

## The Effect of Knowledge Management on Employees Performance Mediated By Job Satisfaction

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**Abstract:** The objectives of this research are: 1) to identify and explain the effect of knowledge management on employees performance. 2) to identify and explain the effect of knowledge management on job satisfaction. 3) to identify and explain the effect of job satisfaction on employees performance. 4) to identify and explain the effect of knowledge management on employees performance mediated by job satisfaction. The design of the research is quantitative research. The population in this research were employees of the Library and Archives Office of Wakatobi Regency, by using Non-probability Sampling with 30 census sampling. Data was retrieved in the form of questionnaires, observation and documentation. Data were analyzed with Partial Least Square (PLS) technique. The results showed that: 1) Knowledge management does not significantly affect the performance of employees of the Library and Archives Office of Wakatobi Regency 2.) Knowledge management has a significant effect on job satisfaction. 3.) Job satisfaction has a significant effect on employee performance. 4.) Job satisfaction is able to mediate or fully mediate the effect of knowledge management on employees performance.

**Keywords:** knowledge management, job satisfaction and employee performance

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### I. Introduction

Knowledge Management is important, because its implementation benefits the field of operations and services, can improve personal competence, maintain the availability of knowledge and innovation as well as development. Knowledge management is a way for organizations to identify, create, represent, distribute and enable an adaptation of insights and experiences. The insight and experience consists of knowledge, both owned by individuals and knowledge attached in the process or standard of organization procedures. The viability of an organization is determined by the success of the organization in managing human resources. Human resources are an important asset for an organization.

Knowledge management (KM) is an organization strategy in innovating to improve employee satisfaction. According to Beccera-Fernandez & Sabherwal (2010) knowledge management focuses on organizing and providing important knowledge, wherever and whenever needed. The results of previous studies that have proven the correlation of knowledge management on performance were conducted by Torabiet al. (2016), Mustapa & Mahmood (2016), Khanal & Santosh (2017), Mohammad Q. and Ahmad Al-Qarioti (2015), Desi Putri Wijayanti and Didi Sundiman (2017).

Good knowledge management in an organization can also have an impact on the level of employee satisfaction on the organization it is applied to. Previous studies' results that have proven the correlation between knowledge management to job satisfaction were conducted by Khanal & Santosh (2017), Nor Khadijah Alias et al. (2018), and Ra'ed Masa'deh (2019).

Robbins & Judge (2001) stated that job satisfaction is a general attitude towards one's work performance, the deviation between rewards received by an employee and the amount they believe they should receive. The results of previous studies have proven that job satisfaction has a significant effect on performance by Fadliah (2015), Shaju. M. (2017), Tamriatin Hidayah et al. (2018), Shaju & Subhashini (2017) and Wibowo & Yanidrawati et al. (2012).

The results of research conducted by Khanal & Santosh (2017) showed that the component of knowledge management process has a significant correlation with job satisfaction and employee performance. Rahman & Hasan's research (2017) also showed a significant positive effect of knowledge management and HRM practice on organization performance. Other result also showed that job satisfaction is a significant mediation variable in the correlation to the effect of knowledge management and HRM practice on performance.

The Library and Archives Office responsibility is to increase literacy within society through good quality reading materials and by utilizing information and communication technology and archiving data as well as regional activities. Judging from the many tasks of the Library and Archives Service, of course a lot of data is managed, such as data archiving, library book collection and processing, service implementation, automation and library collaboration including circulation service, referral, information literacy, library guide and extension service and implementation of library materials preservation including conservation and media transfer. The utilization of knowledge management in managing knowledge as a resource in an organization is expected to increase employee satisfaction and performance.

## **II. Literature Review**

### **The Concept of Human Resource Management**

According to Gomes (1995) human resource is one of the resources in an organization, including all people who do activities. Flippo, (1996) human resources management is defined as planning, organizing, directing, and procurement-supervising, developing, compensating, integrating, maintaining and human resource-discharging to achieve the goals of individuals, organizations and communities. Sutrisno, (2015: 5) human resource management is the utilization, development, assessment, reward-giving and individual members management of organization or groups of workers.

