

Conference Paper

The Influence of Employee Promotion, Upward Downward Communication and Work Environment on Job Satisfaction of PT. Holcim Indonesia, Tbk

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Abstract

Research was conducted to explore job satisfaction of employee in PT. Holcim Indonesia, Tbk. This study covered for permanent employee. The purpose of this paper is to investigate whether employee promotion, upward downward communication and work environment influences the job satisfaction of PT. Holcim Indonesia, Tbk. This paper is based on a questionnaire survey of all employee position (manager and non-manager) in all plant of Indonesia with a random sample of 225 employees, and the method of analysis used is the frequency distribution and path analysis. The Data was collected through a self-administered survey questionnaire. The questionnaire is adopted from a previous validated survey. The data was analyzed using structural equation modeling (SEM) with Smart PLS. The results showed that among seven hypotheses tested, all variables have the positive influence, however, there are two latent variables which have direct significant associations, while the others have not. A variable which have indirect significant associations, while the other one has not. Work Environment have direct positive and significant influence on the job satisfaction, while employee promotion and upward downward communication have a direct positive influence but not significant. Otherwise, both employee promotion and upward downward communication have an indirect positive influence on the job satisfaction with intervening variable (work environment). The study provides ways to increase the job satisfaction of all employees so that they will be able to produce reliable company performances.

Keywords: promotion, job satisfaction, upward downward, structural equation modeling, indirect

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1. Introduction

Job satisfaction has always been a key point of discussion among the researchers and scholars since long. After the foundation of industrialization this serious issue

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gained enthusiastic attention of researchers, and now it is being applied to each and every organization all around the world. From many decades it is important area of research and many researchers investigate the association among job satisfaction and its affecting aspects.

In fact, the new managerial paradigm which insists that employees should be treated and considered primarily as human beings that have their own wants needs personal desires is a very good indicator for the importance of job satisfaction in contemporary companies. When analyzing job satisfaction, the logic that a satisfied employee is a happy employee and a happy employee is a successful employee [1]. Job satisfaction is influenced by a lot of variables. Promotions, communication and work environment are an important aspect of employee's life. Different organizations or institutions use promotion, communication and work environment as a reward for high productivity of their workers which accelerate their efforts. This research was to investigate for PT. Holcim Indonesia, Tbk employees of all plant of Indonesia (Narogong, Cilacap, Tuban and LhokNga). Present, PT. Holcim Indonesia, Tbk maintains an integrated business of cement, ready-mix concrete, aggregate production, and mortar. This company will be sold its assets in Indonesia due to a decrease in total company performance. This decrease in performance is caused by employee job satisfaction decreases. The influential job satisfaction factors now are employee promotion, communication and work environment. Promotions, communication and work environment are one factors that influence job satisfaction [2]. A promotion is the movement to another job in a higher job classification and will result in a title change [3], Vertical communication (upward-downward communication) is communication who is held between or among people who are on different levels of authority within the organization [4]. Work environment is the whole elements both inside and outside the organizational boundary, both of which have a direct or indirect impact on managerial activities to achieve organizational goals [5]. The analysis technique used in this research is structural equation modeling (SEM) based on variance or component- based SEM, known as Partial Least Square (PLS) and based on a questionnaire survey with a random sample of 225 permanent employees (for more than ten years experiences) [6].

