

THE PROCESS OF KNOWLEDGE MANAGEMENT ENGAGEMENT AND ORGANIZATIONAL ETHICAL CLIMATE ON EMPLOYEE PERFORMANCE MEDIATED BY MANAGEMENT SATISFACTION OF ACEH CIVIL SERVICE AGENCY

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ABSTRACT

This study intends to examine the process of knowledge management engagement in employee performance as mediated by the knowledge management satisfaction of Aceh civil service agency (BKA). The population in this study was 108 leaders and employees at the Aceh Civil Service Agency. Sampling used the census method. Data were collected using a questionnaire. This research model was tested by Structural Equation Modeling (SEM). The results of research at the aceh civil service agency directly prove that: 1) knowledge management engagement affects management satisfaction; 2) organizational ethical climate does not affect management satisfaction; 3) management satisfaction affects employee performance; 4) management engagement affects employee performance, and; 5) ethical climate does not affect employee performance. Based on the results of mediation testing, it is found that 1) knowledge management engagement affects employee performance is mediated by management satisfaction, wherein this model the management satisfaction variable acts as a partial mediator, and; 2) on the contrary, organizational ethical climate does not affect employee performance, although it is mediated by management satisfaction. These findings contribute to the renewal of the theory, wherein the model of causality, some proved influential but some did not. In fact, to improve employee performance at the Aceh Civil Service Agency, Knowledge Management Engagement is a major variable that must be improved, both directly affecting employee performance and through increasing management satisfaction. For future researchers, it is hoped that they can develop this proven research model by adding other variables such as organizational commitment and organizational citizenship behavior.

Keyword: Knowledge Management Engagement, Organizational ethical climate, Employee Performance, Management Satisfaction.

1. INTRODUCTION

The Aceh Civil Service Agency (BKA) is a regional apparatus which is a government institution for the Province of Aceh, Indonesia, as a supporting element for government affairs in the civil service sector. Its duties and functions are in the field of Human Resource (HR) management of Aceh Government Apparatus with systems and procedures regulated in-laws and regulations

which include planning (formation), requirements for appointment, placement and transfer, development, payroll, dismissal, sanctions, and rewards. and retire.

Many factors affect employee performance in the Aceh Personnel Board, including the quality that is done must be appropriate, the quantity worked can show the results that have been done, the reliability of employees in carrying out their work, the attitude at work, and the level of employee proficiency. The fact is that currently, the employee's performance is still not satisfactory. This can be seen from the fact that there are still many employees who are absent during working hours so that their work is hampered and when viewed from the data for the last three years at BKA, they have not shown satisfactory results. One thing that causes its underperformance is the level of satisfaction felt by employees at BKA is still lacking. The dissatisfaction of employee performance is caused by extrinsic and intrinsic factors, where these two factors are interrelated and have an effect on engagement in the Knowledge Management Process and the ethical climate of employee organizations at work. The impact of this is that employees currently feel a lack of absorption in their work, so they are unable to provide good performance.

2. LITERATURE STUDY

Employee Performance

(Robbins & Judge, 2017) defined performance as a result of work in quality and quantity that can be achieved by an employee in carrying out tasks following the responsibilities assigned to him. Meanwhile (Simamora, 2015) argued that performance is the level at which employees achieve job requirements. Performance refers to the level of achievement of the tasks that make up an employee's job. So it can be concluded that performance is how well employees achieve the requirements of a job. (Robbins & Judge, 2017) revealed that performance can be measured using indicators: (1) Quality, (2) Quantity, (3) Reliability, (4) Attitude.

