

# The Effect of Competence, Work Life Balance, and Perceived Value on Employee Engagement, Employee Trust, and Employee Performance in Pharmaceutical Wholesaler Companies In South Kalimantan Province

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## Abstract

Employee performance in Pharmaceutical Wholesalers is still low, as a result of low employee competence, unbalanced work life, and low perceived value. This condition causes employee engagement and employee trust in the company to become weak, resulting in decreased performance. The purpose of the study was to analyze the effect of competence, work life balance, and perceived value on employee engagement, employee trust, and employee performance in Pharmaceutical Wholesalers in South Kalimantan Province.

The study design uses an explanatory research approach. Population was marketing employees at PBF in South Kalimantan Province, as many as 193 employees from 11 companies. The sample was calculated by the Slovin formula and obtained a total sample of 130 employees. Data analysis techniques using Structural Equation Modeling (SEM).

The results show work life balance and perceived value have a significant effect on employee engagement with coefficients of 0.233 and 0.287, while the effect of competence is known to be insignificant with coefficient of only 0.096. Competence, work life balance, and perceived value have a significantly effect on employee trust with coefficients of 0.322, 0.225, and 0.195. Competence, perceived value, employee engagement, and employee trust have a significantly effect on employee performance with coefficients of 0.218, 0.240, 0.219, and 0.301, while the effect of work life balance is known to be insignificant with coefficient of only 0.076. The most influential variable on employee engagement is perceived value, the most influential variable on employee trust is competence, and the most influential variable on employee performance is employee trust.

The recommendation for further research is to expand the use of perceived value in human resource management, to increase the perspective of perceived value from employees, which is proven to be able to strengthen employee trust, and its impact will improve performance.

**Keywords:** competence, work life balance, perceived value, employee engagement, employee trust, employee performance.

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## I. Introduction

The more advanced times, the competition between companies is getting tighter. Competition between companies in technology, capital, and human resources is high. Among the three competitions, the human resource factor is one of the most vital factors in determining a company's success. The company is said to be successful if there are people in it who can take a role in operating the technology and collecting capital or allocating capital for the operation of the company.

Human resources with good performance will make it easier for an organization to achieve its vision, mission, and goals. Many factors affect employee performance, including employee engagement. Anitha (2014), in her research, shows that employee engagement is more shaped by work environments and team relationships, meaning that a right work environment and good relationships between employees, capital is significant in shaping employee engagement. This study also shows that these two factors affect employee performance.

A trust also influences employee performance. Trust, according to Robbins and Judge (2012: 392), is a positive expectation that the other party will not, through words, actions, or decisions, take the opportunity to hurt other parties. Meanwhile, Colquitt et al. (2009: 219) define trust as a desire to rely on an authority based on positive expectations of the authority's actions and concerns.

The next factor that affects employee performance is competence. Competence is the ability and characteristics that a person has in the form of knowledge, skills, and attitudes needed in carrying out job duties so that tasks and positions are carried out professionally, effectively, and efficiently (Ministry of Health, 2008).

In general, competence emphasizes productive behaviour owned and demonstrated by someone in carrying out a job to excel in their work (Hutapea, 2008: 4).

The next factor that affects employee performance is to work life balance. Work life balance is the extent to which individuals are bound together in work and family and are equally satisfied with their roles in work and roles in their families (Greenhaus et al., 2003: 515).

Perceived value is the difference between benefits and sacrifices that must be paid by employees in completing their work with various possibilities. Sweeney and Soutar (2001: 218) explain, employees who have high perceived value can feel emotional value or benefit emotionally from their work, performance value or the benefits of their ability to support work, functional values or income benefits that can be obtained are proportional to the workload done as well as social value or is a social benefit to society.