### **The Definition of Employee Performance**

The success of an organization is affected by the performance of human resources, so each organization will strive to improve employee performance in achieving organization goals that have been set. Bernadian, & Russell (1993) performance is defined as the outcome record produced by activities, over a period of time. Then according to Mathis and Jackson (2002: 81) performance (Performance Appraisal-PA) is a process of evaluation of how well employees work compared to a standard set, and then communicate it with employees. Abdullah, (2014: 146) performance is employee ability to complete their obligations in accordance with the time and plan. Based on the theory above, performance is a result achieved by a person based on the size that applies to the work in an institute. There are 9 (nine) indicators of employee performance forming factors used to measure this variable that refer to the Republic of Indonesia Government Regulation Number 46 Year 2011 regarding Civil Servants Work Performance Assessment, which are: quantity, quality, cost, time, service orientation, integrity, commitment, discipline and cooperation.

### **The Definition of Job Satisfaction**

Everyone who works expects to achieve satisfaction from where they work. Job satisfaction is an individual in nature, because every individual will have different level of satisfaction based on their own values. Job satisfaction is an important point for an employee which describes the feeling of each of them for their work. This feeling will later be reflected in their behavior in the work environment and outside. According to Hoppock (1935), job satisfaction is defined as a combination of psychological, physiological and environmental condition that cause someone to be honest to say that he is satisfied with his job. Locke in Wijono (2010), job satisfaction is the feeling that is related to job satisfaction or dissatisfaction which tends to reflect employee appraisal related to work experiences in the present and past rather than expectations for the future. Handoko (2011), job satisfaction is a pleasant or unpleasant emotional state of how employees view their work. Noe *et al* (2011), job satisfaction is the feeling of pleasure as a result of the perception that someone's work fulfills or enables the fulfillment of important work values for that person. Based on the views of the experts above it can be concluded that the definition of job satisfaction is a positive attitude of the workforce including feelings and behavior on the work through the assessment of one job as a sense of respect in achieving one of the important work values. The job satisfaction forming factor as the basis for developing a measure of job satisfaction in this study comes from the concept by Nelson and Quick (2006) which involves 5 dimensions: 1) Salary, 2) The Job, 3) Promotion, 4) Supervision and 5) Coworkers

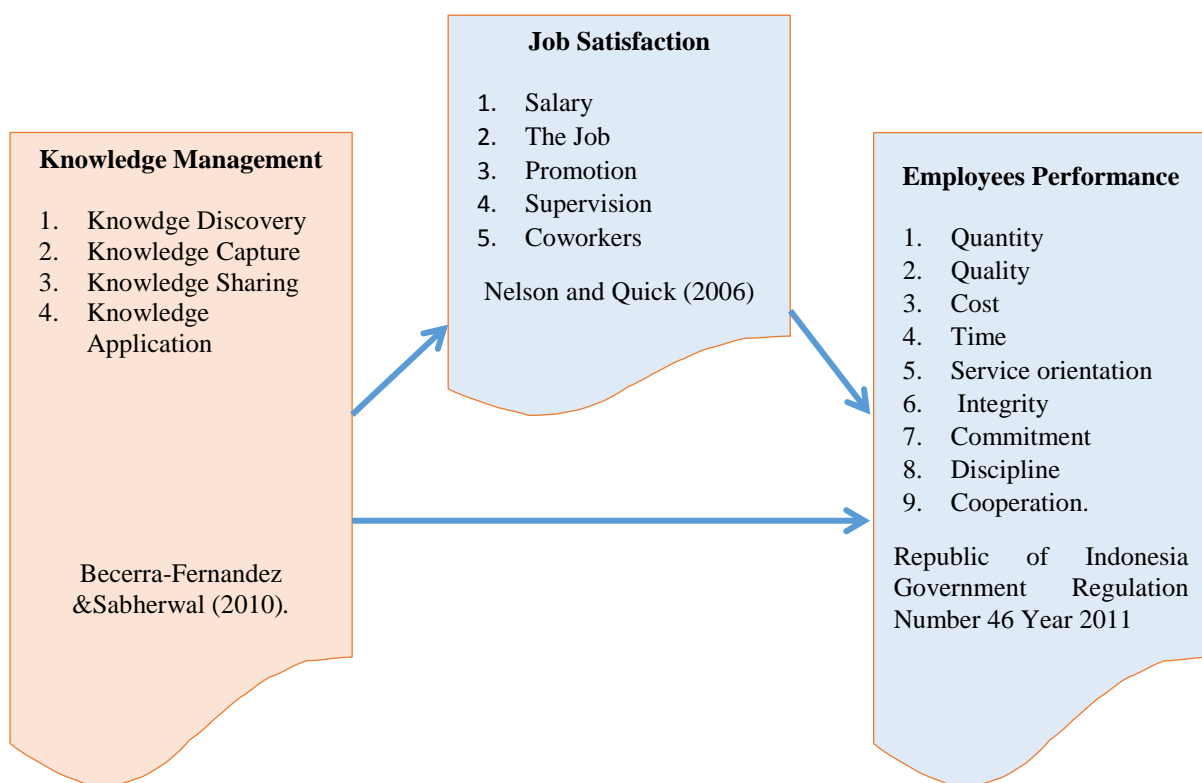
### **The Definition of Knowledge Management**

