

Job Satisfaction of Service Quality Moderator on Employee Performance of the Investment Office and One-Stop Integrated Service of Padang Panjang City

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ABSTRACT

This study is motivated by the inconsistency of employee performance despite the relatively good public service quality at the Investment and One-Stop Integrated Service Office (DPMPSTP) of Padang Panjang City. Service quality serves as a key indicator in licensing and administrative services; however, it does not fully reflect consistent individual performance. This study aims to analyze the effect of service quality on employee performance and examine the role of job satisfaction as a moderating variable. This research employs a quantitative approach with a causal design and is analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The population consists of all employees of DPMPSTP Padang Panjang City, with a census technique involving 33 respondents. Data were collected through Likert-scale questionnaires and analyzed using SmartPLS 4. The results indicate that service quality has a positive and significant effect on employee performance, with a path coefficient of 0.662 and p-value < 0.05. However, job satisfaction does not have a significant effect on employee performance and does not moderate the relationship between service quality and employee performance. These findings suggest that employee performance is more influenced by organizational structural factors, such as regulations, service standards, and work systems, than by individual psychological factors. The study implies that improving service quality is the primary strategy to enhance employee performance, while job satisfaction remains important as a supporting factor in maintaining motivation and productivity.

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1. INTRODUCTION

Public service reform has become one of the main agendas for governance transformation in Indonesia. The increasing public demand for fast, transparent, accountable, and responsive services

encourages government institutions to continue to improve organizational performance. In this context, the One-Stop Investment and Integrated Services Office (DPMPTSP) is one of the strategic public organizations because it interacts directly with the community and business actors through licensing and administrative services.

The success of public sector organizations today is not only measured by procedural compliance, but also by the quality of service and employee performance. Public organizations are required to show efficiency, responsiveness, and professionalism in providing services to the community. Therefore, service quality is an important determinant of organizational legitimacy and public trust.

Previous research has consistently shown that service quality has a positive effect on employee performance. Employees who are able to provide reliable, responsive, and professional services tend to show higher work effectiveness and productivity. Nevertheless, empirical findings regarding the role of job satisfaction still show inconsistencies. Some studies have found that job satisfaction is able to strengthen employee performance, while other studies show that job satisfaction has no significant effect on public organizations that have a strict bureaucratic system.

These inconsistencies create research gaps that are important to research. Conceptually, many studies place job satisfaction as a psychological factor that is able to strengthen the relationship between service quality and employee performance. However, empirically the results of the research are still inconsistent, especially in public service organizations that are colored by formal regulations and a strong bureaucratic system. Contextually, research on this relationship in local government institutions in Indonesia, especially in licensing and investment service organizations, is still relatively limited.

DPMPTSP Padang Panjang City is an important context in this study. Although the service system and bureaucratic procedures continue to be improved, employee performance still shows inequality between work units. This condition indicates that organizational performance is likely not only determined by employee psychological satisfaction, but also influenced by the structural and procedural mechanisms inherent in public sector organizations.

Based on these conditions, this study aims to analyze the influence of service quality on employee performance and test whether job satisfaction moderates the relationship between service quality and employee performance at DPMPTSP Padang Panjang City. This research is expected to make a theoretical contribution to the development of the literature on public sector organizational behavior as well as a practical contribution in strengthening bureaucratic performance management.

Service Quality and Employee Performance

Service quality is the ability of an organization to provide services that meet or exceed community expectations. The SERVQUAL model developed by Parasuraman identifies five main dimensions of service quality, namely tangibles, reliability, responsiveness, assurance, and empathy. In public organizations, this dimension reflects the professionalism and effectiveness of employees in providing services to the community.

Employee performance is the level of achievement of employees in carrying out their duties and responsibilities. In public sector organizations, performance is associated with efficiency, effectiveness, responsiveness, accountability, and compliance with service standards.

Theoretically, the quality of service is closely related to employee performance because quality service requires employees to work accurately, responsively, and professionally. Employees who are able to maintain high service standards tend to show better work performance.

Previous research has consistently shown that service quality has a positive effect on employee performance in both the private and public sectors. Employees who provide services reliably and responsively tend to have higher productivity and organizational effectiveness.