This research was conducted on employees of pharmaceutical wholesalers in South Kalimantan Province. Pharmacy is a medical profession that deals with the manufacture and distribution of medicinal products. The pharmacy also includes the legal profession and the economic function of distributing good and safe medicinal products. In main pharmacy activities, health agencies, medical centres, or other consumers are urgently needed as determined by the Minister of Health, and one of the distributions in pharmacy is Pedagang Besar Farmasi (PBF). The condition in South Kalimantan Province, especially for employees who work in the pharmaceutical wholesaler company in the marketing division, shows a decline in performance. One of the indicators used to measure employee performance is the quantity or number of sales decreased in the last three years. The decrease in sales was caused by several factors, including the performance of employees in the marketing sector or problems with payments from hospitals or other government agencies, due to late payments from BPJS.

## **STATEMENT OF PROBLEMS**

Based on the description that has been presented in the background, which provides an overview of the relationship between the variable competence, work life balance, and perceived value for employee engagement, employee trust, and employee performance at Pharmaceutical Wholesalers in South Kalimantan Province, the formulation of the problem can be conveyed as follows:

1. Do competence, work life balance, and perceived value affect employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province?
2. Do competence, work life balance, perceived value, and employee engagement affect employee trust at Pharmaceutical Wholesalers in South Kalimantan Province?
3. Do competence, work life balance, perceived value, employee engagement, and employee trust affect employee performance at Pharmaceutical Wholesalers in South Kalimantan Province?

## **II. Literature Review**

Human Resource Management is a part of management that regulates humans in realizing goals in an optimal, efficient and capable of creating a good work environment in order to increase maximum, efficient and effective work productivity.

Boulter, Dalziel, and Hill (1996: 11) explain that competence is an essential characteristic of a person that enables them to produce superior performance in their work. According to Boulter et al. (1996: 33), competency levels are as follows: Skill, Knowledge, Self concept, Self Image, Trait, and Motive. Skill is the ability to carry out a task well. Knowledge is information that a person has for a special field. Social roles are attitudes and values that a person has and is highlighted in society. Self image is a person's view of themselves, reflecting identity.

Parkes and Langford (2008: 279) define work life balance as an individual who can commit to work and family and be responsible for both non-work activities. In harmonizing these two things, a balance is needed. Many employees have difficulty in managing both their work and their health. According to Hudson (2005: 26), work life balance includes several aspects, namely:

- a. Time balance
- b. Involvement balance
- c. Satisfaction balance

Perceived value is the difference between benefits and sacrifices that must be paid to obtain a product or service with various possibilities. Sweeney and Soutar (2001: 206) have divided perceived value into four categories, namely:

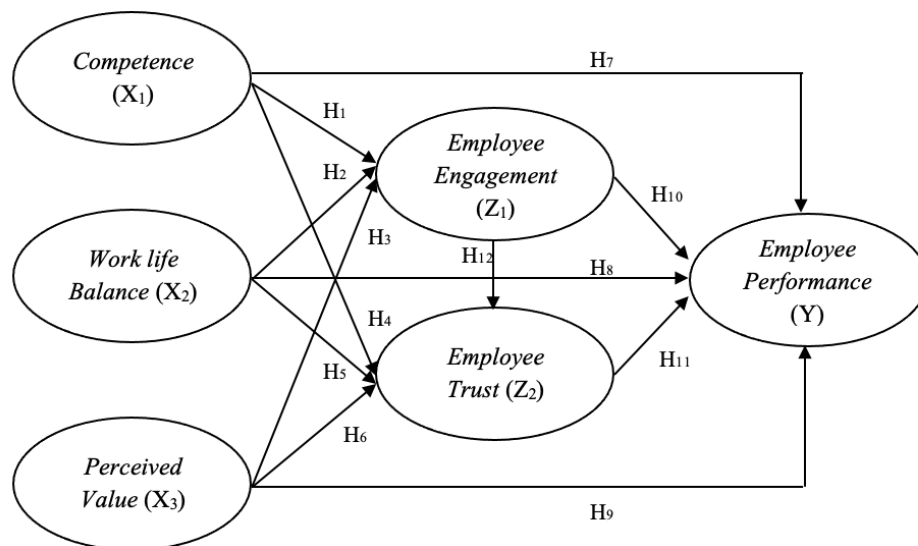
- a. Emotional Value
- b. Functional Value (Performance/Quality)
- c. Functional Value (Price/Value for Money)
- d. Social Value (Enhancement of Social Self-Concept)

Robbins (2003: 206) defines employee engagement, where an employee is said to have employee engagement if the employee can identify himself psychologically with his job and consider his performance important to himself and the organization. Employees with high employee engagement strongly favour the work being done and care about that type of work.

