

EMPLOYEE PERFORMANCE, WORK DISCIPLINE, AND SERVICE QUALITY AS DETERMINANTS OF CUSTOMER SATISFACTION IN PUBLIC SERVICES

Sutan Martua Hasibuan, Heri Kusmanto,Zulkifli

sutanmartuahasibuan999@gmail.com, heri.kusmanto@gmail.com, zulkiflirani47@gmail.com

Abstract

This study investigates the impact of employee performance, work discipline, and service quality on community satisfaction in Horas Jaya Market, Pematangsiantar City. The study employs a quantitative methodology with a survey instrument, gathering data from 99 participants selected through random sample approaches. Multiple linear regression was employed to analyze the impact of each independent variable on the dependent variable. The study's results indicated that employee performance and work discipline positively and significantly affected community satisfaction ($p < 0.05$). Moreover, service quality was the predominant factor affecting community satisfaction ($p < 0.01$). Simultaneously, these three variables explain 63.7% variation in community satisfaction. The implications of this study show that improving employee performance, strong work discipline, and improving service quality are crucial in creating community satisfaction in traditional markets such as Horas Jaya Market.

Keywords: employee performance, work discipline, service quality, community satisfaction

INTRODUCTION

In the current era of globalisation, quality public services are one of the critical factors in improving people's welfare and strengthening the government's legitimacy in the eyes of the public (Sinambela, 2014). Good public service includes various dimensions such as reliability, guarantee, responsiveness, and empathy provided by government agencies or related institutions. In the context of traditional markets in Indonesia, which are a form of public facilities, service quality plays a vital role in maintaining the existence of these markets amid the development of modern markets and e-commerce (Lubis et al., 2023).

Horas Jaya Market in Pematangsiantar City is one example of a traditional market that has experienced significant challenges due to changes in people's shopping trends, which now prefer modern markets and online platforms. Although the local government has made various efforts to revitalise this market through the Horas Jaya Market Regional Company, established in 2015, the expected results have not been fully achieved. Based on the company's financial report data, the high operational expenses, especially in the employee component, are not proportional to the expected improvement in service quality (Pasar et al. Company, 2023).

Employee performance, work discipline, and service quality are the three main variables often associated with community satisfaction as service users. Previous research has shown that employee performance significantly affects customer satisfaction (Yuningrum et al., 2020). In addition, good work discipline also contributes to increasing customer satisfaction through service efficiency (Hastuti, 2023). However, there is still a research

gap regarding the interaction of these three variables in the context of the traditional market, significantly increasing community satisfaction in Horas Jaya Market.

This study further examines the correlation of employee performance, work discipline, service quality, and community satisfaction in Horas Jaya Market. It aims to contribute theoretically to the literature on public services and offer practical ideas for local governments and corporate management to enhance the quality of traditional market services.

LITERATURE REVIEW

1.1 Employee Performance

Employee performance is crucial in assessing the organization's success, particularly in delivering services to the community. Effective performance is typically indicated by employees' capacity to meet established work targets in accordance with anticipated quality standards (Mangkunegara, 2014). Some indicators often used to assess employee performance include the quantity and quality of work, punctuality, and communication skills. Research by Yuningrum et al. (2020) shows that employee performance positively and significantly impacts customer satisfaction in the public service sector.

Another study by Lubis et al. (2023) supports these findings, where employee performance significantly affects customer satisfaction in the retail industry. In the context of public services at Horas Jaya Market, employee performance is expected to be one of the essential elements in increasing public satisfaction with the services provided.

1.2 Work Discipline

Work discipline is an important aspect that affects an organisation's operational effectiveness. Work discipline is the conformity between employee behaviour and the organisation's rules and regulations. Good discipline includes punctuality, task responsibility, and compliance with work standards (Hasibuan, 2019). Work discipline is essential not only for maintaining efficiency but also for public perception of the professionalism of the services provided (Hastuti, 2023).

The results of Hastuti's (2023) research show that work discipline positively influences customer satisfaction, especially in the context of public services. Employees' obedience in carrying out their duties in accordance with the time and quality standards that have been determined provides a sense of satisfaction for the people who receive services.

1.3 Service Quality

Service quality denotes the degree to which services fulfill or surpass client expectations (Parasuraman et al., 1988). The quality of service is frequently evaluated across multiple dimensions, including reliability, responsiveness, assurance, empathy, and physical proof. (Zeithaml et al., 1990). Research shows that service quality is essential in determining customer satisfaction levels, where better service tends to result in higher satisfaction levels (Yuningrum et al., 2020).