2. Methods and Equipment

2.1. Methods

2.1.1. Statistical hypothesis

The statistical hypothesis from the study are as follows

- | | | | | |
|----|-------|---|--|--------|
| 1. | H_0 | : $\gamma_{11} \leq 0$ | | : (H1) |
| | H_1 | : $\gamma_{11} > 0$ | | |
| 2. | H_0 | : $\gamma_{22} \leq 0$ | | : (H2) |
| | H_1 | : $\gamma_{22} > 0$ | | |
| 3. | H_0 | : $\beta_{\gamma_3} \leq 0$ | | : (H3) |
| | H_1 | : $\beta_{\gamma_3} > 0$ | | |
| 4. | H_0 | : $\gamma_{31} \leq 0$ | | : (H4) |
| | H_1 | : $\gamma_{31} > 0$ | | |
| 5. | H_0 | : $\gamma_{32} \leq 0$ | | : (H5) |
| | H_1 | : $\gamma_{32} > 0$ | | |
| 6. | H_0 | : $(\gamma_{31}) (\beta_{\gamma_3}) \leq 0$ Indirect | | : (H6) |
| | H_1 | : $(\gamma_{31}) (\beta_{\gamma_3}) > 0$ | | |
| 7. | H_0 | : $(\gamma_{32}) (\beta_{\gamma_3}) \leq 0$ Indirect | | : (H7) |
| | H_1 | : $(\gamma_{32}) (\beta_{\gamma_3}) > 0$ | | |

Remarks:

γ_{11} = Pathway in the population which states the direct influence of promotion (X1) on employee satisfaction (Y)

γ_{22} = Pathway in the population which states the direct influence of upward downward communication (X2) on employee satisfaction (Y)

β_{γ_3} = Pathway in the population which states the direct influence work environment (X3) on employee satisfaction (Y)

γ_{31} = Pathway in the population which states the direct influence of promotion (X1) on work environment (X3)

γ_{32} = Pathway in the population which states the direct influence of upward downward communication (X2) on work environment (X3).

H_0 = Hypothesis null is a hypothesis that states there is no relationship between the independent variable (X) and the dependent variable (Y).

H_1 = Hypothesis first is a hypothesis that states there have a relationship between the independent variable (X) and the dependent variable (Y).

2.1.2. Statistical descriptive analysis

In this study, the collected data is data from four variables which include employee promotion, upward downward communication and work environment as independent variables, and job satisfaction as the dependent variable. Then analyze the description of each of the research variables

2.1.3. Statistical method

The processing of sample data in this study was carried out by statistical tests using structural equation modeling (SEM). SEM analysis using Partial Least Square (PLS) 2.0 M.3 is done through two stages, namely evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The measurement model with reflective indicators is evaluated by convergent validity with the terms average variance extracted (AVE) > 0.5 of the indicators with loading significant $p < 0.05$ and the value of composite reliability (CR) with the value of Cronbach alpha > 0.7 . The stability of these estimates is evaluated using the t-statistic test (if t-statistic $>$ t-value (1.65) at a significant level of 10%, or t-statistic $>$ t-value (1.96) at the significant level of 5%) which is obtained through the bootstrapping procedure [7, 8]. While the evaluation of inner model is evaluated by looking at the percentage of variance explained by the value R square for the latent dependent construct using the Stone-Geisser of Q square test where R square is 0.67 (strong), 0.33 (average), 0.19 (weak) and also see the magnitude of the structural path coefficient [9]. The criteria for the assessment are summarized in table 1 and table 2 below.

2.2. Analysis Model

The first order structural analysis model built in this research can be seen in the following figure

The second order structural analysis model built in this research can be seen in the following figure

3. Results

3.1. Validity Test

After testing the instrument for all variables, the outer loading results can be obtained as follows

3.2. Reliability Test

From Figure 6 and table 3 shown all outer loading bootstrapping factor > 0.7 , AVE value > 0.5 . Means: the construct output data is evaluated by convergent validity. Table

TABLE 1: Measurement model assessment criteria.

Assessment	Criterion	Note
Item reliability	Individual item standardised loading on parent factor.	Min. of .50
Convergent validity	Individual item standardised loading on parent factor, and	Min. of .50
	Loadings with sig. <i>p</i> -value	$p < .05$
	Composite reliability	$> .70$
	Average variance extracted (AVE)	$> .50$
Discriminant validity	Square-root of AVE	More than the correlations of the latent variables.
Reliability	Cronbach's alpha	$> .70$
	Variance inflation factor (VIF)	< 10 < 5
Nature of construct	Formative / reflective:	

TABLE 2: Structural model criteria.