According to McShane and Von Glinow (2008: 120), trust refers to a person's positive expectations of others in a situation that involves risk. Trust also means surrendering your fate to someone or another group. Muchinsky (2006: 297) says that trust is a belief that appears even though a person cannot control others' actions towards him/her, that person will continue to act or behave that is beneficial to him.

According to Simamora (2014: 415), a performance appraisal is a useful tool for evaluating employees' work and for developing and motivating employees. Performance appraisal has a negative impact on the subject who experiences it, where performance appraisal can be considered a tool to verify that individuals meet predetermined performance standards. Performance appraisals can also be a way to help individuals manage their performance.

**FRAMEWORK and HYPOTHESIS**



With the following hypothesis:

- H1: Competence has a significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province.
- H2: Work life balance has a significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province.
- H3: Perceived value has a significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province.
- H4: Competence has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province.
- H5: Work life balance has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province.
- H6: Perceived value has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province.
- H7: Competence has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province.
- H8: Work life balance has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province.
- H9: Perceived value has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province.
- H10: Employee engagement has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province.

H11: Employee trust has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province.

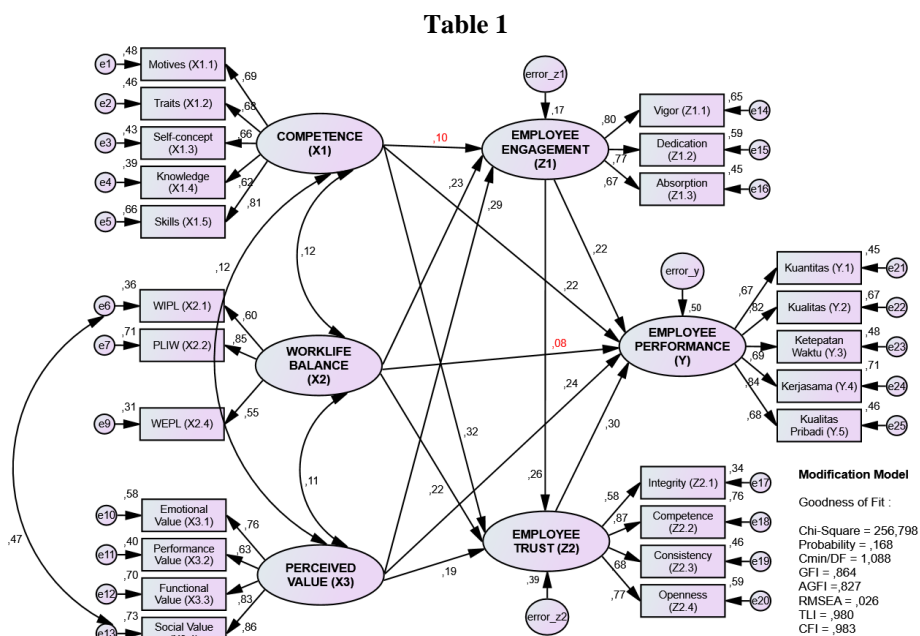
H12: Employee engagement has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province.

### III. Research Methodology

The population in this study were employees of the marketing division of the Pharmaceutical Wholesaler Company in South Kalimantan Province, as many as 193 people. Selection of the marketing department because the scope of work given to the marketing department is more complete, the most employees, and includes the core work of the pharmaceutical wholesaler companies. The sample in this study were some of the employees of the marketing division of the Pharmaceutical Wholesaler Company in South Kalimantan Province. Based on calculations using the formula proposed by Slovin, the sample found was 130 respondents. The analysis technique used to answer the hypothesis in this study is SEM (Structural Equation Modeling).