H1: The quality of service has a positive and significant effect on employee performance.

Job Satisfaction and Employee Performance

Job satisfaction is an employee's positive emotional response to work conditions, reward systems, supervision, and the organizational environment. According to organizational behavior theory,

employees who have a high level of job satisfaction tend to be more motivated, committed, and productive.

Various empirical studies show that job satisfaction contributes positively to employee performance because satisfied employees tend to have higher organizational attachment and commitment. However, findings on public sector organizations still show mixed results due to the dominance of bureaucratic systems and formal procedures.

In organizations with strict regulations, employee performance is often influenced more by organizational obligations, service standards, and administrative control mechanisms than by individual psychological satisfaction factors.

H2: Job satisfaction has a positive effect on employee performance.

The Role of Job Satisfaction Moderation

Moderation theory explains that certain variables can strengthen or weaken the relationship between independent and dependent variables. In this study, job satisfaction was positioned as a moderation variable that was suspected to be able to strengthen the influence of service quality on employee performance.

Employees with high levels of job satisfaction will theoretically be more motivated to provide optimal service and maintain high performance standards. The service-profit chain perspective also explains that satisfied employees are better able to provide quality services that have an impact on the effectiveness of the organization.

However, public organizations differ from private organizations because employee performance in government institutions is often regulated through formal regulations, standard operating procedures, and bureaucratic performance targets. Therefore, the role of job satisfaction moderation has the potential to be weaker in the bureaucratic environment.

H3: Job satisfaction moderates the relationship between service quality and employee performance.

2. METHODS

This study uses a quantitative approach with a causality research design. The research was conducted at the Padang Panjang City Investment and One-Stop Integrated Services Office (DPMPTSP). The research population consists of all employees who are directly involved in public services and administrative processes. Because the population is relatively small, the study used census techniques involving all 33 respondents.

Data collection was carried out using a structured questionnaire with a five-point Likert scale ranging from strongly disagree to strongly agree. The service quality variables were measured using the SERVQUAL dimension which consisted of tangibles, reliability, responsiveness, assurance, and empathy. Job satisfaction indicators reflect employees' perceptions of the work environment, supervision, rewards, and organizational support. Meanwhile, employee performance indicators are measured through work effectiveness, productivity, discipline, responsiveness, and work achievement.

Data analysis was conducted using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with the help of SmartPLS 4 software. The analysis was carried out through two main stages, namely the evaluation of the outer model and the inner model. The evaluation of the outer model includes convergent validity, discriminant validity, and composite reliability tests. Convergent validity is assessed based on a loading factor value above 0.70 and Average Variance Extracted (AVE) above 0.50. Discriminant validity was tested using the Heterotrait-Monotrait Ratio (HTMT) and the Fornell-Larcker Criterion.

Internal model evaluation includes testing the path coefficient, coefficient of determination (R-square), predictive relevance (Q-square), and hypothesis testing through bootstrapping procedures. The hypothesis is accepted when the t-statistic value is greater than 1.96 and the p-value is less than 0.05. The moderation analysis was carried out by examining the influence of interaction between service quality and job satisfaction on employee performance.

3. FINDINGS AND DISCUSSION

Respondent Characteristics

The respondents consisted of state civil servants, government contract employees, and honorary employees who worked at the Padang Panjang City DPMPTSP. All respondents were directly involved in public service and administrative activities.

Evaluation of the Outer Model

The results of the outer model evaluation showed that all indicators met the convergent validity criteria. All indicators have a loading factor above the minimum limit of 0.70 which indicates a strong relationship between the indicator and latent constructs. Discriminant validity testing using the HTMT criteria shows that the entire construct has adequate empirical differences. In addition, the results of the Fornell-Larcker Criterion show that the square root of the AVE value is greater than the correlation between constructs. The composite reliability value for the entire construct is above 0.70 which indicates a good level of internal reliability.

