

THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

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Abstract

The consolidation of Indonesia's state-owned survey and assurance enterprises under a single holding structure has created an urgent human capital challenge: integrating workforces with different organizational histories, career expectations, and professional identities. This study examines the role of inclusive strategic human resource management (ISHRM) in shaping employee satisfaction and employee performance at PT SUCOFINDO, Indonesia's oldest testing, inspection, and certification (TIC) company, and tests employee satisfaction as a mediating mechanism. Grounded in social exchange theory and the Ability–Motivation–Opportunity framework, the study adopts an explanatory quantitative design. Data were collected from permanent employees through questionnaires using proportionate stratified random sampling and analyzed with partial least squares structural equation modeling (PLS-SEM), with ISHRM modeled as a reflective-reflective higher-order construct consisting of six dimensions. Results indicate that ISHRM significantly influences both employee satisfaction and employee performance, that satisfaction significantly influences performance, and that satisfaction complementarily partially mediates the ISHRM–performance relationship. Among the six dimensions, fairness of compensation and career progression together with participation in decision-making emerge as the weakest-scoring yet most influential, suggesting that inclusion in state-owned professional service firms is constrained less by formal policy than by the seniority logic embedded in career governance. The study extends inclusion-based HRM research into the state-owned assurance services context and offers prioritized guidance for human capital divisions operating under post-consolidation integration.

Keywords: *inclusive human resource management; strategic HRM; employee satisfaction; employee performance; state-owned enterprises*

1. INTRODUCTION

The testing, inspection, and certification (TIC) industry occupies a unique position in the economy: it sells trust. When a laboratory certifies the sulfur content of a coal cargo, or an inspector certifies a high-pressure installation as fit for operation, the client is buying more than just a document, but the assurance that the assessment was carried out by a competent, independent, and conscientious individual. The consequence is fundamental: the value of a TIC company is almost entirely tied to the quality and integrity of its human resources. No amount of sophisticated laboratory technology can compensate for a careless inspector or a demotivated analyst. PT SUCOFINDO was established on October 22, 1956, as the first inspection company in Indonesia, starting with inspection and supervision services in the trade sector to help the government ensure the smooth flow of goods and secure the country's foreign exchange. Over the past seven decades, the company has diversified into analytical laboratories, engineering, auditing, certification, *assessment*, consulting, and training, with a wide sector coverage from agriculture and forestry to minerals and coal, oil and gas, environment, halal assurance, and the electric vehicle and renewable energy ecosystem. This range of services requires a highly diverse workforce composition of chemists, engineers, surveyors, management system auditors, and sustainability consultants working in a geographically widespread structure of business units and branches.

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Syaviela Viagul Sams Primartu et al

Sucofindo's organizational context has undergone significant changes in recent years. Following the formation of the State-Owned Survey Services Holding, marked by the transfer of the Inbreng Deed from SUCOFINDO and Surveyor Indonesia to PT Biro Klasifikasi Indonesia in December 2021, the consolidation entered a new phase with the establishment of PT Inspeksi Sertifikasi dan Survey Indonesia (IDSurvey) on March 27, 2025, which was subsequently approved by shareholders on June 23, 2025, as a strategic holding under Danantara Indonesia. The three entities now operate distinct specializations, with Sucofindo directed to lead the TIC business.

This kind of restructuring isn't just a corporate event on paper; it's a human resources event. Integration requires aligning remuneration systems, career paths, and competency standards across entities that have had their own internal cultures and precedents for decades. At this point, questions about who gains access to strategic assignments, whose voice counts in designing new processes, and how promotions are determined shift from administrative to highly sensitive. Perceptions of unfairness that emerge at this stage have the potential to fester into long-term dissatisfaction and, ultimately, the loss of the very talent that is most difficult to replace.

These challenges are met with changes in the composition of the workforce. Young professionals from the millennial and Gen Z generations, who now form the backbone of operations, bring different expectations: transparency in assessment criteria, the opportunity to contribute without having to wait for seniority, and a work environment that values differences in background. Diversity itself is increasing in terms of gender in the historically masculine fields of engineering and mining, disciplinary background, location of placement, and even the generational span within a single assignment team. The literature shows that diversity without inclusion yields no benefits; it risks fueling conflict between subgroups and reducing team cohesion (Roberson, 2019).