Knowledge Management is a way for organizations to identify, create, represent, distribute and enable the adaptation of insights and experiences. Insight and experience consist of knowledge, both owned by individuals and knowledge inherent in the process or standard of organization procedures. Knowledge Management is an effort to increase knowledge that is useful in organizations, including familiarizing communication between personnel, providing opportunities for learning, and promoting knowledge sharing. Davenport and Prusak (1998), Knowledge management is a structured experience, value, contextual information and expert insight that provide a framework for evaluating and combining new experiences and knowledge that produce actions and better decisions as well as effective inputs to dialogue and organization creativity. Chen

(2006) in Khoualdi&Saleh, 2015, knowledge management as a strategy to help turning knowledge into action and sharing it in such a way to improve organization performance by consciously providing accurate knowledge for someone at the right time. Armstrong, (2014), knowledge management identifies relevant information and then disseminates it so that learning can occur. Based on the expert's view above, Knowledge management is important to be implemented in organizations because it can improve performance to increase knowledge of employees accurately because it comes from the same knowledge management source, speed up the work process because it is faster to obtain knowledge and facilitate the knowledge spread to all employees. knowledge management forming factors as the basis for measurement in this study is the concept by Becerra-Fernandez &Sabherwal (2010) which involve 4 dimensions: 1) Knowledge Discovery 2) Knowledge Capture, 3) Knowledge Sharing and Knowledge Application.

### **The correlation between knowledge management variable, job satisfaction, and employee performance**

Knowledge management can affect job satisfaction and employee performance. Based on the description, the conceptual framework is formulated as shown in the following figure.



**Figure 1.** Conceptual Framework and Research Hypothesis

The role of knowledge management can be seen in the use of knowledge as innovation, community responsiveness and stakeholder. Good knowledge management in the organization can also have an impact on the level of employee satisfaction with the organization where it is applied. Khanal&Santosh (2017), Nor Khadijah Alias et.al (2018), and Ra'edMasa'deh (2019), showed that Knowledge Management has significant correlation with job satisfaction. So, the hypothesis is formulated as:

#### **H1. Knowledge management has a significant effect on job satisfaction.**

Job satisfaction is the emotional state of employees looking at their jobs. Employees who do not achieve job satisfaction will never reach psychological maturity, and in turn will become frustrated. Whereas employees who achieve job satisfaction usually have a better attendance record, are less active in employee association activities and perform better than employees who do not get job satisfaction. This is expressed by Shaju&Subhashini (2017) there is a positive correlation between the dimensions of job satisfaction and employee performance. Research by Fadlallah (2015), Shaju. M (2017), and TamriatinHidayahet.al (2018) also

showed that there is a positive and statistically significant effect between job satisfaction and performance factors. So, the hypothesis is formulated as:

**H2. Job satisfaction has a significant effect on employee performance.**

Munandar (2006: 350). Tiffun (1958) suggested that job satisfaction is closely related to the attitude of employees to their own work, work situation, and cooperation between leaders and fellow employees (Sutrisno, 2011: 76). Fadlallah (2015), Shaju. M (2017), and TamriatinHidayah et al (2018), Shaju&Subhashini (2017) and Wibowo in Yanidrawati et al, 2012 state that job satisfaction has a significant effect on employee performance. So, the hypothesis is formulated as:

**H3. Knowledge management has a significant effect on employee performance.**

Knowledge management is one of many elements that is currently popular in improving employee performance in organizations. Organization awareness to put knowledge as a source of drive for the organization so it can grow optimally is unavoidable. Khanal&Santosh (2017) showed that the Knowledge Management process component has a significant correlation with job satisfaction and employee performance. Rahman&Hasan (2017) research also showed that there is a significant positive effect of Knowledge Management and HRM practice on organization performance. FajarKurniawan (2019) stated that the effect of knowledge management and work environment on employee performance through job satisfaction intervening. So, the hypothesis is formulated as:

**H4. Knowledge management has a significant effect on employee performance mediated by job satisfaction.**

**III. Research Methode**

This research was conducted at Wakatobi Regency Library and Archives Office. The design of this research is quantitative descriptive by doing direct observations and documentation, then the data was analyzed by using Partial Least Square (PLS). This research used an associative explanative approach to determine the correlation between variables. The population of this research were 30 staff of the Library and Archives Office of Wakatobi Regency. With the small number of population available, the sample from this research was all of them. Samples are research subjects that can represent the entire population. As stated by Sugiyono (2011: 118), "sample is part of the number and characteristics possessed by the population". The sample used in this research was obtained by Non-probability Sampling technique. The researcher used this sampling technique because the population was 30 employees. The data that has been collected was then analyzed by Structural Equation Modeling method with the Partial Least Square approach.

**IV. Results and Discussion**

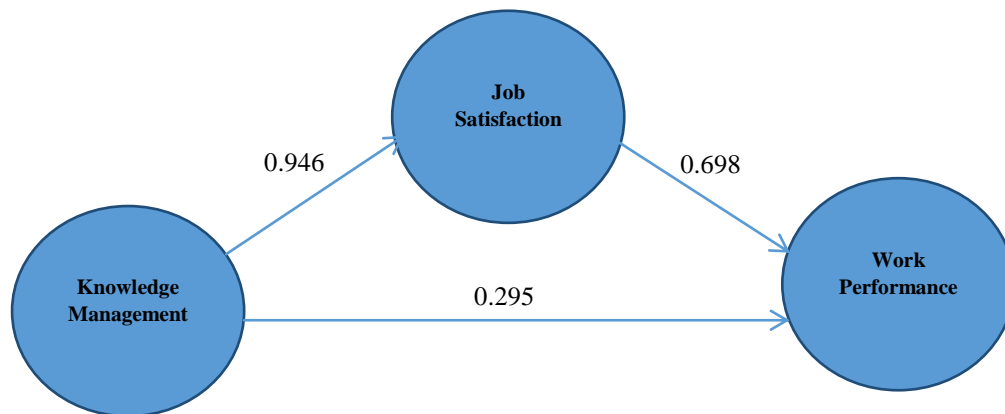
The research involved 30 respondents. The majority of respondents aged 38-47 years old were 17 people or 51 percent. Based on gender, the majority of respondents were male with 19 people or 69.84 percent. The majority of respondents have worked for 20-29 years with the percentage of 55 percent. Based on their last formal education, which is S1, there were 20 respondents or 72 percent. The description of the respondent's answer as a whole about knowledge management stated that it is good with an average value of 4.05. The description of the respondent's answer as a whole about job satisfaction stated that it is good with an average value of 3.91. The description of the respondents' answers as a whole about employee performance stated that it is good with an average value of 3.89.

The method of data analysis in this study used Partial Least Square (PLS) technique with Smart PLS program. The result of the analysis can be done by evaluating the structural equation model. In this research, there were two fundamental evaluations in PLS analysis: first, the evaluation of the measurement model (outer model) to identify the validity and reliability of indicators that measure latent variable, validity and reliability test criteria in this research refers to discriminant validity, convergent validity, and composite reliability. Both inner model value or structural model to see the correlation between construct, significance value and R-square of the the research model value. Testing the inner model in PLS analysis was completed with bootstrap resampling.

**The Evaluation of the Measurement Model (Outer Model)**

Outer model or measurement model is an evaluation of the validity and reliability of research variables. There are three criteria for assessing the outer model; convergent validity, discriminant validity, and composite

reliability. Evaluation of latent variable measurement model with reflective indicators was analyzed by looking at the convergent validity of each indicator. Convergent validity test by PLS can be seen from the amount of outer loading above 0.70 which is highly suggested, however the value of outer loading of 0.50-0.60 can still be tolerated (Solimun, 2010; Ghozali, 2011).



**Figure 2.** Results of analysis  
Source: Primary data

Based on the figure above, knowledge management which consists of indicators of knowledge discovery, knowledge application, knowledge sharing and knowledge capture after estimating the outer loading value of 0.987 (knowledge application), 0.889 (knowledge capture) 0.940 (knowledge discovery), and 0.875 (knowledge sharing) or  $> 0.7$  and said to be valid. The results of data analysis if examined from the outer loading estimation obtained, indicators of knowledge discovery, knowledge application, knowledge sharing and knowledge capture are solid/important in reflecting knowledge management variables.