Criterion	Note
Coefficient of determination, R^2	.67 substantial .33 average .19 weak
Predictive relevance, Q^2	> 0 Stone-Geisser test
Effect size, f^2	.02 small .15 medium .35 large
Path coefficient	Magnitude Sign p-value

4 shown CR value > 0.7 . Means: the construct output data is evaluated by composite reliability.

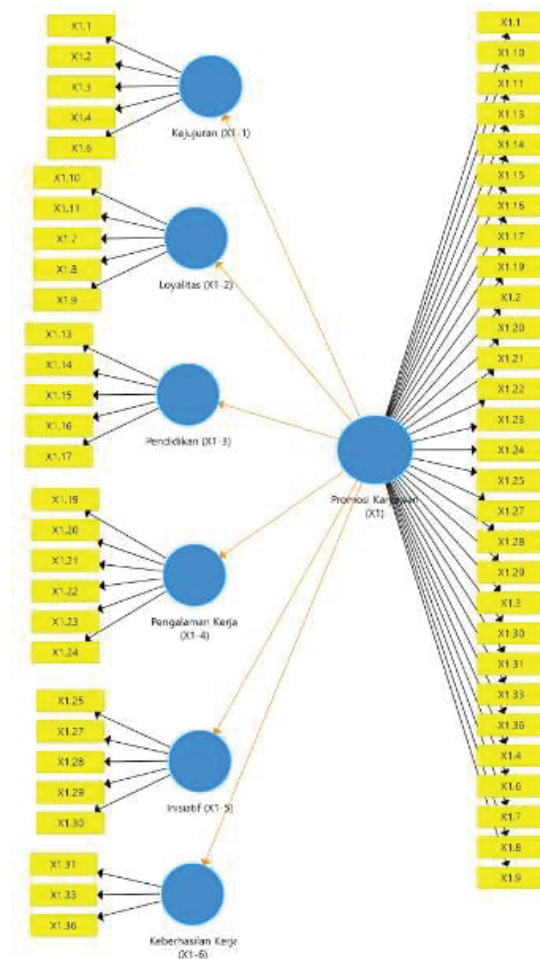


Figure 1: Employee promotion indicator model (X1).

3.3. Parameter Coefficient

From table 5 shown that all output: positive, t-statistic > t-value (1.65): significant, except X1 -> X3 < t-value (1.65), X2 -> Y < t-value (1.65) and X1 -> Y < t-value (1.65): not significant

From table 6 shown that all output: positive, t-statistic > t-value (1.65): significant, except X1 -> Y-5 < t-value (1.65), X1 -> Y-3 < t-value (1.65), X1 -> Y < t-value (1.65) and X1 -> Y-2 < t-value (1.65): not significant. From table 7 shown all the latent dependent construct > 0.19: average until strong influence condition

3.4. Statistical Hypothesis Result

Base on the framework above, there are seven hypothesis which was tested, such as:

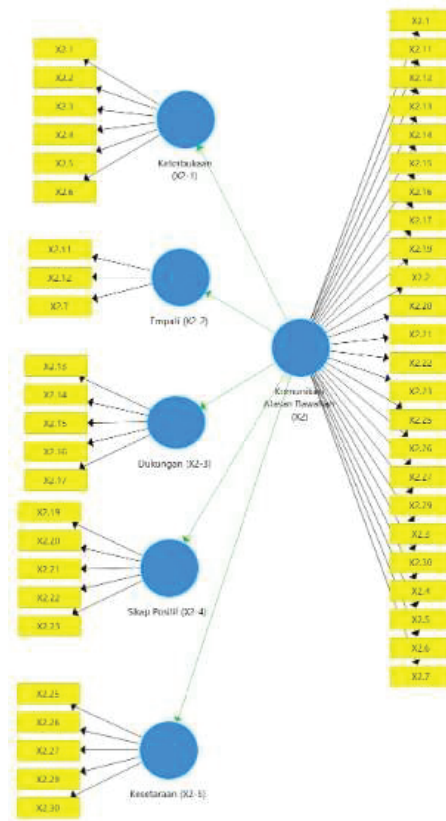


Figure 2: Communication indicator model.