This is where the distinction between *diversity* and *inclusion* becomes important. Diversity concerns who is present; inclusion concerns whether those present are treated as full members and feel accepted and valued for their uniqueness (Shore et al., 2018). A company can meet its target proportion of female inspectors but still fail to achieve inclusion if their technical assessments are routinely ignored in quality review meetings. Therefore, inclusivity cannot be treated as a separate program but must be embedded within the overall architecture of HRM practices strategically—an approach that this study calls **strategic inclusive HRM**.

Despite the rapid growth of the inclusivity literature, there are still gaps that remain unaddressed. **First**, the majority of empirical studies were conducted in Western contexts with established equality regulatory frameworks, so their findings are not automatically transferable to Indonesia, which is characterized by a collectivist nature with a relatively high power distance. **Second**, studies of inclusivity in the public sector and state-owned enterprises (SOEs) are still limited and primarily focus on inclusive leadership as a single construct (Ashikali et al., 2021), rather than as an integrated system of HRM practices. **Third**, the state-owned insurance services sector, which uniquely blends professional logic, demands for technical independence, and a legacy of bureaucratic governance, remains largely unexplored empirically. **Fourth**, the mechanisms bridging inclusive HRM practices with performance still require clarification; several studies have identified job satisfaction as a mediator, but have been inconsistent in concluding whether the mediation is complete or partial. Based on the description, this study aims to: (1) analyze the influence of strategic inclusive HR on employee job satisfaction at PT SUCOFINDO; (2) analyze its influence on employee performance; (3) analyze the influence of job satisfaction on employee performance; and (4) test the mediating role of job satisfaction in this relationship.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Basis

Social Exchange Theory. Social exchange theory (Blau, 1964) explains that employment relationships contain unwritten reciprocal obligations. When organizations treat employees fairly and recognize their contributions, employees feel morally bound to reciprocate through positive work attitudes and behaviors. Inclusive HRM practices are perceived by employees as signals of organizational investment and appreciation, which are reciprocated with greater work satisfaction and effort. This norm of reciprocity is the primary psychological mechanism in this research model and serves as the most widely used theoretical foundation in contemporary inclusive HRM practice research (Zhao et al., 2023).

AMO Framework. The *Ability–Motivation–Opportunity* Framework (Appelbaum et al., 2000; Jiang & Messersmith, 2018) explains that HRM practices translate into performance through three pathways: enhancing capabilities, enhancing motivation, and creating opportunities to contribute. Inclusive practices work on all three pathways simultaneously, with the key difference being that the distribution of capabilities, motivation, and

THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

Syaviela Viagul Sams Primartu **et al**

opportunities is not concentrated in a handful of employees labeled *the talent pool* , but rather extended to all members of the organization.

Resource-Based View. The resource-based perspective (Barney, 1991) positions valuable, rare, and difficult-to-imitate resources as the basis for sustainable competitive advantage. An inclusive culture meets these criteria because it is *socially complex*, formed from years of accumulated interaction and consistent policies, making it difficult for competitors to copy quickly. For TIC companies whose methodologies and accreditations are internationally standardized and therefore easily imitated, this type of organizational capability becomes the most enduring differentiator.

Inclusion Theory and Psychological Safety. Shore et al. (2018) view inclusion as the simultaneous fulfillment of two mutually tense needs: belongingness *and* recognition of uniqueness . Organizations that only fulfill the former result in the assimilation of employees who are accepted on the condition of abandoning their differences. Randel et al. (2018) develop the concept of inclusive leadership as leader behavior that facilitates both needs within a team. Closely related to this is psychological safety, the shared belief that the team is safe for interpersonal risk-taking (Edmondson & Lei, 2014; Newman et al., 2017), a construct that is highly relevant to inspection organizations, where the courage to raise unsolicited findings is central to service quality.