Job satisfaction which consist of job indicator itself and promotion after estimation has the value of outer loading of 0.979 (the job), and 0.902(promotion) or  $> 0.7$  and said to be valid. While each salary, coworkers and supervision indicator has outer loading value of 0.604 (salary), 0.517 (coworkers) and 0.639 (supervision) or can still be tolerated. The result of data analysis if examined from the estimation of outer loading obtained by the indicator of the job itself and promotion are solid/important in forming job satisfaction variables.

Job satisfaction variable indicator is formative indicator, so multicollinearity test is needed. The multicollinearity test intends to test whether in the SmartPLS model there is a correlation between variables (Ghozali, 2011). A good SmartPLS model is a model that has no correlation between latent variables. In this research, to detect the presence or absence of multicollinearity in a model can be identified from the value of Variance Inflation Factor (VIF).

Based on the result of the analysis above, it shows that the result of testing the value of Variance Inflation Factor (VIF) on the job satisfaction variable consisting of salary indicators, the job itself, promotion, co-workers and supervision are 1,859, 4,073, 4,411, 1,528 and 1,756. Based on the calculation result above, the VIF value, overall the indicator of the job satisfaction variable do not exceed the value of 10. This indicated that each indicator of job satisfaction does not indicate the existence of multicollinearity indication in the formative model of job satisfaction variable.

The latent variable of employee performance which consists of indicator of cost, time, discipline, cooperation and commitment after estimation has the outer loading value of 0.815 (cost), 0.894 (time), 0.900 (discipline), 0.769 (cooperation) and 0.917 (commitment) or  $> 0.7$  and said to be valid. While indicator of integrity, quality, quantity and service orientation has outer loading values of 0.583 (integrity), 0.665 (quality), 0.564 (quantity) and 0.657 (service orientation) or can still be tolerated and said to be valid. The result of data analysis when examined from the estimated outer loading, indicator of cost, time, discipline, cooperation and commitment are solid/important in reflecting employee performance variable, compared to other employee performance indicator.

### **The Evaluation of Goodness of Fit Models**

$R^2$  value indicates the level of determination of the exogenous variable against the endogenous. The larger  $R^2$  value shows the better level of determination. The coefficient of determination ( $R^2$ ) from both endogenous variabel presented on the table below:

**Table 1.** Testing Result of Goodness of Fit R Square

	R Square	Adjusted R Square
Job satisfaction (Y1)	0.894	0.890
Employee Performance (Y2)	0.962	0.960

Source: Data Procession Result PLS Smart 3.0 (processed) 2019

Based on Table 1 above, the result of the R-Square test affects knowledge management on employee performance mediated by job satisfaction with the value of 0.894 and 0.962 respectively. This shows that knowledge management has an effect of 0.894 or 89.4 percent on job satisfaction and the remaining 10.6 percent is affected by other variables that is not explained in this research. Then, knowledge management has an effect of 0.962 or 96.2 percent on employee performance and the remaining 3.8 percent is affected by other variables not explained in this research.

**Path Coefficient Testing**

Testing hypothesis and path coefficient directly affecting knowledge management on employee performance mediated by job satisfaction. The result of testing the effect between variables can be identified from path coefficient value and critical point (t\_statistic). It can be presented in the following Table:

**Table 2.** Path Coeficien and P-Value

	Real Sample (O)	Sample Mean (M)	Deviation Standard (STDEV)	T Statistic (IO/STDEVI)	P Values	Result
KK --> KP	0.698	0.779	0.149	4.679	0.000	Significant
KM --> KK	0.946	0.956	0.012	81.419	0.000	Significant
KM --> KP	0.295	0.210	0.155	1.900	0.058	Insignificant

Source: Data Processing Result by SmartPLS 3,0 2019

From the table above we can see that job satisfaction on employee performance has positive effect of 0.698, knowledge management on job satisfaction has positive effect of 0.946 and knowledge management on employee performance has positive effect of 0.295.

The advance of knowledge management development, job satisfaction and employee performance in this research is an attempt to capture whether it's good position or not or high rating or low of the role of job satisfaction in mediating the effect of knowledge management on employee performance. Thus, the discussion of this research includes: discussion of the measurement model (outer loading), discussion of path coefficients and the result of hypothesis testing. The discussion of the measurement model refers to each variable measurement indicator. The discussion of the measurement model with PLS method regarding the value of the outer loading coefficient value because all latent variables in this research are measured by indicators that are reflective.

