Mediation Role of Job Satisfaction on Employee Performance: A Study on Distribution Company

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A R T I C L E   I N F O

A B S T R A C T

This study explores how career development, competence, and compensation influence team member performance, with job satisfaction as a mediating factor. According to data from the Central Bureau of Statistics (BPS), there are 2,153 distributor companies in Batam City, employing 259,749 workers. The study sampled employees from these companies; the number that could be used was 313 respondents who could have processed or analysed data. Data were processed using the Partial Least Square (PLS) application. The research employs a descriptive quantitative approach using quantitative data analysis techniques. The study tested ten hypotheses: seven examining direct relationships (H1-H7) and three examining indirect relationships (H8-H10). The findings reveal that career development has no significant effect on team member performance, competence has a positive and substantial effect on team member performance, compensation has a positive and significant effect on team member performance, career development has a positive and significant effect on job satisfaction, competence has a positive and significant effect on job satisfaction, compensation has a positive and significant effect on job satisfaction, job satisfaction has a positive and significant effect on team member performance, career development has a significant indirect effect on team member performance, competence has a significant indirect effect on team member performance. It is mediated by job satisfaction, and compensation has a significant indirect effect on team member performance and is mediated by job satisfaction.

1. INTRODUCTION

Human Resources (HR) relate to productive persons who act as the driving force behind an organization, whether in institutions or enterprises, and are considered significant assets whose abilities need to be constantly developed and enhanced. In general, the number of individuals in a given area who are of working age can be characterized as HR on a macro level, and on a micro level, referring to individuals employed within an institution or company. Among all resource elements, human resources are the most critical to an organization, as they are responsible for managing other factors like capital and technology. How a company achieves its vision, mission, and goals is greatly influenced by its number of human resources. HR can be in the form of employees, students with unique abilities, job seekers with special skills, and so on when viewed from an age perspective (Atila, 2021). HR is the primary asset and capital for the organization to achieve its objectives. Therefore, the organization needs valuable and competent human resources. To achieve this, the organization must provide maintenance and attention to HR to make them feel cared for and involved as an essential part of the company, which can encourage and maintain employee loyalty (Yang & Dini, 2023). Qualified human resources can support the development and progress of the country, as well as an essentialand unique asset for the company. Companies with employees who are satisfied and devoted to their work tend to stay in the organization longer, thus helping the organizationachieve its aspiration within a rapidly changing and fiercely competitive landscape (Alvina & Mon, 2024).

Batam City has 2,153 thousand distributor companies with 259,749 thousand workers. The researcher chose to target employees in distributor companies because the target is easier to find, and the number is significant. According to the researcher, Batam City has many distributor companies, so that it can attract many readers. In relation to employee work competency in the distribution company, there are still problems in employee training and work skills, namely the decline in work skills produced by employees, resulting in the production process being hampered and not in accordance with expectations. Some employees feel that the training methods implemented by the company have not improved performance effectively. Then there is the problem of the skills that employees have before taking the training so that there is no effectiveness in working. The still low level of employee work productivity illustrates that the achievement of a company's goals is not yet optimal.

Career development is essential because it allows people to direct their focus and efforts to achieve desired career goals. It can help individuals understand their interests, skills, values, and goals (Thabroni, 2022). Appropriate competencies are directly linked to individual and organizational performance. Identifying and developing relevant competencies can improve employee performance and overall organizational effectiveness. Focusing on competencies allows companies to determine specific training needs (Anjani, 2022). Fair and adequate compensation can increase employee motivation to perform better, achieve targets, and contribute more to the company. A competitive compensation system makes attracting and retaining top talent easier (Chairunisa, 2023). Job satisfaction is an essential focus in human resource management because of its significant influence on performance, employee retention,

and productivity. High job satisfaction levels can help retain employees (Thabroni, 2022). Employee performance is an issue that often arises and is evaluated because it can hinder the achievement of key performance indicators of the organization (Nelson, 2022). Performance is the measure of how well a person achieves their goals, evaluated regularly in both quantity and quality, based on previously ascertained requirements and standards due to job responsibilities in an organization or company. The process of measuring and recording performance measurement refers to the implementation of activities to achieve the mission through results such as products, services, and processes (Riadi, 2020). Good performance is essential for fulfilling responsibilities and carrying out tasks efficiently to produce quality work (Ricky Lim, 2023).