Table 1. Hypothesis Testing Results

Variable Relationships	Path Coefficient	t-Statistic	p-Value	Results
Quality of Service → Employee Performance	0.662	5.825	0.000	Accepted
Job Satisfaction → Employee Performance	0.191	1.275	0.203	Rejected
Job Satisfaction × Service Quality → Employee Performance	0.083	0.472	0.637	Rejected

The results of the study show that the quality of service has a positive and significant effect on employee performance. The path coefficient value of 0.662 shows that improving service quality makes a major contribution to improving employee performance. However, job satisfaction has no significant effect on employee performance. Although the direction of the relationship showed a positive influence, the statistical results did not meet the required level of significance.

Similarly, the moderation effect of job satisfaction showed no significant results. These findings indicate that job satisfaction is not able to strengthen or weaken the relationship between service quality and employee performance.

Evaluasi Structural Model

The R-square value on the employee performance variable of 0.608 indicates that 60.8% of the variation in employee performance can be explained by service quality and job satisfaction. Meanwhile, the remaining 39.2% was influenced by other factors outside the research model. The research model shows a strong explanatory ability in understanding employee performance in public service organizations.

Discussion

This research proves that the quality of service has a significant effect on employee performance in public sector organizations. The findings show that employees who are able to provide services in a responsive, reliable, empathetic, reassuring, and professional manner tend to have higher levels of work effectiveness.

The significant relationship between service quality and employee performance reflects the operational characteristics of DPMPTSP as a public service organization that interacts directly with the community and business actors. In licensing and administrative services, employee performance is closely related to the ability to meet service standards and respond effectively to community needs.

These findings support previous research that confirms that service quality not only functions as an organizational output, but also as an indicator of employee performance. Employees who are able to maintain consistent service standards tend to have better productivity, responsibility, and work discipline.

On the other satisfaction has no significant effect on employee performance. These findings contradict traditional organizational behavior theories that hold that satisfied employees tend to perform better at work. However, in the context of public organizations, employee performance is likely to be more influenced by formal regulations, administrative obligations, and bureaucratic control mechanisms.

The insignificance of the moderation effect of job satisfaction is also an important contribution in the public administration literature. The findings of the study show that job satisfaction is not able to strengthen the relationship between service quality and employee performance in organizations with strong bureaucratic characteristics.

Several factors can explain the condition:

First, public sector organizations work based on strict procedural systems and standardized performance targets. Employees are still required to maintain the quality of service even though the individual's psychological condition is different.

Second, bureaucratic organizations emphasize compliance with regulations, standard operating procedures, and administrative accountability. As a result, employee performance becomes more structural than psychological.

Third, public service organizations are generally more oriented towards service output and procedural compliance rather than individual motivational factors. Employees are still obliged to maintain performance standards even though the level of job satisfaction varies.

The findings of the study also show that organizational structural factors such as supervision systems, workload, administrative control, and service standards have a more dominant influence on employee performance than psychological satisfaction.

This study broadens the understanding of the behavior of public sector organizations by showing that the role of job satisfaction in the bureaucratic environment can be different from that of private sector organizations.

Managerially, improving employee performance in public organizations should be more focused on strengthening service systems, optimizing SOP implementation, improving employee technical competence, and strengthening accountability mechanisms. Although job satisfaction remains important in maintaining organizational stability and employee welfare, this factor cannot be used as the main mechanism in strengthening employee performance in bureaucratic institutions.

4. CONCLUSION

This study concludes that service quality has a significant effect on employee performance at DPMPTSP Padang Panjang City. Employees who are able to provide reliable, responsive, and professional services tend to show a higher level of organizational performance. However, job satisfaction has no significant effect on employee performance and fails to moderate the relationship between service quality and employee performance. These findings show that employee performance in public service organizations is more influenced by structural and procedural factors than psychological factors.

Theoretically, this study contributes to the public administration literature by showing that the role of job satisfaction in public organizations can be different from that of private sector organizations. In a

strong bureaucratic environment, organizational systems and service standards remain the main determinants of employee performance. Practically, this study recommends that public organizations prioritize strengthening service quality systems, improving operational standards of procedures, improving employee technical competence, and strengthening administrative accountability.

This study has limitations on the relatively small number of respondents and the focus of the research is only on one public service institution. The next research is suggested to involve a wider sample, conduct comparisons between institutions, and add other variables such as organizational culture, leadership, work discipline, and digital governance.

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