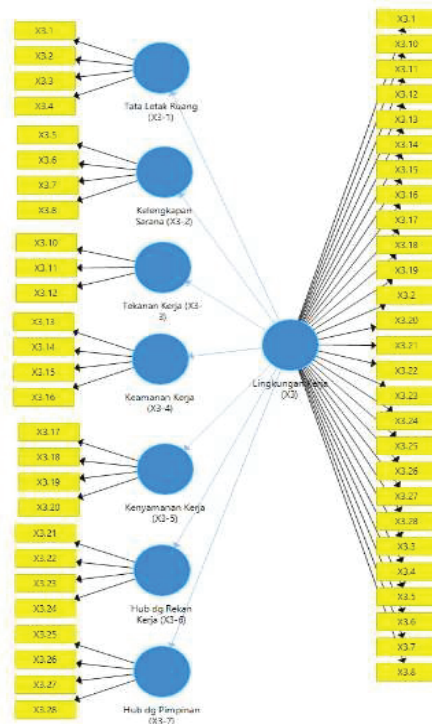


Figure 3: Work environment indicator model (X3).

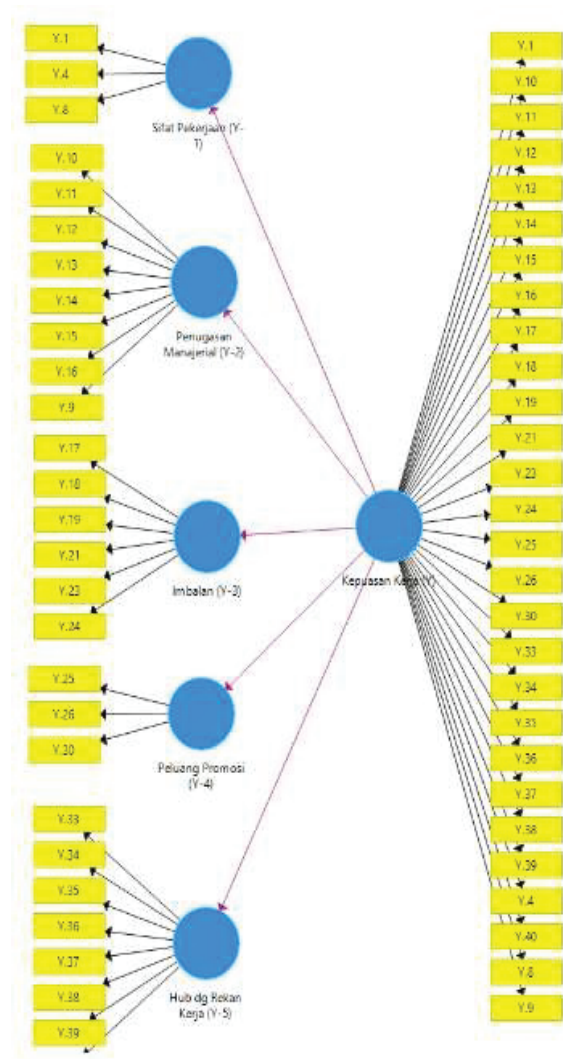


Figure 4: Job Satisfaction indicator model (Y).

H1. Employee promotion gives direct positive and not significant influence on job satisfaction

H2. Upward downward communication gives direct positive and not significant influence on job satisfaction

H3. Work environment gives direct positive and not significant influence on job satisfaction

H4. Employee promotion gives direct positive and not significant influence on work environment

H5. Upward downward communication gives direct positive and significant influence on the work environment

H6. Employee promotion gives indirect positive and not significant influence on the job satisfaction through work environment