The research by Panjaitan & Sinaga (2022) suggests that effective management of employee career development results in improved performance. Employees with strong competencies are more likely to fulfill or surpass job expectations like producing high-quality work. If you have good competence, it will result in a match of the specified job requirements. The compensation provided to employees is a responsibility of the institution or company, and it should be aligned with the employee's expertise and skills. It must be administered appropriately, considering factors such as amount, timing, and fairness. Proper compensation ensures that employees will work effectively and consistently. When employees experience job satisfaction, they are likely to work with enthusiasm, which positively impacts their performance. Based on this explanation, the following research model is presented.
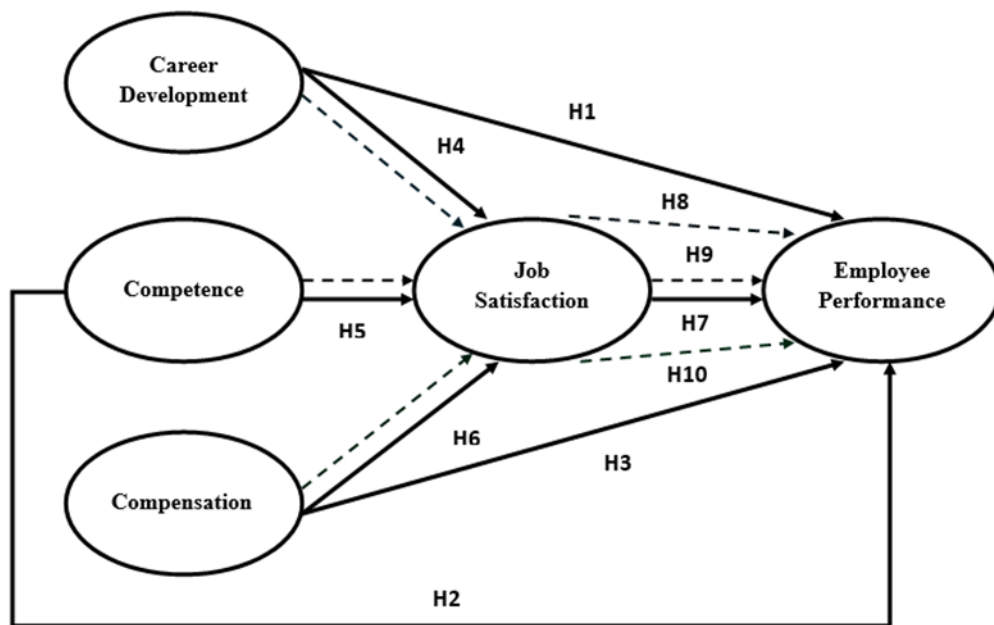

Figure 1. Research Model
Source: Panjaitan & Sinaga, 2022

The study puts forward the following hypotheses based on the model used:

H1: Career development influences employee performance.

H2: Competence influences employee performance.

H3: Compensation influences employee performance.

H4: Career development influences job satisfaction.

H5: Competence influences job satisfaction.

H6: Compensation influences job satisfaction.

H7: Job satisfaction influences employee performance.

H8: Job satisfaction mediates the impact of career development on employee performance.

H9: Job satisfaction mediates the effect of competence on employee performance.

H10: Job satisfaction mediates the effect of compensation on employee performance.

In previous research (Panjaitan & Sinaga, 2022), the target respondents were the State Civil Apparatus (ASN) at Kesbangpol of North Sumatra Province. For this study, the object or target of research respondents is employees of distributor companies in Batam City. According to the Central Bureau of Statistics (BPS), there are 4,339,228 million distributor companies in Indonesia and 9,416,779 million workers. Then, Batam City has 2,153 thousand distributor companies with 259,749 thousand workers. The researcher chose to target employees in distributor companies because the target is easier to find, and the number is significant. According to the researcher, Batam City has many distributor companies, so that it can attract many readers. Overall, this research can increase knowledge by emphasizing the interrelationship of various factors in encouraging employee performance and job satisfaction in the work environment and can serve as a reference for other researchers who want to conduct research in the human resources (HR) field.