2.2 Strategic Inclusive HR

Strategic HRM is understood as a configuration of HR practices designed to enable an organization to achieve its goals (Boon et al., 2019). When the principle of inclusivity is integrated into this framework, the result is not additional diversity programs but rather a restructuring of the HRM system so that every employee has equal access to organizational resources and the opportunity to contribute meaningfully. Zhao and Ren (2025) demonstrate that diverse and inclusive HRM practices systematically enhance employee capabilities, motivation, and opportunities related to diversity, and impact creative output through the mechanism of psychological fit.

In this study, strategic inclusive HR is operationalized as a two-level construct with six dimensions:

Code	Dimensions	Core Concept
X1	Inclusive recruitment and selection	Competency-based admission with transparent criteria, free from bias based on affiliation, gender, and personal closeness
X2	Equal development of competencies	Distribution of training, skills certification and strategic assignments based on development needs
X3	Inclusive leadership	The supervisor's openness to differences of opinion and recognition of individual contributions
X4	Participation in decision making	Availability of channels for conveying ideas and objections to policies that affect work
X5	Compensation fairness and career path	Known, predictable, and consistently applied remuneration and promotion criteria
X6	Psychological safety	The ability to express opinions, admit mistakes, and convey findings without fear.

2.3 Job Satisfaction and Employee Performance

Job satisfaction is a pleasurable emotional state that stems from a person's evaluation of their job (Locke, 1976), encompassing satisfaction with the job itself, rewards, superiors, coworkers, and promotion opportunities. For TIC professionals, the job dimension itself carries particular weight because job evaluation is determined more by technical challenges and opportunities to hone skills than by financial rewards alone. Employee performance refers to behaviors that individuals can control and contribute to organizational goals. Koopmans et al. (2014) categorize them into task performance, contextual performance, and adaptive performance. All three are relevant to Sucofindo employees who move between assignments with constantly changing client characteristics, commodities, and benchmarks.

2.4 Hypothesis Development

Strategic inclusive HRM and job satisfaction. When employees perceive clear promotion criteria, open access to training, and a sense of voice, their needs for fairness, recognition, and connectedness are met. In line with the norm of reciprocity, this treatment is reciprocated with a positive attitude toward work. Dahleez et al. (2023) demonstrated that inclusive leadership increases job satisfaction through psychological ownership and *thriving* . In

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Syaviela Viagul Sams Primartu *et al*

state-owned enterprises (SOEs) where career paths have historically been based on seniority, the presence of inclusive practices is expected to have a more pronounced impact due to the contrast with previous experiences.

H1: Strategic inclusive HR has a positive and significant effect on employee job satisfaction.

Strategic inclusive HRM and employee performance. Referring to the AMO framework, inclusive practices enhance capabilities through equitable competency development, motivation through fair reward systems, and opportunities through participation. In inspection organizations, a psychologically safe climate also encourages employees to report data anomalies or non-conformity findings early rather than concealing them—behaviors that directly impact service quality and mitigate the company's reputational risk.

H2: Strategic inclusive HR has a positive and significant effect on employee performance.