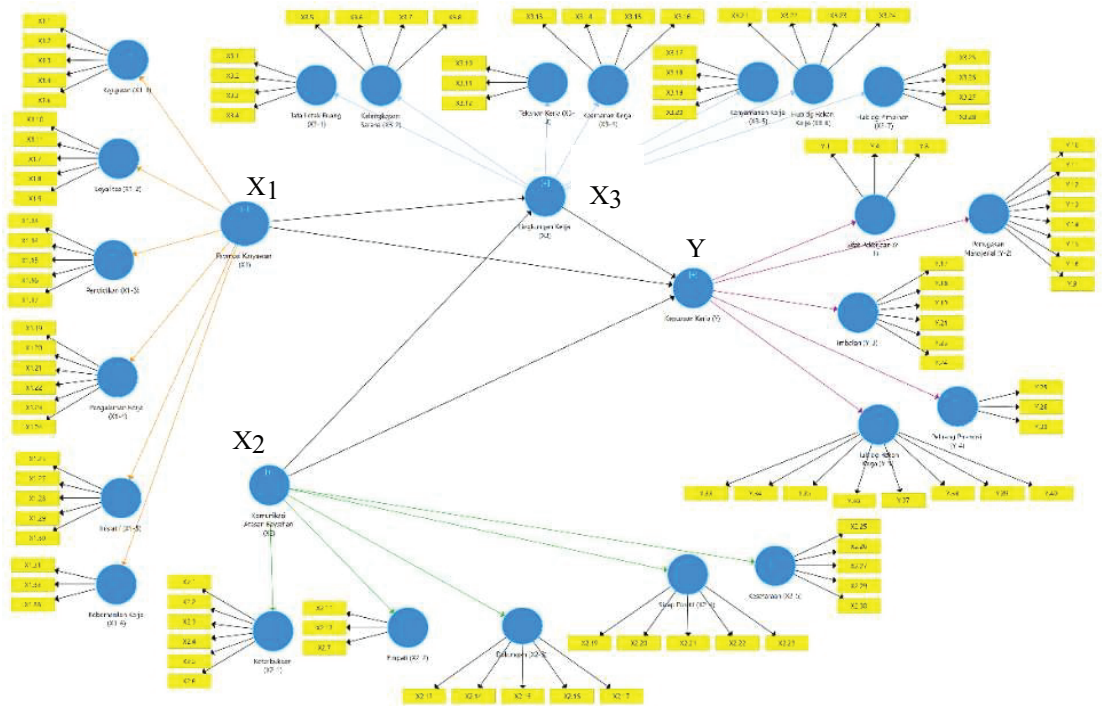


Figure 5: Design of research models.