#### HYPOTHESIS TESTING

This research begins with conducting a questionnaire test, because the data taken from the data source is good or not using a tool, then the tool must be tested first to ensure its measurement accuracy. In this study, tools or instruments to collect data using a questionnaire, and a questionnaire can be used if it meets the validity and reliability requirements. Testing the validity and reliability of the questionnaire in this study using pre-sampling data of 130 respondents. Respondents in this study were employees of the marketing division of the Pharmaceutical Wholesaler Company in South Kalimantan Province. The following are the results of the SEM Model estimation which have been presented in table 1 below:



**Table 2**  
**Hypothesis Testing Through Weight Regression Test**

Hip.	Causality Relationship	Std. Estimate	C.R.	P value	Ket.
H <sub>1</sub>	Competence (X1) → Employee Engagement (Z1)	0,096	0,885	0,376	Not significant
H <sub>2</sub>	Work life Balance (X2) → Employee Engagement (Z1)	0,233	2,135	0,033	Significant
H <sub>3</sub>	Perceived Value (X3) → Employee Engagement (Z1)	0,287	2,730	0,006	Significant
H <sub>4</sub>	Competence (X1) → Employee Trust (Z2)	0,322	3,038	0,002	Significant

H <sub>5</sub>	Work life Balance (X2)	Employee Trust (Z2)	0,225	2,158	0,031	Significant
H <sub>6</sub>	Perceived Value (X3)	Employee Trust (Z2)	0,195	2,002	0,045	Significant
H <sub>7</sub>	Competence (X1)	Employee Performance (Y)	0,218	2,265	0,023	Significant
H <sub>8</sub>	Work life Balance (X2)	Employee Performance (Y)	0,076	0,822	0,411	Not significant
H <sub>9</sub>	Perceived Value (X3)	Employee Performance (Y)	0,240	2,597	0,009	Significant
H <sub>10</sub>	Employee Engagement (Z1)	Employee Performance (Y)	0,219	2,161	0,031	Significant
H <sub>11</sub>	Employee Trust (Z2)	Employee Performance (Y)	0,301	2,496	0,013	Significant
H <sub>12</sub>	Employee Engagement (Z1)	Employee Trust (Z2)	0,258	2,197	0,028	Significant

Based on Table 2 above, it can be explained as follows:

1. The results of research and testing using SEM with AMOS v.24 software show no significant effect of competence on employee engagement in the marketing department of pharmaceutical wholesalers in South Kalimantan Province. The estimation results of the parameter of the influence of competence on employee engagement showed an insignificant effect with CR value of 0.885 (less than 1.96) and a significance value (*p-value*) of 0.376 (5%). The resulting coefficient of influence is only 0.096, meaning that higher employee competence cannot have a real impact on increased engagement. Thus, the first hypothesis, which states that competence affects employee engagement in the marketing department of pharmaceutical wholesalers in South Kalimantan Province, cannot be accepted (**H1 is rejected**).

2. The results of research and testing using SEM with AMOS v.24 software show a significant effect of work life balance on employee engagement in the marketing department of pharmaceutical wholesaler companies in South Kalimantan Province. The estimation results of the parameter of the effect of work life balance on employee engagement showed a significant effect with CR value of 2.135 (greater than 1.96) and a significance value (*p-value*) of 0.033 (less than 5%). The resulting coefficient of influence is 0.233 (positive), meaning that the higher the work life balance, the higher the employee engagement. Thus, the second hypothesis, which states that work life balance affects employee engagement in the marketing division of Pharmaceutical Wholesalers in South Kalimantan Province, is acceptable (**H2 is accepted**).