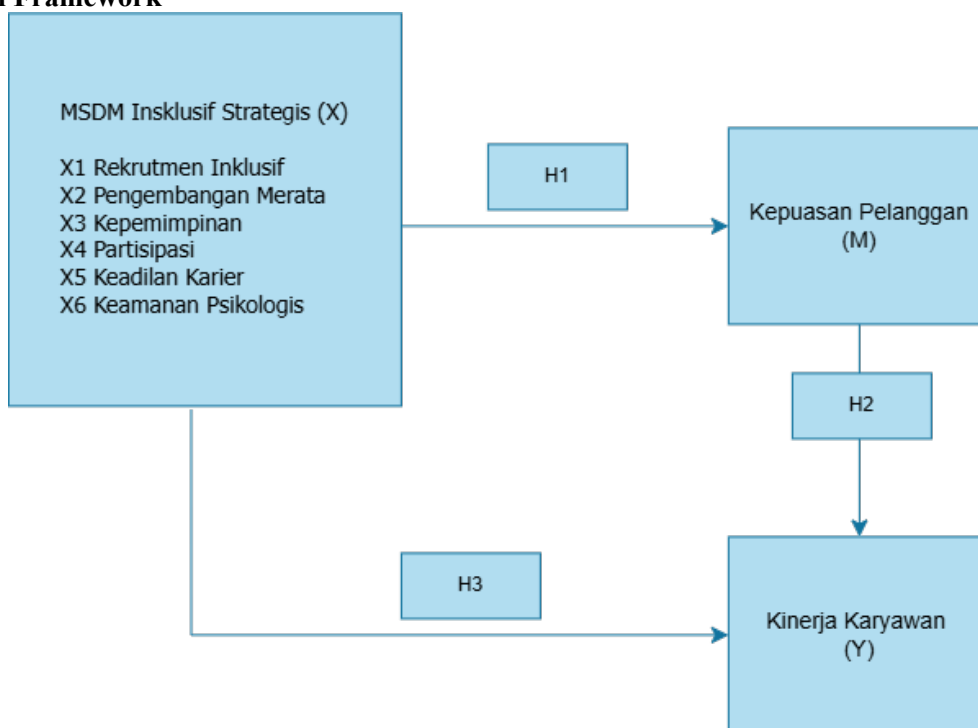
Job satisfaction and employee performance. Judge et al.'s (2001) meta-analysis concluded that the satisfaction-performance relationship is positive and quite strong, particularly in complex jobs that allow individuals to determine their level of effort. A recent systematic review confirmed that well-being and work attitudes play key roles in the HRM-performance causal chain (Diep & Horváthová, 2026). Inspection work falls into this category: the difference between work that merely complies with procedures and work that is truly high-quality is largely determined by discretionary effort.

H3: Job satisfaction has a positive and significant effect on employee performance.

The mediating role of job satisfaction. HR practices do not automatically affect performance, but rather through attitudinal changes. However, a direct pathway remains possible because some inclusive practices, particularly access to training and certification, improve technical capabilities without requiring attitudinal changes. The expected mediation is therefore partial.

H4: Job satisfaction mediates the influence of strategic inclusive HR on employee performance.

2.5 Conceptual Framework



THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

Syaviela Viagul Sams Primartu et al

3. RESEARCH METHODS

3.1 Research Design and Object

The research used a quantitative explanatory approach with *cross-sectional data collection*. The object of the research was PT SUCOFINDO, with the unit of analysis being individual employees.

3.2 Population and Sample

The research population was permanent employees of PT SUCOFINDO at the Head Office and selected Strategic Business Units, with the following criteria: (a) permanent employee status; (b) minimum work period of one year, so that respondents have sufficient exposure to the company's HR practices to be able to assess them based on experience; and (c) not holding a director position.

$$n = N / (1 + N \cdot e^2)$$

$$n = 350 / (1 + 350 \times 0.05^2)$$

$$n = 350 / 1,875$$

$$n = 186.67 \approx 187 \text{ respondents}$$

This size has also fulfilled the *ten times rule* in PLS-SEM (Hair et al., 2019), which is ten times the maximum number of structural paths leading to one construct (2 paths $\times$ 10 = 20 minimum respondents), and exceeds the minimum size of the G*Power *power analysis results* at a medium *effect size* ($f^2 = 0.15$), $\alpha = 0.05$, and *power* = 0.80.

The sampling technique is *proportionate stratified random sampling* with strata based on job level, so that the sample composition represents the population structure.

3.3 Research Instruments

All variables were measured using a five-point Likert scale (1 = strongly disagree; 5 = strongly agree). The instrument was adapted from a tested scale and translated using a *back-translation procedure*. The following is a sample of the instrument ready for distribution:

Variable X — Strategic Inclusive HR

Code	Statement Items	Dimensions
X1.1	The selection criteria for new employees in this company are applied consistently regardless of the applicant's background.	X1
X1.2	The recruitment process at this company assesses applicants based on technical competence, not personal proximity.	X1
X1.3	The company opens equal opportunities for applicants from various gender backgrounds and regions of origin.	X1
X2.1	I get equal training opportunities with colleagues at the same level.	X2
X2.2	Opportunities to participate in skills certification are distributed fairly in my work unit.	X2
X2.3	Assignments on challenging projects are not only given to certain employees.	X2
X3.1	My boss is open to opinions that differ from his own.	X3
X3.2	My boss actively invites input from all team members, including those who rarely speak.	X3
X3.3	My boss recognizes the individual contributions of each team member.	X3
X4.1	I am involved in decisions that affect my work.	X4
X4.2	There are clear channels for me to convey ideas to management.	X4
X4.3	The input I convey is truly considered, not just heard	X4
X5.1	The promotion criteria in this company are known and understood by the employees.	X5
X5.2	The remuneration system in this company reflects employee contributions fairly.	X5
X5.3	Career levels in this company are determined by competence, not just length of service.	X5
X6.1	I can admit mistakes at work without worrying about being embarrassed.	X6
X6.2	I feel safe conveying technical findings that my boss or client may not expect.	X6
X6.3	Asking questions or objections in my work unit is not considered a sign of incompetence.	X6

Variable M — Job Satisfaction

(Adaptation of the Minnesota Satisfaction Questionnaire, Weiss et al., 1967)

Code	Statement Items
M1	My job provides the technical challenges I expect.
M2	I am satisfied with the rewards I receive compared to the responsibilities I carry.
M3	I am satisfied with the way my boss manages the team and gives direction.
M4	I am satisfied with the quality of working relationships with my colleagues.
M5	I am satisfied with the career development opportunities available to me.

Variable Y — Employee Performance

(Adaptation of the Individual Work Performance Questionnaire, Koopmans et al., 2014)

Code	Statement Items	Dimensions
Y1.1	I complete the work according to the quality standards set by the company.	Task performance
Y1.2	I completed the assignment on time according to the agreed schedule.	Task performance
Y1.3	My work rarely requires retouching.	Task performance
Y2.1	I help coworkers who are having difficulties with assignments.	Contextual performance
Y2.2	I take the initiative to take on additional tasks when the team needs it.	Contextual performance
Y2.3	I actively share technical knowledge with colleagues.	Contextual performance
Y3.1	I am able to adapt to changes in methods or reference standards.	Adaptive performance
Y3.2	I quickly learn the characteristics of clients or assignment sectors that are new to me.	Adaptive performance
Y3.3	I am able to continue working effectively when faced with unexpected assignment situations.	Adaptive performance

3.4 Data Analysis Techniques

The analysis used PLS-SEM with SmartPLS software. This method was chosen because the model is predictive, involves a latent construct with multiple indicators, and does not require strict normality assumptions (Hair et al., 2019; Becker et al., 2023). The strategic inclusive HRM construct was modeled as a reflective-reflective two-level construct with a *repeated indicator approach* following the procedure of Sarstedt et al. (2019).

Evaluation of the measurement model: convergent validity through *outer loading* > 0.70 and $AVE > 0.50$; discriminant validity through the Fornell-Larcker criterion and HTMT ratio < 0.90 (Henseler et al., 2015; Franke & Sarstedt, 2019); reliability through *Cronbach's alpha* and *composite reliability* > 0.70 .

Structural model evaluation: coefficient of determination (R^2), *effect size* (f^2), predictive relevance (Q^2 through *blindfolding*), and collinearity check ($VIF < 5$).

Hypothesis testing: *bootstrapping* procedure of 5,000 subsamples at a 5% significance level ($t > 1.96$; $p < 0.05$). Mediation testing follows Preacher and Hayes (2008), with the determination of mediation type referring to the typology of Zhao et al. (2010). **Common method bias testing:** *Harman's single-factor test* and *full collinearity VIF* check with a threshold of < 3.3 (Kock, 2015).

4. RESEARCH RESULTS

Note: All figures in Chapter 4 are simulated data. Replace each figure with SmartPLS output from actual research field data.

4.1 Respondent Characteristics

Of the 220 questionnaires distributed, 198 questionnaires were returned and 187 of them were suitable for analysis after screening for completeness of filling (*usable response rate* 85.0%).

THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

Syaviela Viagul Sams Primartu et al

Table 4.1 Respondent Characteristics

Characteristics	Category	Amount	Percentage
Gender	Man	118	63.1%
	Woman	69	36.9%
Age	< 30 years	41	21.9%
	30–40 years	76	40.6%
	41–50 years	48	25.7%
	> 50 years	22	11.8%
Years of service	1–5 years	62	33.2%
	6–10 years	69	36.9%
	> 10 years	56	29.9%
Job level	Senior inspector/analyst	34	18.2%
	Middle-junior inspector/analyst	96	51.3%
	Support staff	57	30.5%
Education	D3	29	15.5%
	S1	128	68.4%
	S2	28	15.0%
	S3	2	1.1%
Total		187	100%

4.2 Descriptive Statistics of Variables

Interpretation of score range: 1.00–1.80 very low; 1.81–2.60 low; 2.61–3.40 moderate; 3.41–4.20 high; 4.21–5.00 very high.

Table 4.2 Descriptive Statistics of Research Variables

Variables / Dimensions	Mean	Std. Dev.	Category
Strategic Inclusive HR (X)	3.55	0.61	Tall
X1 Inclusive recruitment and selection	3.84	0.58	Tall
X2 Equal development of competencies	3.58	0.64	Tall
X3 Inclusive Leadership	3.67	0.62	Tall
X4 Participation in decision making	3.41	0.71	Height (lower limit)
X5 Compensation fairness and career path	3.29	0.76	Currently
X6 Psychological safety	3.52	0.66	Tall
Job Satisfaction (M)	3.71	0.59	Tall
Employee Performance (Y)	4.02	0.52	Tall

A striking pattern: the compensation and career path equity dimension received the lowest score (3.29) with the largest standard deviation (0.76), indicating not only a relatively low rating but also the most divided perceptions among respondents. In contrast, the inclusive recruitment dimension received the highest score (3.84).

4.3 Evaluation of Measurement Model

4.3.1 Convergent Validity and Reliability

Table 4.3.1 Results of Convergent Validity and Reliability Tests

Construct	Indicators/Dimensions	Outer Loading	Cronbach's α	CR	AVE
Strategic Inclusive HR (HOC)	X5 Compensation & career equity	0.871	0.906	0.927	0.680
	X4 Decision participation	0.856			
	X3 Inclusive Leadership	0.843			
	X6 Psychological safety	0.828			
	X2 Competency development	0.802			
	X1 Inclusive recruitment	0.741			
Job satisfaction	M2 Rewards	0.847	0.878	0.910	0.671

THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

Syaviela Viagul Sams Primartu et al

	M5 Career opportunities	0.834			
	M1 The work itself	0.821			
	M3 Boss	0.803			
	M4 Co-workers	0.788			
Employee performance	Y1 Task performance	0.868	0.792	0.878	0.707
	Y2 Contextual performance	0.841			
	Y3 Adaptive performance	0.812			

All *outer loadings* exceeded 0.70, all AVEs exceeded 0.50, and all α and CR values exceeded 0.70. The measurement model met the requirements of convergent validity and reliability.

4.3.2 Discriminant Validity

Table 4.3.2 Results of the Fornell Larcker Criteria Discriminant Validity Test

X	M	Y	
X (Inclusive HR)	0.825		
M (Job Satisfaction)	0.682	0.819	
Y (Performance)	0.668	0.670	0.841

Note: The diagonal numbers in bold are the roots of the AVE; all greater than the correlation between constructs.

X	M	Y	
X	—		
M	0.751	—	
Y	0.739	0.744	—

Source: Processed primary data (2026)

All HTMT values are below the threshold of 0.90, so discriminant validity is met.

4.3.3 Common Method Bias Test

full collinearity VIF value for all constructs was below 3.3 (X = 1.874; M = 2.106; Y = 1.952), so the model was declared free from common method bias.

4.4 Structural Model Evaluation

Table 4.4.1 Coefficient of Determination and Predictive Relevance

Endogenous Construct	R ²	R ² Adjusted	Q ²	Interpretation
Job Satisfaction (M)	0.465	0.462	0.312	Moderate
Employee Performance (Y)	0.532	0.527	0.358	Moderate

Source: Processed primary data (2026)

Strategic inclusive HRM explained 46.5% of the variation in job satisfaction. Together, strategic inclusive HRM and job satisfaction explained 53.2% of the variation in employee performance. All Q² values > 0 indicated the model had predictive relevance.