The estimated outer loading coefficient value shows the weight of each indicator as the measure of each latent variable. Whereas the mean value indicates the actual condition of each indicator. Discussion of the hypothesis and path coefficient are distinguished by the direct and indirect effect (mediation). The result of the research outright justify the research hypothesis proposed in the previous discussion subject. Based on the objectives, research gaps, hypothesis and data analysis result, the discussion of the result of the research combines theory, the results of previous research and empirical facts that occur in the subject of the research to verify the research findings, strengthen or reject the theory and the results of previous studies or is a new finding.

**V. Discussion**

Based on the results of testing the first hypothesis it can be concluded that the knowledge management variable has positive and insignificant effect on employee performance. The result of this research indicates that rejecting the proposed hypothesis (H1) means that knowledge management has no significant effect on employee performance or in other words knowledge management does not improve employee performance directly. Then in the knowledge management variable which consists of knowledge discovery, knowledge application, knowledge sharing and knowledge capture indicator after estimation have cross loading value of 0.940, 0.987, 0.875 and 0.889 or > 0.7 respectively and stated as valid.

The result of data analysis if examined from the estimated outer loading, knowledge discovery, knowledge application, knowledge sharing and knowledge capture indicator are solid/important in reflecting the knowledge management variable. Then, description of the respondents overall answer about knowledge management stated that it is good with an average value of 4.05. This means the majority of respondents stated the implementation of knowledge management including: knowledge discovery, knowledge capture, knowledge sharing and knowledge application as a whole is the result of improving employee performance.

This is in accordance with the conditions in the field which shows that knowledge management owned by employees of the Library and Archives Office of Wakatobi Regency can not directly increase the performance without any prior reward factors. Then, considering the cause of good performance not only comes from reward that are more financial in nature. Work condition, environment, career opportunities, etc. also the elements that can affect employee performance. Then a theory by Becerra-Fernandez and Sabherwal (2010) stated that knowledge management is defined as doing what is necessary to get maximum results from the knowledge sources.

In general, knowledge management focuses on organizing and providing important knowledge, wherever and whenever necessary. Then, Costa (2009) in Didhl (2013) stated that knowledge management is important in a company as a tool to facilitate better interaction through the availability of information flow, which is good as a learning process. Keng-Boon Ooi (2014) and Lim *et.al* (1999), said that knowledge management is an intangible asset that is almost impossible to replicate and look at as a competitive instrument that must be managed effectively by each organization. Whereas Kosasih and Budiani (2007) stated that knowledge management can provide benefits to organization performance, strengthened by a research, they can get the result that knowledge management through work procedure, and personal knowledge that affect employees well.

This is different from the research conducted by Torabiet.al (2016), Mustapa&Mahmood (2016), Khanal&Santosh (2017), Mohammad Q. and Ahmad Al-Qarioti (2015), DesiPutriWijayanti and DidiSundiman (2017) who stated that knowledge management has significant effect on employee performance. But similar to the research conducted by DesiPutriWijayanti and DidiSundiman (2017), Aldi and Utumo (2003) stated that knowledge management on technology indicator negatively affects employee performance.

Based on the results of testing the second hypothesis it can be concluded that the knowledge management variable has positive effect on job satisfaction. The result of this research indicate that it supports the proposed hypothesis (H2), this means knowledge management has a significant effect on job satisfaction or in other words the better knowledge management is, the better job satisfaction will become. Then on the job satisfaction variable which consists of the job itself and promotion after the estimation has cross loading value of 0.979, and 0.902 or  $> 0.7$  and said to be valid. While the salary indicator, coworkers and supervision each have outer loading value of 0.604, 0.527 and 0.639 or can still be tolerated on the value of loading factors of 0.50 - 0.60. The result of data analysis if observed from the estimation of outer loading obtained by salary indicator, the work itself, promotion, coworkers and supervision are solid/important in forming the job satisfaction variable. Then the description of the respondents overall answer about knowledge management stated that it is good with an average value of 3.91. This means the majority of respondents stated about the implementation of knowledge management as a whole including: knowledge discovery, knowledge capture, knowledge sharing and knowledge application as the result in increasing employee job satisfaction. This is in accordance with the condition in the field, indicating that the staff of the Library and Archives Office of Wakatobi Regency have developed knowledge based on their work experience and participated in training, comparative studies and internships during work. Then employees shared knowledge with other employees with the aim of achieving good performance. The employee development process cannot be separated from the management of related knowledge. The knowledge management system that is implemented in an integrated and harmonious manner with knowledge management can improve employee job satisfaction. Managing knowledge is inseparable from managing human resources as organization assets. Besides the source of knowledge, human resources are the actors of processes in knowledge management. The role of knowledge management can be seen in the use of knowledge as innovation, customers and stakeholders responsiveness. Good knowledge management in an organization can also have an impact on the level of employee satisfaction with the organization they work for.