Management Satisfaction (Job Satisfaction)

Management satisfaction in this research is directed at the satisfaction of management's perspective on their work, which in this research is associated with job satisfaction theory. Job satisfaction is the result of employees' perceptions of how well their job provides things that are considered important (Luthans, 2013). (Greenberg & Baron, 2018) defined job satisfaction is the positive or negative attitude of each individual to his job. (Zainal, Hadad, & Ramly, 2019) stated that job satisfaction is an assessment of workers about how far their overall job satisfies their needs. In other words, job satisfaction is a reaction to an employee's feelings about work or work experience, an employee feels whether or not there is a match between what is expected and what he gets for various things related to the work environment, work relationship, the job itself and so on.

Meanwhile, according to (Robbins & Judge, 2017) Job satisfaction is a positive feeling about a job based on an evaluation of job characteristics. Job satisfaction can be measured using indicators as disclosed by (Herzberg, Mausner, & Snyderman, 2011) namely (1) Salary; Company policy; (3) Quality of Interpersonal Relationships; (4) Supervision Techniques; (5) Job Security; (6) Additional Allowances; (7) Working conditions.

Knowledge Management Engagement

There are various perspectives on knowledge and its implications for knowledge management. Explicit knowledge is the two statements most referenced to describe what people know with their mental understanding or in the form of an interpreted and codified text (Nonaka & Takeuchi, 1995). Besides, knowledge can be discussed from the point of view of states of mind, objects, processes, access to information, or abilities (Alavi & Leidner, 2001). This suggests that knowledge management is largely considered a process that involves four basic activities of creating, storing/retrieving, transferring, and implementing. Engagement or what is often called engagement is stated (Vazirani, 2007) as the level of commitment that employees have towards the institution and the values contained therein, which can be seen in the positive attitude of employees towards the institution and the values that exist in it. According to (Ahmad, Shehzad, & Zafar, 2014) engagement in knowledge management is the perception of each level they are involved in related knowledge management activities.

(Kahn, 1992) described that every employee who is engaged as a physical, cognitive, and emotional worker is fully connected to their work role. (Marciano, 2010) defines work engagement as the extent to which a person is loyal to the agency, supervisor, work, and colleagues. While (Robbins & Judge, 2017) defined work engagement, where an employee is said to be engaged in his job if the employee can identify himself psychologically with his job, and considers his performance to be important for himself, in addition to the agency. Knowledge management engagement can be measured using the following indicators (Schaufeli & Bakker, 2004): (1) vigor; (2) dedication; (3) absorption.

Organizational ethical climate

Climate refers to how agencies operationalize routine behavior and actions that are expected, supported, and valued (Schwepker, 2001). (Wirawan, 2007) mentioned agency climate is a relatively ongoing quality of an agency's internal environment, experienced by agency members, influencing their behavior and can be described in terms of a set of characteristics or characteristics of an agency. Furthermore, in an agency, work can consist of various types of climate including one of which is an ethical climate (Schwepker, 2001). The ethical climate is a perception or view that applies to the practices and procedures of agencies that have ethical content. Ethical climate can also be viewed as a component of the overall agency culture or agency climate (Victor & Cullen, 1988). The ethical climate of an agency can be measured using indicators (Victor & Cullen, 1988) as follows: (1) concern; (2) law; (3) law; (4) rules; (5) instruments; (6) independence.

Research paradigm

Based on the discussion of the problems and research literature, the researcher formulated the research paradigm and hypothesis as follows.