Career Development. Career development is essential because it allows people to direct their focus and efforts to achieve desired career goals. It can help individuals understand their interests, skills, values, and goals (Thabroni, 2022). The research by Panjaitan & Sinaga (2022) suggests that effective management of employee career development results in improved performance.

Competence. Appropriate competencies are directly linked to individual and organizational performance. Identifying and developing relevant competencies can improve employee performance and overall organizational effectiveness. Focusing on competencies allows companies to determine specific training needs (Anjani, 2022). Employees with strong competencies are more likely to fulfill or surpass job expectations like producing high-quality work. If you have good competence, it will result in a match of the specified job requirements.

Compensation. Fair and adequate compensation can increase employee motivation to perform better, achieve targets, and contribute more to the company. A competitive compensation system makes attracting and retaining top talent easier (Chairunisa, 2023). The compensation provided to employees is a responsibility of the institution or company, and it should be aligned with the employee's expertise and skills. It must be administered appropriately, considering

factors such as amount, timing, and fairness. Proper compensation ensures that employees will work effectively and consistently.

Job Satisfaction. Job satisfaction is an essential focus in human resource management because of its significant influence on performance, employee retention, and productivity. High job satisfaction levels can help retain employees (Thabroni, 2022). When employees experience job satisfaction, they are likely to work with enthusiasm, which positively impacts their performance.

Employee Performance. Employee performance is an issue that often arises and is evaluated because it can hinder the achievement of key performance indicators of the organization (Nelson, 2022). Performance is the measure of how well a person achieves their goals, evaluated regularly in both quantity and quality, based on previously ascertained requirements and standards due to job responsibilities in an organization or company. The process of measuring and recording performance measurement refers to the implementation of activities to achieve the mission through results such as products, services, and processes (Riadi, 2020). Good performance is essential for fulfilling responsibilities and carrying out tasks efficiently to produce quality work (Ricky Lim, 2023).

2. RESEARCH METHODS

Salmaa (2023) states that population refers to the entire group with specific characteristics and quantities related to the research subject. At the same time, a sample represents part of the population that shares the same characteristics as the whole group. This research uses descriptive quantitative research with quantitative data analysis techniques. This study employed a sampling technique that involved using a survey or questionnaire method. The collection of theories and journals on the relationship between variables online sourced from Science Direct, Research Gate, Google Scholar and other online media. This study aims to explore the relationship between several independent variables, namely career development, competence, and compensation, on the dependent variable employee performance and mediated job performance variables in distributor industry employees in Batam.

In this study, there are five variables and 29 questions. With this, the number of respondents that must be collected is 290. The final sample size collected was 387 respondents. However, it was detected that 74 respondents were inaccurate in filling out the questionnaire, so the number that could be used was 313 respondents who could have processed or analysed data. The majority of respondents were women, with a total of 171, with a percentage of 54.63%, and men were 142 respondents, with a rate of 45.37%. The instrument used to measure respondents' answers is a 5-point Likert scale, where 1 mean "strongly disagree" and 5 means "strongly agree." To analyze the causal relationships in the developed model, the study used component-based structural equation modelling techniques, specifically the Partial Least Squares (PLS) method, which was introduced by Wold in 1973 (Mustaqim et al., 2023).

3. RESULTS & DISCUSSION

Respondent demographics are divided into several groups, namely based on gender, age, education, marital status and monthly income.

Gender. Respondent characteristics based on gender are divided into male and female with the following results:

Table 1. Results of Respondents' Gender Grouping

Characteristics	Criteria	Total	Percentage
	Male	142	45.37%
Gender	Female	171	54.63%
	Total	313	100%

Source: Primary Data (2024)

Based on gender, the total respondents of 313 employees consisted of 171 female employees (54.63%) and 142 male employees (45.37%). Therefore, the majority of participants in this study are female employees.