For an organization that prioritize knowledge as their main asset, job satisfaction is very important to study because if job satisfaction is not met it can be a very serious problem for the organization as it will have a direct impact on the productive behavior of employees. When satisfactory condition is high, the leadership role will be more optimal as well as the organization learning culture. Organization awareness in placing knowledge as the main drive force for the organization so that it becomes excellent and the development is inevitable. Then, this research is aligned with the theory put forward by Becerra-Fernandez and Sabherwal (2010); knowledge management is defined as doing what is needed to get maximum result from the source of knowledge. In general, knowledge management focuses on organizing and providing important knowledge, wherever and whenever needed. Then Costa (2009) in Didhl (2013) said that knowledge management are increasingly important in a company as a tool to facilitate better interaction through information flow, which is good to be a

learning organization. Keng-Boon Ooi (2014) and Lim *et.al.* (1999); knowledge management is an intangible asset that is almost impossible to replicate and is seen as a competitive instrument that must be managed effectively by each organization. Whereas, Kosasih and Budiani (2007) said that knowledge management can provide benefits to company's workforce, strengthened by researches, getting results that knowledge management through work procedure, and personal knowledge that have good effect for employees. This is aligned with research conducted by Khanal&Santosh (2017) Nor Khadijah Alias *et.al* (2018), and Ra'edMasa'deh (2019), showing that Knowledge Management has significant correlation with job satisfaction.

Based on the testing result, the third hypothesis can be concluded with job satisfaction variable having positive effect on employee performance. The result of this research indicated that supporting the proposed hypothesis (H3), this means that job satisfaction has significant effect on employee performance or in other words the better job satisfaction is, the better employee performance will be.

On the employee performance latent variable which consists of cost, time, discipline, cooperation and commitment indicator, after estimating them, have cross loading value of 0.815, 0.894, 0.900, 0.769 and 0.917 or > 0.7 and stated as valid. Whereas integrity, quality, quantity and service orientation indicator have outer loading values of 0.583, 0.665, 0.564 and 0.657 or can still be tolerated on values of loading factors 0.50 - 0.60 and stated as valid. The result of data analysis when examined from the estimation of outer loading obtained from cost, time, discipline, cooperation and commitment indicator are the solid/important in reflecting employee performance variable, compared to other employee performance indicators. Then the description of the respondents overall answer about job satisfaction stated as good with an average value of 3.89. This means the majority of respondents stated about the implementation of job satisfaction include: salary, the job itself, promotion, supervision and coworkers as a result of increasing employee morale. This is aligned with the condition in the field, indicating that job satisfaction felt by employees of the Library and Archives Office in Wakatobi Regency is high, so the achievement of performance is also high. Then the reward in financial provided by the Office felt fair and adequate, so employee job satisfaction will increase because they receive rewards in proportion to their work performance..

This is corresponding to the theory stated by Robbins (2002: 36). Job satisfaction refers to the general attitude of individuals on their work. A person with a high level of job satisfaction has a positive attitude towards his work; someone who is not satisfied with his job has a negative attitude towards the job. Howell and Dipboye (1986) view job satisfaction as a result of the overall degree of employee liking or disliking various aspects of his work (Munandar, 2006: 350). This is in line with what was stated by Davis that "Job satisfaction is a set of favorable or unfavorable feelings with which employees view their work" (Davis and Newstrom, 1989: 176). Locke (1976) in Luthans (2006: 243) stated that job satisfaction including reactions or cognitive, affective, and evaluative attitude and stated that job satisfaction is "a happy emotional state or positive emotion that comes from evaluating one's work or work experience". Job satisfaction is the result of employees' perception of how well their work is in giving things that are considered important. Locke concluded from this limitation that there were two important elements in job satisfaction; the values of job and basic needs. Job values are the goals to be achieved in doing work. Which is work values that are considered important by individuals. It was further said that work values must be appropriate or help fulfill basic needs. Munandar (2006: 350). Tiffun (1958) suggested that job satisfaction is closely related to the attitude of employees to their own work, work situation, and cooperation between leaders and fellow employees (Sutrisno, 2011: 76). For this reason, there are several theories that are sufficiently known as the basis of job satisfaction theory. This is aligned with the research conducted by Fadlallh (2015), Shaju. M (2017), and TamriatinHidayahet.al (2018), Shaju&Subhashini (2017) and Wibowo in Yanidrawatiet.al, 2012 which stated that job satisfaction has a significant effect on employee performance. Then, a different result from the research conducted by Kamala Saranya (2014) which stated that job satisfaction does not have a significant effect on employee performance.