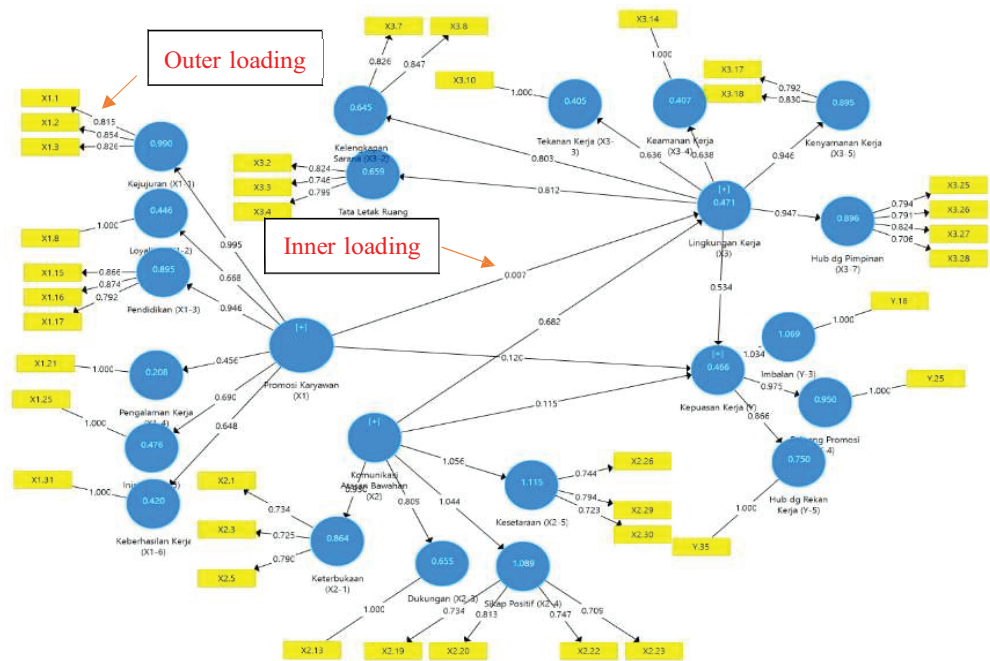


Figure 6: Output & Input Loading models.

H7. Upward downward communication gives indirect positive and significant influence on the job satisfaction through work environment

TABLE 3: Average Variance Extracted (AVE).

X2-3	0.765	0.000
X3-7	0.704	0.000
X3-6	0.758	0.000
Y-5	0.656	0.000
Y-3	1.000	0.000
X1-5	1.000	0.000
X1-1	0.794	0.000
X3-2	0.850	0.000
X3-5	0.828	0.000
X2-5	0.712	0.000
X2-1	0.708	0.000
X1-2	1.000	0.000
X1-3	0.879	0.000
X1-4	0.676	0.000
Y-2	0.658	0.000
X2-4	0.673	0.000
X3-1	0.749	0.000
X3-3	0.731	0.000

4. Discussion

Job satisfaction is a complex construct and several types of relationships form job satisfaction [10]. The findings of this research indicate that all facets of job satisfaction are positively related to employee promotion, upward downward communication and work environment. Considering the supported hypotheses, upward downward communication generated the highest path coefficient on job satisfaction. Employee promotion, upward downward communication and work facets significantly predict job satisfaction with a substantial R squared value of range 34 per cent to 84 per cent for direct influence and also R squared value of range 3 per cent to 27 per cent for indirect influence. This study is in line with previous researches that found positive relationship and influence employee promotion, upward downward communication and work environment on job satisfaction [11–13]. Therefore, the hypothesis was supported. Promotion opportunities are also an important aspect of a worker’s career and life. It can have a significant impact on other job characteristics such as responsibilities, etc. As stated above, the direct relation between upward downward communication

TABLE 4: Composite Reliability (CR).

X2-3	0.867	0.000
X3-7	0.905	0.000
X3-6	0.904	0.000
Y-5	0.851	0.000
Y-3	1.000	0.000
X1-5	1.000	0.000
X1-1	0.921	0.000
X3-2	0.919	0.000
X3-5	0.906	0.000
X2-5	0.881	0.000
X2-1	0.879	0.000
X1-2	1.000	0.000
X1-3	0.936	0.000
X1-4	0.862	0.000
Y-2	0.852	0.000
X2-4	0.891	0.000
X3-1	0.900	0.000
X3-3	0.845	0.000

and employee job satisfaction has been proved by many studies since the 1950s. The second group of research examining the relations between the internal communication and employee job satisfaction shows the dependence between communication and job satisfaction influenced by other variables. This relation is seen as a by-product of examining other issues connected either with upward downward communication or employee job satisfaction. Work environment is another factor that can influence job satisfaction, where the work environment is a portrait of the reality of the situation in a growing world of work, and at work can provide picture of the day to day life of employees who come to work, come together for the same purpose, carry out their work, and live within the framework of company rules and regulations. This study focuses on the job promotion, upward downward communication and work environment as causal factor in influencing satisfaction. In terms of theory, the study has contributed to the body of knowledge by plugging more variable in a framework of the study. To the practice, organizations and policy makers may use this variable as mechanism to promote a longer stay among employees in their organization since these aspects is a kind of physical reward every employee waiting for.

TABLE 5: Direct Parameter Coefficient.