3. The results of research and testing using SEM with AMOS v.24 software showed a significant effect of perceived value on employee engagement in the marketing department of pharmaceutical wholesalers in South Kalimantan Province. The estimation results of the parameter of the effect of perceived value on employee engagement also showed a significant effect with CR value of 2.730 (greater than 1.96) and a significance value (*p-value*) of 0.006 (5%). The resulting coefficient of influence is 0.287 (positive), meaning that the higher the perceived value, the higher the employee engagement. Thus, the third hypothesis, which states that perceived value affects employee engagement in the marketing department of pharmaceutical wholesalers in South Kalimantan Province, is also acceptable (**H3 is accepted**).

4. The results of research and testing using SEM with AMOS v.24 software indicate a significant influence of competence on employee trust for marketing employees at Pharmaceutical Wholesaler Companies in South Kalimantan Province. The estimation result of the parameter of the influence of competence on employee trust shows a significant effect with CR value of 3.038 (greater than 1.96) and a significance value (*p-value*) of 0.002 (less than 5%). The effect coefficient is 0.322 (positive), meaning that the higher the competence, the higher the employee trust. Thus, the fourth hypothesis, which states that competence affects employee trust of marketing employees at Pharmaceutical Wholesalers in South Kalimantan Province, is acceptable (**H4 accepted**).

5. The results of research and testing using SEM with AMOS v.24 software showed a significant effect of work life balance on employee trust in marketing employees at Pharmaceutical Wholesaler Companies in South Kalimantan Province. The estimation result of the parameter of the effect of work life balance on employee trust also shows a significant effect with CR value of 2.158 (greater than 1.96) and a significance value (*p-value*) of 0.031 (less than 5%). The resulting coefficient of influence is 0.225 (positive), meaning that the higher the work

life balance, the higher the employee trust. Thus, the fifth hypothesis, which states that work life balance affects employee trust in the marketing division of pharmaceutical wholesalers in South Kalimantan Province, is also acceptable (**H5 accepted**).

6. The results of research and testing using SEM with AMOS v.24 software show a significant effect of perceived value on employee trust in pharmaceutical wholesalers' marketing department in South Kalimantan Province. The estimation results of the parameter of the effect of perceived value on employee trust also showed a significant effect with CR value of 2.002 (greater than 1.96) and a significance value (*p-value*) of 0.045 (less than 5%). The effect coefficient is 0.195 (positive), meaning that the higher the perceived value, the higher the employee trust. Thus, the sixth hypothesis states that perceived value affects marketing employee trusts at Pharmaceutical Wholesalers in South Kalimantan Province and is also acceptable (**H6 accepted**).

7. The results of research and testing using SEM with AMOS v.24 software showed a significant effect of competence on employee performance in the marketing division of pharmaceutical wholesalers in South Kalimantan Province. The estimation result of the parameter of the influence of competence on employee performance shows a significant effect with CR value of 2.265 (greater than 1.96) and a significance value (*p-value*) of 0.023 (less than 5%). The resulting coefficient of influence is 0.218 (positive), meaning that the higher the competence, the higher the employee performance. Thus, the seventh hypothesis states that competence affects employee performance in the marketing division of Pharmaceutical Wholesalers in South Kalimantan Province and is accepted (**H7 accepted**).

8. The results of research and testing using SEM with AMOS v.24 software show an insignificant effect of work life balance on employee performance of marketing employees at pharmaceutical wholesaler companies in South Kalimantan Province. The estimation result of the parameter of the effect of work life balance on employee performance shows an insignificant effect with CR value of 0.822 (less than 1.96) and a significance value (*p-value*) of 0.411 (greater than 5%). The effect coefficient is only 0.076, meaning that the higher the work life balance cannot have a real impact on improving employee performance. Thus, the eighth hypothesis, which states that work life balance affects employee performance in the marketing division of Pharmaceutical Wholesalers in South Kalimantan Province, cannot be accepted (**H8 is rejected**).