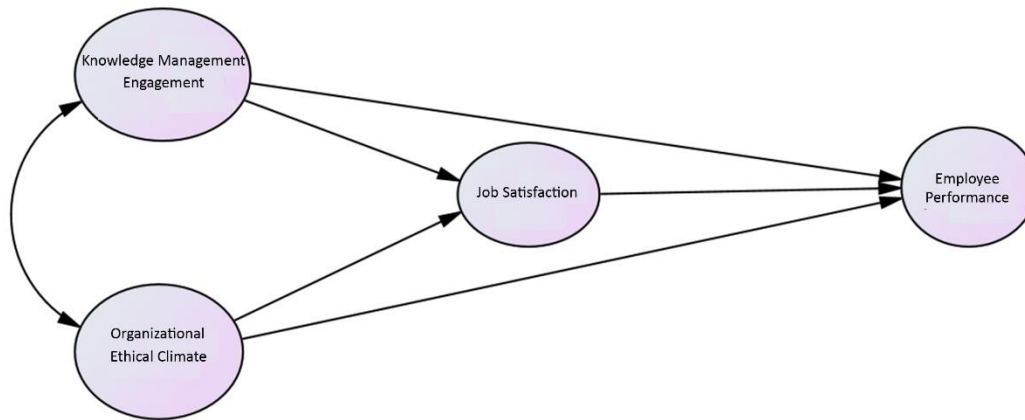


Figure 1. Research Paradigm

- H1: Knowledge Management Engagement Significantly Affects Management Satisfaction
- H2: Organizational ethical climate Significantly Affects Management Satisfaction
- H3: Management Satisfaction Significantly Affects Employee Performance
- H4: Knowledge Management Engagement Significantly Affects Employee Performance
- H5: Organizational ethical climate Significantly Affects Employee Performance
- H6: Knowledge Management Engagement Significantly Affects Employee Performance mediated by Management Satisfaction
- H7: Organizational ethical climate Significantly Affects Employee Performance mediated by Management Satisfaction

3. RESEARCH METHODS

This study uses variables namely Knowledge Management Engagement, Organizational ethical climate, Employee Performance, and Knowledge Management Satisfaction, with the object of research being the Aceh Civil Service Agency. The population in this study was 108 leaders and employees at the Aceh Civil Service Agency. The sampling method in this research was the census method. Based on the source, the data collected by researchers were the primary data, which was generated directly from the organization under study through the distribution of questionnaires and data collected specifically in answering questions from researchers according to what the researcher wanted by using a Likert measurement scale. The data were analyzed using the Structural Equation Modeling (SEM) technique. SEM is a combination and separate statistical methods are factor analysis and simultaneous equation modeling (Ghozali, 2017). SEM can include latent variables in the analysis (Ghozali, 2018).

After testing the descriptive hypothesis, then testing the mediation hypothesis was carried out. The mediation hypothesis focused on an exogenous variable (independent) affecting the endogenous variable (dependent) through more variables or one of the mediations called the intervening variable (mediator). Mediation has attracted the attention of social science researchers such as (Baron & Kenny, 1986), (Iacobucci, 2010).

4. RESULTS AND DISCUSSION

The structural model analysis explaining the effect test between variables is presented in the following path diagram:

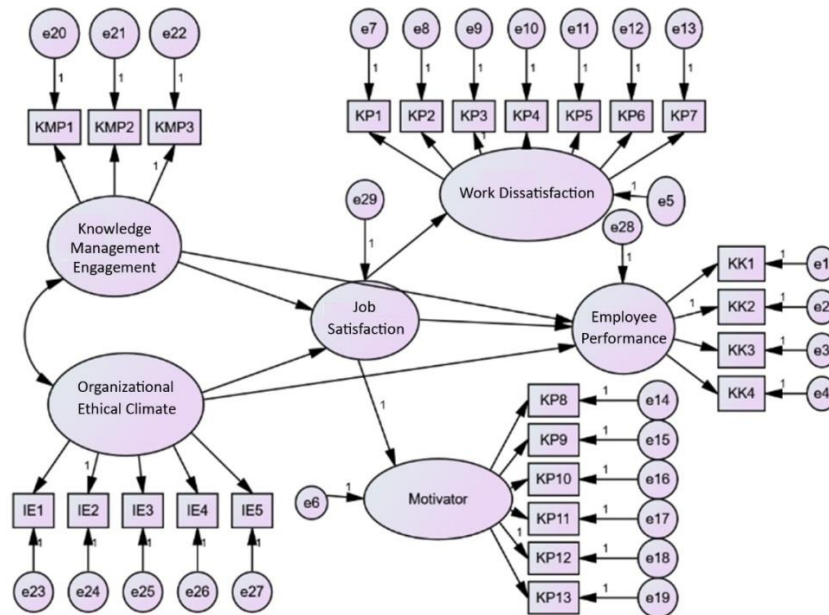


Figure 2. Structural Test Results

The test results on the full model for testing the direct effect hypothesis after fulfilling the SEM assumptions are more clearly shown in the following table:

Table 2. Hypothesis Test Results

			Estimate	C.R.	P	Kesimpulan
Job Satisfaction	<--- knowledge management	engagement	0.565	5.519	***	H _a Diterima
Job Satisfaction	<--- Organizational ethical	climate	-0.068	-0.74	0.459	H ₀ Diterima
Employee Performance	<--- Job Satisfaction		0.044	-3.396	***	H ₀ Diterima
Employee Performance	<--- knowledge management	engagement	0.305	4.686	***	H _a Diterima
Employee Performance	<--- Organizational ethical	climate	0.654	0.866	0.386	H _a Diterima

Source: Primary data (processed)

By looking at the test results in table 2, the analysis can be explained as follows:

1. H1: Testing the Effect of Knowledge Management Engagement Affects Management

Satisfaction in the Aceh Civil Service Agency

The Effect of Knowledge Management Engagement on Management Satisfaction in the Aceh Civil Service Agency obtained a significance value test (p-value) of 0.000 (<0.05). So it can be proven by the formula $Y = \gamma_3 X + e_1$ and it can be concluded that Knowledge Management Engagement Affects Management Satisfaction with the influence coefficient value of 0.565. Then the interpretation is that the better Knowledge Management Engagement will have a significant direct effect on increasing Management Satisfaction.

2. H2: Testing the Effect of Organizational ethical climate on Management Satisfaction in the Aceh Civil Service Agency

The Effect of Organizational ethical climate on Management Satisfaction in the Aceh Civil Service Agency obtained a significance value test (p-value) of 0.459 (> 0.05). So it can be proven by the formula $Y = \gamma_3 X + e_1$ and it can be concluded that the Organizational ethical climate has no significant effect on Management Satisfaction, even though it has an influence coefficient value of 0.068. So it is revealed that the better the ethical climate will not have a significant effect on employee satisfaction.

3. H3: Testing the Effect of Management Satisfaction on Employee Performance in the Aceh Civil Service Agency

The Effect of Management Satisfaction on Employee Performance in the Aceh Civil Service Agency obtained a significance value test (p-value) of 0.000 (<0.05). So it can be proven by the formula $Y = \gamma_3 X + e_1$ and it can be concluded that Management Satisfaction has a significant effect on Employee Performance with an influence coefficient value of 0.044. So it can be explained that the better management satisfaction will have a significant and direct effect on improving employee performance.

4. H4: Testing the Effect of Knowledge Management Engagement on Employee Performance in the Aceh Civil Service Agency

The Effect of Knowledge Management Engagement on Employee Performance in the Aceh Civil Service Agency obtained a significance value test (p-value) of 0.386 (> 0.05). So it can be proven by the formula $Y = \gamma_3 X + e_1$ and it can be concluded that Knowledge Management Engagement does not have a significant effect on employee performance even though it has an influence coefficient value of 0.654. So it can be revealed that the better Knowledge Management Engagement will not have a significant and direct impact on improving employee performance.

5. H5: Testing the Effect of Organizational ethical climate on Employee Performance in the Aceh Civil Service Agency

The Effect of Organizational ethical climate on Employee Performance in the Aceh Civil Service Agency obtained a significance value test (p-value) of 0.386 (> 0.05). So it can be proven by the formula $Y = \gamma_3 X + e_1$ and it can be concluded that the Organizational ethical climate has no significant effect on employee performance even though it has an influence coefficient value of 0.654. So it can be proven that the better the Organizational Ethics Climate will not have a significant and direct effect on improving employee performance.