Age. Respondent characteristics based on age are divided from <20 years until >50 years with the following results:

Table 2. Results of Age Grouping of Respondents

Characteristics	Criteria	Total	Percentage
	<20 years	58	18.53%
	>20-30 years	154	49.20%
Age	>30-40 years	73	23.32%
	>40-50 years	25	7.99%
	>50 years	3	0.96%
	Total	313	100%

Source: Primary Data (2024)

Based on Table 2 above, the majority of the respondents were between 20 - 30 years old, with 154 people or 49.20%. The fewest respondents were in the age range of more than 50, with 3 people or 0.96%.

Education. Respondent characteristics based on education are divided from Elementary School until Bachelor's Degree with the following results:

Table 3. Results of Respondents' Last Education Grouping

Characteristics	Criteria	Total	Percentage
Last Education	Elementary School / Equivalent	1	0.32%
	Junior High School / Equivalent	8	2.55%
	SMA / SMK / Equivalent	155	49.52%
	Diploma/equivalent	39	12.47%
	Bachelor's Degree	110	35.14%
	Total	313	100%

Source: Primary Data (2024)

Based on Table 3 above, majority of the respondents' last education was in the SMA / SMK / Equivalent category, with a total of 155 people or 49.52%. At the same time, the fewest respondents were in the elementary/equivalent category, with a total of 1 person or 0.32%.

Status. Respondent characteristics based on status are divided into unmarried and married with the following results:

Table 4. Results of Respondent Status Grouping

Characteristics	Criteria	Total	Percentage
Marital Status	Unmarried	197	62.94%
	Married	116	37.06%
	Total	313	100%

Source: Primary Data (2024)

Based on the marital status of the respondents, most of them are unmarried with 197 people or 62.94%. Meanwhile, the married category only amounted to 116 people or 37.06%.

Income. Respondent characteristics based on income per month are divided from <IDR 4,500,440 until >10,000,000 with the following results:

Table 5. Results of Income per Month Grouping of Respondents

Characteristics	Criteria	Total	Percentage
Income per Month	$\leq$ IDR 4,500,440	42	13.42%
	> Rp4,500,440 - Rp6,500,000	158	50.48%
	> Rp6,500,000 - Rp8,500,000	61	19.48%
	> Rp8,500,000 - Rp10,000,000	26	8.31%
	> Rp10,000,000	26	8.31%
	Total	313	100%

Source: Primary Data (2024)

Based on Table 5 above, majority of the respondents' monthly income is in the category > Rp4,500,440 - Rp6,500,000 with a total of 158 people or 50.48%. The fewest respondents were in the categories > Rp8,500,000 - Rp10,000,000 and > Rp10,000,000 which both had a total of 26 people or 8.31%.

Reliability and Validity. The results of the validity and reliability tests on each variables presented in the following table:

Table 6 . Reliability and Validity Test Results

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Career Development	0.880	0.909	0.626
Competence	0.912	0.929	0.619
Compensation	0.841	0.887	0.612
Job Satisfaction	0.837	0.885	0.606
Employee Performance	0.842	0.888	0.613

Source: Data Processed (2024)

The reliability and validity tests presented in the table show that Cronbach's alpha values are above 0.70. Cronbach's alpha measures the internal consistency of a measurement instrument or questionnaire, with higher values indicating better accuracy in measuring the target construct. Additionally, the composite reliability values, which assess how reliable the variables in the study are, are also above 0.7. According to Hair et al. (2019), reliability values between 0.60 and 0.70 are suitable for exploratory studies, values between 0.70 and 0.90 are considered satisfactory to good, and values of 0.95 or higher may suggest redundancy, potentially affecting construct validity. It can be said that all constructs are reliable. And finally, there is a concurrent validity test, namely the average variance extracted (AVE), it can be seen that the AVE value is > 0.50. In research (Muhson, 2022), an appropriate average variance extracted (AVE) is 0.50 or greater, indicating that the concept accounts for at least half of the variance in its elements. In contrast, an AVE of less than 0.50 indicates poor validity. Therefore, it is possible to infer that the convergent validity test findings in the table above meet the criteria and are valid.