9. The results of research and testing using SEM with AMOS v.24 software showed a significant effect of perceived value on employee performance in the marketing department of pharmaceutical wholesalers in South Kalimantan Province. The estimation results of the parameter of the effect of perceived value on employee performance showed a significant effect with CR value of 2.597 (greater than 1.96) and a significance value (*p-value*) of 0.009 (less than 5%). The effect coefficient is 0.240 (positive), meaning that the higher the perceived value, the higher the employee performance. Thus, the ninth hypothesis, which states that perceived value affects employee performance in the marketing division of Pharmaceutical Wholesalers in South Kalimantan Province, is acceptable (**H9 accepted**).

10. The results of research and testing using SEM with AMOS v.24 software show that employee engagement has a significant effect on employee performance in the marketing department of pharmaceutical wholesalers in South Kalimantan Province. The estimation result of the parameter of the influence of employee engagement on employee performance shows a significant effect with CR value of 2.161 (greater than 1.96) and a significance value (*p-value*) of 0.031 (less than 5%). The resulting coefficient of influence is 0.219 (positive), meaning that the higher the employee engagement, the higher the employee performance. Thus, the tenth hypothesis, which states that employee engagement affects employee performance in the marketing division of pharmaceutical wholesalers in South Kalimantan Province, is acceptable (**H10 accepted**).

11. The results of research and testing using SEM with AMOS v.24 software showed a significant effect on employee trust on employee performance in the marketing department of pharmaceutical wholesalers in South Kalimantan Province. The estimation results of the parameter of the influence of employee trust on employee performance also showed a significant effect with CR value of 2.496 (greater than 1.96) and a significance value (*p-value*) of 0.013 (less than 5%). The resulting coefficient of influence is 0.301 (positive), meaning that the higher the employee trust, the higher the employee performance. Thus, the eleventh hypothesis, which states that employee trust affects employee performance in a pharmaceutical wholesaler's marketing department in South Kalimantan Province, is also acceptable (**H11 accepted**).

12. The results of research and testing using SEM with AMOS v.24 software show that employee engagement has a significant effect on employee trust in the marketing division of pharmaceutical wholesaler companies in South Kalimantan Province. The estimation results of the parameter of the influence of employee engagement on employee trust show a significant effect with CR value of 2.197 (1.96) and a significance value (*p-value*) of 0.028 (5%). The resulting coefficient of influence is 0.258 (positive), meaning that the higher the employee engagement, the higher the employee trust. Thus, the twelfth hypothesis, which states that employee engagement affects marketing employee trust at Pharmaceutical Wholesalers in South Kalimantan Province, is acceptable (**H12 accepted**).

#### **IV. Conclusion**

Research variables consist of competence, work life balance, perceived value, employee engagement, employee trust, and employee performance. Based on the statement of the problem, literature review, research methodology, hypothesis testing described in the previous chapter, it can be concluded as follows:

1. Competence has no significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's competence does not have a significant impact on employee involvement at work.
2. Work life balance has a significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's work life balance, the higher the employee's involvement in work.
3. Perceived value has a significant effect on employee engagement at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's perceived value, the higher the work involved will be.
4. Competence has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's competence will have a big impact on employee confidence in the job.
5. Work life balance affects employee trust at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the work life balance of employees, the more confident employees will be in completing work.
6. Perceived value has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's perceived value, the higher their confidence in the job will be.
7. Competence has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's competence will have a big impact on their performance.
8. Work life balance has no significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the work life balance is still not able to have a significant impact on improving performance.
9. Perceived value has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the perceived value will have an impact on improving employee performance.
10. Employee engagement has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the involvement of employees at work, the impact on performance improvement.
11. Employee trust has a significant effect on employee performance at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's confidence in the job, it will have an impact on improving performance.
12. Employee engagement has a significant effect on employee trust at Pharmaceutical Wholesalers in South Kalimantan Province. The higher the employee's involvement in the job, it will impact employee confidence in the job.

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