Hypothesis 4 in this research is to examine what is the role of job satisfaction in mediating the effect of knowledge management on employee performance. The result of this research indicates that the effect of knowledge management on employee performance directly has no significant effect. While the effect of knowledge management on employee performance mediated by job satisfaction has a significant or full mediation effect. This can be proven by the path coefficient value of 0.660 and t\_statistic value of 4.681 or < 1.98, so that the effect of knowledge management on employee performance can be mediated by job satisfaction or significant.

Then the description of respondents overall answer about job satisfaction stated as good with an average value of 3.90. This means that the majority of respondents stated about the implementation of employee performance including: quantity, quality, cost, time, service orientation, integrity, commitment, discipline and cooperation as a result of increasing employee morale. This is aligned with the conditions in the field which show that reward in the form of financial aid provided by the Office is perceived as fair and adequate, so employee job satisfaction will increase because they receive rewards in suitable proportion to their work performance.



Knowledge-based resource view is an approach to understand the correlation between organization capabilities and performance. Knowledge-based resource theory states that knowledge is the most strategically significant resource for a company. Knowledge-based resources are usually difficult to imitate by other organizations and as a source of competitive advantage. Knowledge management has emerged as a source of sustainable competitive advantage (J. Barney, 1991). Knowledge management is one of the management tools that can be used to support the achievement of organization goals and show competitive advantage so it is able to create good organization performance (Megantoro et.al, 2014). Knowledge management is an element that is currently popular in improving employee performance in an organization. Organization awareness to put knowledge as a source of drive for the organization so that optimal growth is inevitable. Then, according to Robbins (2006), job satisfaction is a general attitude of individuals on their work, which requires interaction with co-workers and superiors, adhering to organization rules and policies, catering to performance standards, living with less ideal working environment. Then, Locke in Wijono (2010) stated that job satisfaction is the feeling related to job satisfaction or dissatisfaction which tends to reflect employee appraisal which is related to work experiences at present and past rather than expectations for the future.

This is compatible with the research conducted by Khanal&Santosh (2017) which shows that the Knowledge Management component process has significant correlation with job satisfaction and employee performance. Research by Rahman&Hasan (2017) also shows a significant positive effect of Knowledge Management and HRM practice on organization performance. The result also shows that job satisfaction is a significant mediation variable in relation to the effect of knowledge management and HRM practice on performance. Research by FajarKurniawan (2019) shows that there is an effect of knowledge management and work environment on performance through job satisfaction.

## **VI. Limitations and Further Research**

This research has been conducted with maximum effort, but given the wide scope of the discussion, this research has following limitations:

1. The limitation of this research is that the effect of knowledge management has no significant effect on employee performance at the Library and Archives Office in Wakatobi Regency, proven by the estimated data path coefficient of 0,295 in negative direction. This means that the path coefficient is negative and has no correlation and the results of processed data with smart PLS are identified that the  $t$ -statistic value is  $1,900 < 1,96$  with probability value ( $p$ -value) of 0.058 or  $> \alpha = 0.05$ .
2. The limitation of this research is that employee performance variable on integrity, quality, quantity and service orientation indicator have outer loading value of 0.583, 0.665, 0.564 and 0.657 or can still be tolerated on the value of loading factors 0.50 - 0.60 or still low.
3. The limitation of this research is job satisfaction variable on salary, coworkers and supervision indicator has outer loading value of 0.604, 0.527 and 0.639 or can still be tolerated on the value of the loading factor 0.50 - 0.60 or still low.

## **VII. Conclusion**

This research provides empirical evidence regarding the effect of job satisfaction as a mediation of the effect of knowledge management on employee performance of the Library and Archives Office in Wakatobi Regency, which can be concluded as follows:

1. Knowledge management does not have a significant effect on employee performance of the Library and Archives Office in Wakatobi Regency.
2. The effect of knowledge management has a significant effect on job satisfaction.
3. The effect of job satisfaction has a significant effect on employee performance.

Job satisfaction can mediate or fully mediate the effect of knowledge management (X1) on employee performance, so job satisfaction variable can be stated as mediation variable..

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