Outer Loadings Factor. The results of the outer loadings tests on questions per variable presented in the following table:

Table 7. Outer Loadings Test Results

Variables and Indicators	Outer Loadings	Results
Career Development		
I gradually took on more important tasks within my Company	0.743	Valid
I am gradually increasing my level of education or obtaining the highest degree in my major.	0.784	Valid
My promotion is timely according to my current position level in the company.	0.834	Valid
My role is gradually expanded to higher levels, such as leader, supervisor, etc.	0.817	Valid
My salary continues to increase due to my work abilities and achievements.	0.808	Valid
My lifestyle has improved due to my work abilities and achievements.	0.758	Valid
Competence		
I receive training on my job.	0.754	Valid
I have sufficient knowledge and understanding to use the required work equipment.	0.812	Valid
I always report problems in my work to my supervisor/leader.	0.795	Valid
I understand the purpose of my work rules	0.799	Valid
I have personal responsibility for my work	0.791	Valid
I can cope effectively with stress at work	0.772	Valid
I encourage my coworkers to work well	0.786	Valid
I follow the rules of my job even when I don't think it's important.	0.786	Valid
Compensation		
I receive training on the work I do	0.741	Valid
My workplace provides Employment BPJS facilities	0.787	Valid
My workplace provides BPJS/Health Insurance facilities.	0.808	Valid
I am given obligations in completing my work	0.789	Valid
I am allowed to take leave if I am sick	0.784	Valid
Job Satisfaction		
I am happy with my current job	0.787	Valid
I always get support or direction from my supervisor	0.825	Valid
The salary I receive is enough to fulfill my daily needs.	0.766	Valid
I can make progress in my current job	0.782	Valid
My coworkers always encourage me.	0.730	Valid
Employee Performance		
I always complete my work quickly/on time	0.756	Valid
I always complete tasks in accordance with the target or requirements that have been set	0.797	Valid
I am always thorough in doing my tasks	0.805	Valid
I always keep my work environment clean and tidy	0.793	Valid
I always arrive and leave according to the predetermined working hours.	0.762	Valid

Source: Data Processed (2024)

The table above displays the results of the outer loading test, which show that all values are above 0.7. According to Muhson (2022), a loading factor below 0.7 indicates that the variable is invalid, while a loading factor above 0.7 means the variable is valid and meets the required criteria. Thus, the results in the table confirm that all indicators are valid and comply with the standard criteria.

Cross Loadings Factor. The results of the cross loadings factor tests on indicator per variable presented in the following table:

Table 8. Cross Loadings Test Results

	Career Development	Compensation	Competence	Employee Performance	Job Satisfaction
Career Development 1	**0,743**	0,514	0,574	0,544	0,604
Career Development 2	**0,784**	0,413	0,549	0,455	0,593
Career Development 3	**0,834**	0,436	0,586	0,482	0,632
Career Development 4	**0,817**	0,404	0,538	0,459	0,617
Career Development 5	**0,808**	0,415	0,521	0,471	0,544
Career Development 6	**0,758**	0,335	0,492	0,374	0,521
Compensation 1	0,491	**0,741**	0,550	0,519	0,534
Compensation 2	0,395	**0,787**	0,521	0,492	0,478
Compensation 3	0,371	**0,808**	0,540	0,524	0,522
Compensation 4	0,459	**0,789**	0,608	0,633	0,579
Compensation 5	0,365	**0,784**	0,576	0,574	0,498
Competence 1	0,615	0,495	**0,754**	0,505	0,582
Competence 2	0,548	0,558	**0,812**	0,568	0,622
Competence 3	0,517	0,585	**0,795**	0,530	0,598
Competence 4	0,530	0,618	**0,799**	0,552	0,572
Competence 5	0,496	0,593	**0,791**	0,630	0,568
Competence 6	0,548	0,541	**0,772**	0,525	0,588
Competence 7	0,596	0,555	**0,786**	0,564	0,613
Competence 8	0,491	0,570	**0,786**	0,534	0,562
Employee Performance 1	0,460	0,499	0,525	**0,756**	0,538
Employee Performance 2	0,445	0,569	0,528	**0,797**	0,535
Employee Performance 3	0,497	0,588	0,569	**0,805**	0,561
Employee Performance 4	0,452	0,565	0,574	**0,793**	0,590
Employee Performance 5	0,458	0,539	0,547	**0,762**	0,560
Job Satisfaction 1	0,584	0,542	0,591	0,598	**0,787**
Job Satisfaction 2	0,559	0,598	0,616	0,612	**0,825**
Job Satisfaction 3	0,568	0,530	0,563	0,531	**0,766**
Job Satisfaction 4	0,585	0,463	0,560	0,496	**0,782**
Job Satisfaction 5	0,601	0,469	0,577	0,525	**0,730**

