simamora, (2012) Compensation is “a form of appreciation given to employees for their contribution in helping organizations achieve the goals they aspire to. To measure compensation, the indicators used include wages and salaries, incentives, objectives and facilities”. The results of research conducted by Tielung, (2015), Sumardi (2017), Tarigan, (2018), Mustika (2019) states that compensation has a effect on employee job satisfaction.

H2: There is compensation as a moderating variable that affects employee satisfaction

METHOD

The primary data was collected using a survey. The Likert scale was used to collect and analyze the answers of survey participants. This study was conducted at all Sharia Financial Service Cooperatives in Pekanbaru. The subject of this study was all employees at Sharia Financial Service Cooperatives in Pekanbaru city who were 79 respondents in total. Excel spreadsheets were used to tabulate, and analysis multiple regression was used to run and analyze the data. The study formulated the following hypotheses:

H1: Managerial Competencies has a positive influence on employee job satisfaction.

H2: compensation moderates the relationship between Managerial Competencies and job satisfaction.

To collect the research data, a survey questionnaire consisting of 15 questions were used and apply the correlation to find out the relationship and association between the dependent and independent variables

$$JS = b_0 + b_1MC \dots\dots\dots (1)$$

$$JS = b_0 + b_1MC + b_3MC*COM.\dots\dots\dots (2)$$

Information:

JS = Job Satisfaction

MC = Managerial Competencies .

COM = Compensation

RESULTS AND DISCUSSION

Reliability Test and Cronbach's Alpha

High reliability showed that the indicators had a high consistency in measuring the latent construct. The reliability could be seen from the value of Composite Reliability (CR) and Cranach’s Alpha (CA) value was good, if it was more or equal to 0.5 (Ghozali, 2005)The results of the CA and CR tests are shown in Table 1 below:

Table 1: The Construct of Reliability

Variable	Cronbach's Alpha	Composite Reliability
Managerial Competencies	0.942	0.946
Compensation	0.936	0.941
Job Satisfaction	0.946	0.952

Based on table 2 shows that the hypothesis equation 1 shows that the managerial competencies variable has a positive effect on Job Satisfaction. At t-statistic 3,725 and significant at 1% level. In the hypothesis equation 2 shows that the managerial variable com and the compensation variable as, moderating variable show the results of the managerial competencies variable to be insignificant while the compensation variable as the moderating variable obtains results at t-statistics 6.044 and is significant at the 1% level. While in equation 1, we get an R Square of 17.8% and equation 2 increases to 48%. This shows that the second equation is better by adding the compensation variable as a moderating variable.

Table 2: Multiple Regression Result

Hypothesis	Independent Variable	Beta	T-Statistics	P-Values	R Square
H1	b ₁ MC	0.666	3.725	0.000***	0.178
H2	b ₁ MC	-0.108	-0.564	0.575	0.480
	b ₂ MC*COM	0.147	6.044	0.000***	

*** Significant at 1% in term of p-value

Discussion

Base on the results of research on the influence of managerial competency on employee satisfaction through compensation as a moderating variable of sharia financial services cooperatives in Pekanbaru City can be concluded as follows:

The Influence of Managerial Competencies on Employee Job Satisfaction

Job satisfaction is an evaluation illustrating a person's feelings over his/her behavior, such as happy or sad, and satisfied or dissatisfied in performing the job. Additionally, that job satisfaction is an individual matter. Every individual will have different satisfaction levels depending on the individual evaluation of the aspects of a job, such as payment, job promotion, work conditions, co-workers, and supervision. In the other words, it can be said that the more suitable works that the employees do, the more satisfied they are with their job.

From the result of the t-statistics of 3.725 and the p-value of 0.000. So, it can be implied that hypothesis 1 is accepted and there is a direct influence of managerial competencies on employee job satisfaction at sharia financial service cooperatives in Pekanbaru. The overall data also concluded that managerial competencies had a positive and significant influence on employee job satisfaction at Sharia Financial Service Cooperatives.

The results of this study indicate that one of the factors that influence job satisfaction is leadership, namely the quality of managers and leaders in providing encouragement,

enthusiasm, direction, and work support to employees. Managerial skills are skills move others to do well. In this case, it is how managers of sharia financial service cooperatives play a role in mobilizing employees to work well, so that generate job satisfaction. managerial competence: is one form of competence given by sharia financial service cooperatives to their employees so that they feel satisfied in their work not only based on the material they receive.

The findings of this study strengthen the concept that managerial ability is one of the factors that influence job satisfaction sharia financial service cooperatives. A manager must have effective managerial skills, effective management can be created if he has good character, behavior, and ability to lead sharia financial service cooperatives. In his role as a manager, must be able to influence everyone involved in the process of doing work to achieve the goals of quality Sharia Financial Service Cooperatives.

The finding also leads to the idea that the director's strong managerial competencies contributed to employee job satisfaction. The employees showed high job satisfaction towards managerial competencies which was well-applied by the director. Thus, employee job satisfaction at Sharia Financial Service Cooperatives was categorized as good. The finding of this study are supported by the research conducted by Wiarah (2014), Darmawan et al. (2015), Jasiyahm & Sukmawati (2018), Rudlia (2016), Suroto et al. (2018) and Malau et al. (2019) which states that Managerial Competencies has an effect on employee's job satisfaction.

The Influence of Compensation as a moderating variable on Employee Job Satisfaction

Compensation had a positive and significant influence on job satisfaction. This result refers to the T-test analysis, it was seen that t-statistics of 6.044 and the p-value of 0.000. Therefore, it revealed that hypothesis 2 is accepted and there is a direct influence of compensation as a moderating variable moderating on employee job satisfaction at Sharia Financial Service Cooperatives in Pekanbaru.

One of the aspects of job satisfaction according to (Baron & Greenberg, 2003) is a reward. Reward in this discussion can be in the form of salary, incentive, and allowance. How much reward is received by the employees depends on the efforts given in doing the job. Regarding this, the employees certainly want a fair reward system.

As seen in the finding, it revealed that compensation, workload, and responsibilities given by the company can provide job satisfaction for the employees. It is accordant with the study conducted by Arif (2019) where he found that compensation positively and significantly contributed to employee job satisfaction. This research is also supported by the findings of Wiarah (2014), Darmawan et al. (2015), Rudlia (2016), Suroto et al. (2018), Malau et al. (2019) which reveals that compensation has a significant effect on job satisfaction.

CONCLUSION

From the result of data analysis and hypothesis testing, it can be concluded that, first, there is an influence of managerial competencies on job satisfaction. It also showed that the

managerial competencies positively and significantly contribute to employee job satisfaction. This positive result came out because the director had shown good managerial competencies which improve the level of employee job satisfaction. As a result, the employee had fairly good job satisfaction. Second, there is an influence of compensation as a moderating variable on job satisfaction. The compensation contributes to a positive and significant influence on employee job satisfaction. Sharia Financial Service Cooperatives in Pekanbaru had provided proper compensation for the employee based on the amount of work done and the responsibilities they did. This strategy was proven to improve job satisfaction.

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