In traditional markets such as Horas Jaya Market, the quality of service dramatically affects the loyalty and satisfaction of people who access services in the market. Research by Eko et al. (2024) highlights that good service quality increases public perception of local government and creates a more positive shopping experience.

1.4 Customer Satisfaction

client satisfaction arises from the comparison between client expectations and their assessment of the services rendered (Oliver, 1980). Customer satisfaction is crucial for fostering loyalty and ensuring the viability of an organization, including within the public sector. Customer satisfaction can be assessed through various criteria, including service reliability, employee competence, and available facilities (Tjiptono, 2008).

Research by Sinambela (2014) shows that community satisfaction is an important indicator in assessing the success of public services. The better the employees' performance, work discipline, and the quality of the services provided, the higher the level of public satisfaction with the service.

1.5 Hypothesis Development

1.5.1 Employee Performance and Community Satisfaction

Employee performance is measured through various dimensions such as work quality, work quantity, and responsibility shown in carrying out duties (Mangkunegara, 2014). Several studies show a

positive relationship between employee performance and customer satisfaction. Yuningrum et al. (2020) found that good employee performance significantly increases customer satisfaction, especially in public services.

H1: Employee performance positively and significantly influences community satisfaction at Horas Jaya Market.

1.5.2 Work Discipline and Community Satisfaction

Work discipline refers to employees' obedience in carrying out their duties in accordance with applicable rules and regulations. Good work discipline has the potential to increase community satisfaction by increasing service efficiency and effectiveness. Hastuti (2023) stated that strong work discipline can increase public trust in public services.

H2: Employee work discipline positively and significantly influences community satisfaction at Horas Jaya Market.

1.5.3 Service Quality and Community Satisfaction

The quality of service is essential for ensuring that individuals obtain services that fulfill their expectations. Zeithaml et al. (1990) asserted that superior service quality leads to enhanced customer satisfaction. Yuningrum et al. (2020) conducted research that corroborates a positive correlation between service quality and customer satisfaction.

H3: Service quality positively and significantly influences community satisfaction at Horas Jaya Market.

1.5.4 Employee Performance, Work Discipline, Service Quality, and Community Satisfaction

Employee performance, work discipline, and service quality concurrently influence community satisfaction. The three variables might jointly enhance the public's favorable view of public services, particularly in the conventional market sector, which continues to compete with the modern market and e-commerce (Sinambela, 2014).

H4: Employee performance, work discipline, and service quality simultaneously positively and significantly influence community satisfaction at Horas Jaya Market.

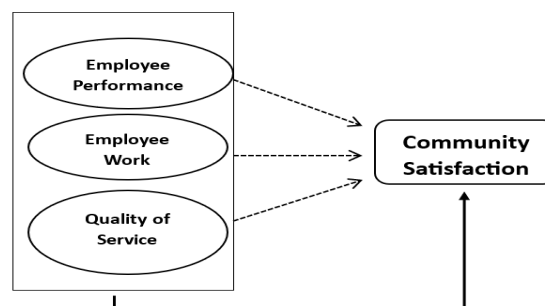


Figure 1. Theoretical Framework

METHODOLOGY

1.6 Research Design

This research used a quantitative methodology via a survey to examine the impact of employee performance, work discipline, and service quality on community satisfaction in Horas Jaya Market, Pematangsiantar City. This study used an explanatory design to elucidate the causal relationship between independent factors (employee performance, work discipline, and service quality) and the dependent variable (community satisfaction). The study employed a cross-sectional design, wherein data was gathered at a singular point in time.

1.7 Population and Sample

The population of this study comprises all individuals who purchase and obtain services in Horas Jaya Market, Pematangsiantar City, from January to June 2024. According to data from Horas Jaya Market Regional Company, the target population is around 12,980 individuals.

This study employs a random sample procedure utilizing a probability sampling method. The sample size was determined using the Slovin formula (Arikunto, 1998), with a margin of error of 10%. The sample consisted of 99 respondents, according to estimates. Sample selection was conducted randomly at the Horas Jaya Market site.

Slovin formula:

$$n = \frac{N}{N(e)^2 + 1}$$

Information:

- n = number of samples
- N = total population
- e = tolerated error rate (10%)

With a population of 12,980, a sample of 99 respondents was obtained.

1.8 Data Collection Technique

The data in this study was collected by distributing questionnaires to respondents. The questionnaire used consists of two main parts:

1. The initial component comprises demographic inquiries, including age, gender, educational attainment, and frequency of market visits.
2. The second section includes assertions regarding employee performance, work discipline, service quality, and community satisfaction, evaluated using a 5-point Likert scale, with one indicating "strongly disagree" and five indicating "strongly agree".