Source: Data Processed (2024)

Tables 8 show the results of the discriminant validity test. Discriminant validity can be checked using three criteria shown in these tables. The cross-loading values in Table 8 indicate how well each indicator correlates with its variable, with values above 0.7 showing strong correlations.

Fornell-Lacker Criterion. The results of the Fornell-Lacker Criterion tests on each variable presented in the following table:

Table 9. Fornell-Larcker Criterion Test Results

	CD	CS	CT	EP	JS
Career Development	**0,791**				
Compensation	0,534	**0,782**			
Competence	0,689	0,717	**0,787**		
Employee Performance	0,591	0,706	0,701	**0,783**	
Job Satisfaction	0,743	0,671	0,748	0,712	**0,779**

Source: Data Processed (2024)

Table 9 uses the Fornell-Larcker Criterion, showing that the correlations between indicators meet the required standards. For example, the correlation between career development and job satisfaction is 0.743, which is lower than the correlation of the indicators within each variable (0.791 and 0.779).

Heterotrait-Monotrait Ratio Test (HTMT). The results of the Heterotrait-Monotrait Ratio tests on each variable presented in the following table:

Table 10. Heterotrait-Monotrait Ratio Test Results (HTMT)

	CD	CS	CT	EP	JS
Career Development					
Compensation	0,614				
Competence	0,767	0,815			
Employee Performance	0,681	0,832	0,799		
Job Satisfaction	0,863	0,793	0,855	0,845	

Source: Data Processed (2024)

Table 10 uses the HTMT method, where all indicator values are below 0.9, confirming that discriminant validity is achieved. In research (Hair et al., 2019), HTMT stands for Heterotrait-Monotrait ratio, which is a measure used to assess discriminant validity in research. It calculates the average correlation between items that measure different constructs and compares it to the average correlation of items that measure the same construct. If the HTMT value is high, it suggests problems with discriminant validity. Specifically, if the HTMT score is above 0.90, it indicates that the constructs may not be distinct from each other. For constructs that are conceptually more different, a stricter cutoff of 0.85 is recommended to ensure discriminant validity.

Direct Effect. The results of the direct effect test on relationship between variable presented in the following table:

Table 11. Direct Effect Test Results

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Career Development → Employee Performance	0,050	0,053	0,069	0,731	0,465
Career Development → Job Satisfaction	0,415	0,412	0,054	7,730	0,000
Compensation → Employee Performance	0,331	0,332	0,063	5,210	0,000
Compensation → Job Satisfaction	0,243	0,239	0,055	4,458	0,000
Competence → Employee Performance	0,207	0,210	0,074	2,804	0,005
Competence → Job Satisfaction	0,287	0,289	0,072	4,000	0,000
Job Satisfaction → Employee Performance	0,298	0,288	0,053	5,600	0,000

Source: Data Processed (2024)

The following findings are obtained based on the results of the hypothesis testing of the effect between variables directly presented in Table 11.

H1, career development has no significant effect on employee performance, as evidenced by a t-statistic value of less than 1.96 (0.731), and a p value more than 0.05 (0.465) is not established. Results of this hypothesis test are consistent with the research results (Adawiyah et al., 2023; Natasya Rizkia Rahmadona et al., 2023).

H2, competence has a positive and substantial effect on employee performance, demonstrated by a t-statistic value more than 1.96 (2.804) and a p-value less than 0.05 (0.005). In research (Muhson, 2022) data is said to be significant if the p-value <0.05 or t-statistic >1.96. The results of this hypothesis test are in line with the results of research (Strugar Jelača et al., 2022; Ahmad Yani, 2022; Dirna, Ida Bagus Made Agung Dwijatenaya; Jumaidi, 2023; Fetriah & Hermingsih, 2023; Mustaqim et al., 2023).