Furthermore, the mediation test is carried out as shown in the table below

Table 3. Total Effects, Direct Effects, and Indirect Effects

	Total Effect	Direct Effect	S.E	Ind. Effect	Sobel Test	S.E (Ind)	C.R	P
Job Satisfaction ← Knowledge Management Engagement	0.565	0.565	0.086				5.519	0.000
Job Satisfaction ← Organizational ethical climate	-0.068	-0.068	0.135				-0.740	0.459
Employee Performance ← Job Satisfaction	-0.462	-0.462	0.11				-3.396	0.749
Employee Performance ← Knowledge Management Engagement	0.360	0.620	0.09				4.686	0.023
Employee Performance ← Organizational ethical climate	0.114	0.083	0.115				0.866	0.386
Employee Performance ← Knowledge Management Engagement ← Job Satisfaction				-0.261	-3.539	0.073		0.000
Employee Performance ← Organizational ethical climate ← Job Satisfaction				0.031	0.500	0.062		0.617

Source: Primary data (processed), 2020

By looking at the test results in table 3, the analysis can be explained as follows:

1. H6: Testing the indirect effect of Knowledge Management Engagement on Employee Performance through Management Satisfaction in the Aceh Civil Service Agency.
After testing the indirect effect according to the method described by (Baron & Kenny, 1986), The results show the value of the indirect effect of Knowledge Management Engagement Affects Employee Performance through Job Satisfaction, namely -0.261 (p = 0.000) of the total effect (c) 0.565 (p = 0.000), the direct effect (c') of 0.565 (p = 0.000) with the Sobel value of -3.539 < 1.960. So it can be said that there is a significant indirect effect between the engagement of Knowledge Management and Employee Performance through Job Satisfaction. If we relate the evidence of H6 and H4, it can be seen that Management Satisfaction in the research model functions as a partial mediator.
2. H7: Testing the Indirect Effects of Organizational ethical climate on Employee Performance through Management Satisfaction in the Aceh Civil Service Agency.
After testing the indirect effect according to the method described by (Baron & Kenny,

1986), the results show the indirect effect value of Organizational Ethics Climate Influences Employee Performance through Management Satisfaction, namely 0.031 ($p = 0.617$) of the total effect (c) 0, -0.068 ($p = 0.459$), the direct effect (c') of -0.068 ($p = 0.459$) with a single value of $0.500 < 1.960$. So it can be said that there is an indirect effect that is not significant between Organizational ethical climate and Employee Performance through Management Satisfaction. This means that Management Satisfaction at H7 does not act as a mediator.

5. CONCLUSION

The results of research at the Aceh civil service agency directly prove that: 1) knowledge management engagement affects management satisfaction; 2) organizational ethical climate does not affect management satisfaction; 3) management satisfaction affects employee performance; 4) management engagement affects employee performance, and; 5) ethical climate does not affect employee performance. Based on the results of mediation testing, it is found that 1) knowledge management engagement affects employee performance is mediated by management satisfaction, wherein this model the management satisfaction variable acts as a partial mediator, and; 2) on the contrary, organizational ethical climate does not affect employee performance, although it is mediated by management satisfaction. These findings contribute to the renewal of the theory, wherein the model of causality, some proved influential but some did not. In fact, to improve employee performance at the Aceh Civil Service Agency, Knowledge Management Engagement is a major variable that must be improved, both directly affecting employee performance and through increasing management satisfaction. For future researchers, it is hoped that they can develop this proven research model by adding other variables such as organizational commitment and organizational citizenship behavior.

These findings can also contribute to practitioners, especially to policymakers at the Aceh Civil Service Agency as an object of research. Several recommendations have been mapped. It is necessary to have agency policies that lead to increased Knowledge Management Engagement so that employee management satisfaction at work can also increase. Agencies can hold activities such as seminars, training, or other activities related to personal development, which can be carried out indoors or outdoors.

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