This questionnaire is designed based on the indicators used in previous research, which are relevant to the context of public service and community satisfaction. Before use, the questionnaire is tested for validity and reliability to ensure the instrument is accurate and consistent in measuring the studied variables.

1.9 Operational Definitions of Variables

This study involves three independent variables and one dependent variable, with the following operational definitions:

- **Employee Performance (X1):** The capacity of personnel to perform their responsibilities according to established standards, assessed using metrics such as quality of work, amount of work, and accountability (Mangkunegara, 2014).
- **Work Discipline (X2):** Employee adherence to organizational rules and regulations, assessed through measures such as punctuality, regulatory compliance, and accountability for assigned duties (Hasibuan, 2019).
- **Quality of Service (X3):** The degree of alignment between community expectations and received services, assessed using the SERVQUAL dimensions: reliability, assurance, responsiveness, empathy, and physical evidence (Parasuraman et al., 1988).
- **Community Satisfaction (Y):** Public satisfaction with the services at Horas Jaya Market is assessed by measures including service performance, facility quality, and employee response (Tjiptono, 2008).

1.10 Data Analysis Technique

The acquired data was analyzed employing descriptive and inferential statistical approaches utilizing the newest version of SPSS software. The stages of data analysis are as follows:

1. **Validity and Reliability** Prior to additional analysis, validity and reliability assessments are conducted to confirm the accuracy and consistency of the measuring instruments employed. Validity was assessed using Pearson Product-Moment, and reliability was evaluated with Cronbach's Alpha, where an α value exceeding 0.7 is deemed reliable (Hair et al., 2010).
2. **Test of Classical Assumptions** The classical assumption test is conducted to verify that the data satisfies the prerequisites for multiple linear regression. The tests encompass:
 - Normality test (Kolmogorov-Smirnov)
 - Multicollinearity test (VIF)
 - Uji heteroskedastisitas (Glacier test)
3. **Multivariate Linear Regression Analysis** This study employs multiple linear regression analysis as the principal technique to examine the impact of employee performance, work discipline, and service quality on community

satisfaction. The employed regression equations are as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Information

- Y = Community satisfaction
 - a = Constanta
 - $\beta_1, \beta_2, \beta_3$ = Regression coefficient
 - X_1 = Employee performance
 - X_2 = Work discipline
 - X_3 = Quality of service
 - ϵ = Residual error
4. **Hypothesis Examination** The hypothesis test was conducted. Utilizing a t-test to analyze the individual effect of each independent variable on the dependent variable, and employing an F-test to assess the combined influence of all independent variables. The significance level utilized is 5% ($\alpha = 0.05$); hence, if the p-value is below 0.05, the hypothesis will be accepted.
5. **Coefficient of Determination (R^2)**
To determine how much an independent variable can explain the variation in the dependent variable, a determination coefficient (R^2) test is performed. A high R^2 value indicates that the regression model can explain most of the variations in community satisfaction.

RESULT

1.11 Statistical Description of Respondents

The survey comprised 99 participants who were patrons of Horas Jaya Market in Pematangsiantar City. The demographic attributes of the respondents included gender, age, educational attainment, and frequency of market visits. The descriptive statistical results yield the following details:

- **Gender:** Most respondents are female (60%) compared to male (40%).
- **Age:** Most respondents were in the 31–40 age range (45%), followed by respondents aged 21–30 (30%), and the rest were over 40 (25%).
- **Education:** Most respondents had their last education at the high school/vocational level (55%), followed by undergraduate education (35%), and the rest with education below high school (10%).
- **Frequency of Visits:** Fifty per cent of respondents visit the market more than once a week, while the rest come once a month (30%) and several times a year (20%).

1.12 Validity and Reliability Test

Prior to additional investigation, a validity and reliability assessment was conducted on the utilized instruments. All question items possess a correlation value exceeding 0.3, hence they are deemed valid.

The reliability coefficients assessed via Cronbach's Alpha for each variable are as follows:

- **Employee Performance:** 0.82
- **Work Discipline:** 0.78
- **Quality of Service:** 0.80
- **Community Satisfaction:** 0.85

Thus, all instruments are reliable because of Cronbach's Alpha value of >0.7 (Hair et al., 2010).

1.13 Classic Assumption Test

- **Normality Test:** Because of the sig, the research data was declared customarily distributed based on the Kolmogorov-Smirnov test. $>$ value was 0.05.
- **Multicollinearity Test:** The Variance Inflation Factor (VIF) value for each variable is below 10, indicating the absence of multicollinearity.
- **Heteroscedasticity Test:** Based on the Glejser test, no symptoms of heteroscedasticity were found because the sig. $>$ value was 0.05.