H3, which posits that compensation has a positive and significant effect on employee performance, is supported by the results. This is indicated by a t-statistic value of 5.210, which is greater than 1.96, and a p-value of 0.000, which is less than 0.05. In research (Muhson, 2022) data is said to be significant if the p-value <0.05 or t-statistic >1.96. The results of this hypothesis test align with the research results (O.P et al., 2022; Ardian & Nurhayati, 2023; Panjaitan & Sinaga, 2022; Rahmadani et al., 2023; Sedik, 2021).

H4, which claims that career development has a positive and significantly effect on job satisfaction. A p-value of 0.000, which is less than 0.05, and a t-statistic value of 7.730, which is greater than 1.96, support this. In research (Muhson, 2022) data is said to be significant if the p-value <0.05 or t-statistic >1.96. The results of this hypothesis test align with the research results (Hosen et al., 2024; Mohamed et al., 2023; Panjaitan & Sinaga, 2022; Wau & Purwanto, 2021; Yusuf & Nuraeni, 2023).

H5, which asserts that competence has a positive and significant effect on job satisfaction, is supported by the results. This is demonstrated by a t-statistic value of 4.000, which is greater than 1.96, and a p-value of 0.000, which is less than 0.05. In resaerch of (Muhson, 2022), data is said to be significant if the p-value <0.05 or the t-statistic >1.96. The results of this hypothesis test align with the research results (Alkhayyal & Bajaba, 2023; Kardas & Yilmaz Sahin, 2023; Adhi Dwiswara et al., 2023; Panjaitan & Sinaga, 2022; Pranitasari et al., 2022; Salameh et al., 2023).

H6, compensation has a positive and significant effect on job satisfaction, which is indicated by a t-statistic value greater than 1.96 (4.458) and a p-value less than 0.05 (0.000) is proven. In research (Muhson, 2022), data is said to be significant if the p-value <0.05 or the t-statistic >1.96. The results of this hypothesis test align with the research results (Alkandi et al., 2023; Arta et al., 2022; Komara, 2023; Panjaitan & Sinaga, 2022).

H7 job satisfaction positively and significantly affects team member performance, indicated by a t-statistic value greater than 1.96 (5.600) and a p-value less than 0.05 (0.000). In research (Muhson, 2022), data is said to be significant if the p-value <0.05 or the t-statistic >1.96. The results of this hypothesis test are in line with the results of research (Adhi Dwiswara et al., 2023; Elisabeth, 2023; Komara, 2023; Panjaitan & Sinaga, 2022; Pudjiarti et al., 2023; Sedik, 2021).

Indirect Effect. The results of the indirect effect test on the relationship between variables are presented in the following table:

Table 12. Indirect Effect Test Results

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Career Development → Job Satisfaction → Employee Performance	0,124	0,119	0,027	4,594	0,000
Compensation → Job Satisfaction → Employee Performance	0,072	0,069	0,021	3,404	0,001
Competence → Job Satisfaction → Employee Performance	0,086	0,083	0,025	3,377	0,001

Source: Data Processed (2024)

The following findings are obtained based on the results of the hypothesis testing of the influence between variables indirectly presented in Table 12.

H8, which proposes that career development has a significant indirect effect on employee performance, is supported by the results. It is mediated by job satisfaction, which is indicated by a t-statistic value greater than 1.96 (4.594) and a p-value less than 0.05 (0.000) is proven. In research (Muhson, 2022) data is said to be significant if the p-value <0.05 or the t-statistic >1.96. The results of this hypothesis test align with the research results (Hasan et al., 2022; Komara, 2023; Wau & Purwanto, 2021).

H9 competence has a significant indirect effect on employee performance and is mediated by job satisfaction, which is indicated by a t-statistic value greater than 1.96 (3.377) and a p-value less than 0.05 (0.001) is proven. In research (Muhson, 2022) data is said to be significant if the p-value <0.05 or the t-statistic >1.96. The results of this hypothesis test are in line with the results of research (Andre Masago Manik et al., 2023; Pangaribuan & Pardomuan Robinson Sihombing, 2022; Taki et al., 2023; Yanita et al., 2023).