Instrument	Original Sample (O)	T Statistics (O /STDEVI)	P Values
Y -> Y-5	0.842	20.485	0.000
Y -> Y-3	0.618	8.849	0.000
Y -> Y-2	0.592	6.079	0.000
X2 -> X2-3	0.846	30.069	0.000
X2 -> Y	0.075	0.757	0.449
X2 -> X2-5	0.894	52.883	0.000
X2 -> X2-1	0.811	19.909	0.000
X2 -> X3	0.595	7.564	0.000
X2 -> X2-4	0.920	79.013	0.000
X3 -> X3-7	0.848	39.551	0.000
X3 -> X3-6	0.747	24.911	0.000
X3 -> X3-2	0.630	9.697	0.000
X3 -> X3-5	0.790	25.991	0.000
X3 -> Y	0.422	3.957	0.000
X3 -> X3-1	0.648	10.623	0.000
X3 -> X3-3	0.714	19.325	0.000
X1 -> X1-5	0.637	12.739	0.000
X1 -> X1-1	0.839	29.125	0.000
X1 -> Y	0.063	0.480	0.632
X1 -> X3	0.084	1.082	0.280
X1 -> X1-2	0.677	11.278	0.000
X1 -> X1-3	0.793	27.084	0.000
X1 -> X1-4	0.619	9.256	0.000

5. Conclusion

Based on the results of the research and discussion, as noted earlier, it can be concluded about influence of employee promotion, upward downward communication and work environment on the job satisfaction of employees at PT. Holcim Indonesia, Tbk was positive both of direct and indirect. The path coefficient value generated on the direct influence between latent variables is greater than the indirect effect.

This finding is useful especially in determining job satisfaction among lecturers. High daily expenditure requires lecturers to find other alternatives in making more income such as making additional classes and accepting talk invitations that may be interfere

TABLE 6: Indirect Parameter Coefficient.

Instrument	Original Sample (O)	T Statistics (O/STDEVI)	P Values
X2 -> Y-5	0.275	4.037	0.000
X2-> Y-3	0.202	3.853	0.000
X2 -> Y	0.251	3.621	0.000
X2 -> Y-2	0.193	3.060	0.002
X1 -> Y-5	0.083	0.771	0.441
X1 -> Y-3	0.061	0.762	0.447
X1 -> Y	0.035	1.001	0.317
X1 -> Y-2	0.058	0.788	0.432

TABLE 7: R square adjust.

Instrument	Original Sample (O)	P Values
X2-3	0.714	0.000
X3-7	0.718	0.000
X3-6	0.555	0.000
Y-5	0.707	0.000
Y-3	0.379	0.000
X1-5	0.403	0.000
X1-1	0.703	0.000
X3-2	0.395	0.000
X3-5	0.623	0.000
X2-5	0.798	0.000
X2-1	0.656	0.000
X1-2	0.456	0.000
X1-3	0.627	0.000
X1-4	0.381	0.000
Y-2	0.347	0.001
X2-4	0.845	0.000
X3-1	0.417	0.000
X3-3	0.507	0.000

with their daily class schedule. The more severe impact to the university is that the lecturers will look for other work opportunities outside. Therefore, all organizations especially education sectors should consider promotion opportunities whenever the academics meet the criteria that qualified to be promoted to higher position with a

higher remuneration package. Since this element is the main focus of all academics, organizations may use the variable as mechanism to enhance satisfaction, and to retain their best talents. A company needs to improve good communication style to improve the employee satisfaction. A company must have and give more promotion chance to all employee with high power position. A company needs to improve good working environment for comfortable and safe working. All enforcement element above by a leader is necessary so that employees are able to maintain its dignity employee satisfaction.

Future suggestions and developments of the current study may be as follows. First, the input data of the questionnaire survey must be for all employee focus (start null experiences). Second, may another aspect of satisfaction such as leadership, etc. also which must suggest in research.

The results of this research contribute to the literature on job satisfaction in all industries by enhancing the understanding of the influences of employee promotion, upward downward communication and work environment on job satisfaction among employee staff. This study offers important policy insight for all position in company who seek to increase job satisfaction among their job.

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Conflict of Interest

The authors have no conflict of interest to declare.

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