1.14 Multiple Linear Regression Analysis

The multiple linear regression analysis results show the influence of employee performance, work discipline, and service quality on community satisfaction. The resulting regression equation is as follows:

$$Y = 1.231 + 0.298X_1 + 0.325X_2 + 0.414X_3$$

Where:

- Y = Community Satisfaction
- X_1 = Employee Performance
- X_2 = Work Discipline
- X_3 = Quality of Service

The analysis results show that the three independent variables significantly influence the dependent variable, with a significance value below 0.05. The regression coefficient shows that service quality has the greatest influence on community satisfaction, with a coefficient value of 0.414.

1.15 Hypothesis Testing

- **t-test (partial):** The results of the t-test show that:
 - Employee Performance (X_1): The t value is 2.430 with a significance level of 0.017, indicating that employee performance has a positive and substantial impact on community satisfaction, hence supporting H1.
 - Work Discipline (X_2): A t-value of 3.150 with a significance level of 0.002 indicates that work discipline exerts a positive and substantial impact on community satisfaction, hence supporting hypothesis H2.
 - Service Quality (X_3): The t-value is 4.820 with a significance level of 0.000, indicating that service

quality exerts a positive and substantial impact on community satisfaction, hence supporting H3.

- **F Test (Simultaneous):** An F value of 45.678 with a value of 0.000 indicates that employee performance, work discipline, and service quality simultaneously significantly affect community satisfaction (**receiving H4**).

1.16 Coefficient of Determination (R^2)

The coefficient of determination (R^2) of 0.637 indicates that 63.7% of the variation in community satisfaction is attributable to employee performance, work discipline, and service quality. The remaining 36.3% is attributed to variables not encompassed within this model.

2. Discussion

The results of this study show that employee performance, work discipline, and service quality significantly influence community satisfaction in Horas Jaya Market, Pematangsiantar City.

1. **The Impact of Employee Performance on Community Satisfaction** The findings of the partial test indicate that employee performance positively and significantly influences community satisfaction. This corresponds with the findings of Yuningrum et al. (2020), which indicated that superior employee performance can enhance customer satisfaction. At Horas Jaya Market, personnel performance characterized by precision in service and effective communication fosters a favorable experience for the community.
2. **The Impact of Work Discipline on Community Satisfaction** Work discipline has been demonstrated to substantially affect community satisfaction. The results corroborate Hastuti's (2023) findings, indicating that employees who adhere to their responsibilities in accordance with regulations enhance public opinion of service professionalism. At Horas Jaya Market, diligent and compliant personnel foster a more organized and efficient environment, which is favored by the community.
3. **The Impact of Service Quality on Community Satisfaction** Service quality is the variable that exerts the greatest impact on community satisfaction, evidenced by the highest regression coefficient value. This aligns with the findings of Parasuraman et al. (1988) and Zeithaml et al. (1990), which underscored that service quality, encompassing reliability, responsiveness, empathy, and tangible evidence, substantially influences customer satisfaction. At Horas Jaya Market, service quality is enhanced by

cleanliness, comfort, and employee attentiveness, contributing to an improved shopping experience.

4. **Concurrent Impact of Employee Performance, Work Discipline, and Service Quality** The concurrent test findings indicated that the three independent variables significantly influenced community satisfaction. This indicates that employee performance, work discipline, and service quality are interconnected elements in delivering satisfactory public services. The local government must enhance these three features through the Horas Jaya Market Regional Company to fulfill community expectations and sustain the traditional market's viability.

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that:

1. **Employee performance** positively and significantly influences community satisfaction at Horas Jaya Market, Pematangsiantar City. This shows that the better employees' performance, the higher the level of satisfaction of people who use services in the traditional market.
2. **Employee work discipline** also positively and significantly affects community satisfaction. Discipline in carrying out duties, such as punctuality and obedience to rules, increases the public's positive perception of the quality of services provided by Horas Jaya Market.
3. **Service quality** is the most influential factor in community satisfaction. The quality of service dimensions, such as reliability, responsiveness, empathy, and physical evidence, greatly determine public satisfaction with the services received in the market.
4. Employee performance, work discipline, and service quality concurrently exert a substantial influence on community satisfaction at Horas Jaya Market. This indicates that these three elements mutually reinforce one another in fostering a gratifying purchasing experience for consumers.

This research has implications for increasing community satisfaction in traditional markets. The local government and the management of Horas Jaya Market need to continue improving employee performance, maintaining work discipline, and focusing on improving service quality. Thus, Horas Jaya Market can continue to compete with modern markets and increasingly popular online shopping platforms.

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