H10 compensation has a significant indirect effect on employee performance and is mediated by job satisfaction, which is demonstrated by a p value of less than 0.05 (0.001) and a t-statistic value more than 1.96 (3.404). Data is considered significant in study (Muhson, 2022) if the t-statistic >1.96 or the p-value <0.05. This hypothesis test's outcomes are consistent with the findings of the investigation (Asep et al., 2022; Komara, 2023; Nyoman Santi Ardani et al., 2023; Pudjiarti et al., 2023).

R Square. The results of the R Square test on relationship between variable presented in the following table:

Table 13. R Square Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Employee Performance	0,620	0,625	0,081	7,613	0,000
Job Satisfaction	0,686	0,685	0,072	9,531	0,000

Source: Data Processed (2024)

The R-squared value for employee performance is 0.625, meaning that career development (CD), competence (CT), and remuneration (CS) explain 62.5% of the changes in employee performance. The other 37.5% is influenced by factors not included in the model. An R-squared value above 0.50 indicates a strong ability to predict outcomes. For job satisfaction, the R-squared value is 0.685, showing that CD, CT, CS, and employee performance (EP) explain 68.5% of its variation, with 31.5% due to other factors outside the model. Job satisfaction also has strong predictive power based on its R-squared value. According to Hair et al., 2019, R-squared values of 0.75, 0.50, and 0.25 are seen as strong, moderate, and weak, respectively.

SRMR Test. The results of the SRMR test on relationship between variable presented in the following table:

Table 14. SRMR Test Results

	Original Sample (O)	**Sample Mean (M)**	**95%**	**99%**
Saturated Model	0,054	0,042	0,051	0,054
Estimated Model	0,054	0,042	0,051	0,054

Source: Data Processed (2024)

The SRMR calculates the difference between the observed and estimated correlation matrices for the models. According to the test results in Table 14, the SRMR is less than 0.1. An SRMR score of less than 0.1 indicates that the model fits the data (Hu & Bentler, 1998).

The following are the results of GoF Index analysis:

$$GoF = \sqrt{Comm \; x \; R^2}...1$$

$$Comm = \frac{0.626 + 0.619 + 0.612 + 0.606 + 0.613}{5} = 0.615$$

$$R^2 = \frac{0.625 + 0.685}{2} = 0.655$$

So,

$$GoF = \sqrt{0.615 \; x \; 0.655} = 0.6346..1$$

Ghozali & Latan (2014) classify the model criterion as "strong" based on the GoF Index results above. They describe the GoF (Goodness of Fit) index as a single measure that checks the overall performance of both the measurement and structural models. To calculate the GoF value, you take the square root of the average communality index and multiply it by the model's average R value. The GoF value ranges from 0 to 1 and is interpreted as follows: 0.1 indicates a small GoF, 0.25 represents a medium GoF, and 0.36 shows a large GoF.

4. CONCLUSION & SUGGESTION

The study found that career development does not directly affect employee performance. However, competence and compensation positively influence both job satisfaction and employee performance. Job satisfaction also directly improves employee performance. Career development, competence, and compensation can indirectly boost employee performance when job satisfaction is a mediator.

This means that in distributor companies in Batam City, factors like career development, competence, compensation, and job satisfaction significantly impact employee performance. However, only one finding shows that career development does not directly improve performance, but it does have an indirect positive effect when job satisfaction is considered.

The study's results are specific to employee performance in distributor companies in Batam City, so they cannot represent employee performance in companies engaged in other sectors or in other locations. Therefore, it is recommended to conduct research using objects and locations outside Batam City. It is also possible to add new variables in research, such as motivation variables, working environment, work engagement, and so on.

The findings of this research are designed to serve as a guide and reference for the Company to evaluate employee performance by paying attention to the variables that have been used. The Company can also involve stakeholders to discuss the results of this study so that they can be integrated into the Company's strategy and policies. The company should implement training methods with the aim of making it easier for employees to meet the company's work targets. With the training organized by the company, employee participants are required to have work competencies, one of which is work skills. Competence is the capital of an employee who is required to have skills and knowledge, and is supported by the employee's own attitude based on the work he has, so that performance is achieved according to what is expected.

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