Table 4.4.2 Effect Size (f²) and Inner Collinearity (Inner VIF)

Track	f ²	Category	Inner VIF
X → M	0.869	Big	1,000
X → Y	0.177	Currently	1,869
M → Y	0.184	Currently	1,869

Note: Cohen's f² criterion: 0.02 is small; 0.15 is medium; 0.35 is large. All inner VIFs are <5, there are no collinearity problems.

Source: Processed primary data (2026)

4.5 Hypothesis Testing

4.5.1 Direct Influence

Table 4.5.1 Results of Direct Influence Test

Hypothesis	Track	Coefficient (β)	t-statistic	p-value	Decision
H1	Inclusive HR $\rightarrow$ Job Satisfaction	0.682	14,213	0,000	Accepted
H2	Inclusive HR $\rightarrow$ Employee Performance	0.394	5,612	0,000	Accepted
H3	Job Satisfaction $\rightarrow$ Employee Performance	0.401	5,874	0,000	Accepted

Source: Processed primary data (2026)

4.5.2 Indirect and Total Effects

Table 4.5.2 Results of Indirect and Total Effect Tests

Hypothesis	Track	Coefficient	t-statistic	p-value	Decision
H4	Inclusive HR $\rightarrow$ Satisfaction $\rightarrow$ Performance	0.274	5,102	0,000	Accepted
	Total effect of X $\rightarrow$ Y	0.668	13,847	0,000	—

Source: Processed primary data (2026)

Determining the type of mediation. The indirect effect is significant ($\beta = 0.274$; $p < 0.05$) and the direct effect is also significant ($\beta = 0.394$; $p < 0.05$), with both coefficients having the same sign. Referring to the typology of Zhao et al. (2010), the mediation that occurs is **complementary partial mediation**.

Variance Accounted For (VAF):

$VAF = \text{indirect effect} / \text{total effect}$

$VAF = 0.274 / 0.668 = 0.410 \rightarrow 41.0\%$

The VAF value of 41.0% falls within the 20%–80% range, confirming partial mediation. This means that approximately 41% of the total influence of strategic inclusive HRM on employee performance flows through job satisfaction, while the remainder operates directly.

Table 4.5.3 Summary of Hypothesis Testing Results

No	Hypothesis	Results
H1	Strategic inclusive HR $\rightarrow$ job satisfaction	Significant positive — accepted
H2	Strategic inclusive HR $\rightarrow$ employee performance	Significant positive — accepted
H3	Job satisfaction $\rightarrow$ employee performance	Significant positive — accepted
H4	Job satisfaction mediates X $\rightarrow$ Y	Complementary partial mediation — accepted

Source: Processed primary data (2026)

5. DISCUSSION

5.1 The Influence of Strategic Inclusive HR on Job Satisfaction

A path coefficient of 0.682 with an f^2 of 0.869 places strategic inclusive HRM as a strong predictor of job satisfaction. This finding confirms the proposition of social exchange theory: fair and respectful organizational treatment is reciprocated with positive work attitudes, and aligns with the findings of Dahleez et al. (2023) in the context of public sector organizations. What is more informative lies in the pattern of dimension weights. **The compensation equity and career path dimensions** have the highest *outer loading* (0.871) but also the lowest descriptive score (3.29). This combination is important to understand: the dimension that most determines employee perceptions of inclusiveness is also the one with the weakest implementation. For PT SUCOFINDO, which is undergoing post-holding consolidation integration, this finding makes sense contextually: aligning remuneration systems and career paths between entities with different internal precedents is indeed the most complex and slowest to produce results, while its impact on employee perceptions is immediate. The largest standard deviation on this dimension (0.76) reinforces this finding: employee perceptions are split, indicating uneven experiences across units or tenure groups. Further mapping based on demographic variables would be useful to determine which groups experience the most inequality. In contrast, the **inclusive recruitment dimension** achieved the highest descriptive score (3.84) but the lowest *loading* (0.741). A plausible explanation is limited exposure: as hired employees, respondents only experienced the selection process once, and most of this was long ago. Therefore, their assessments were less based on actual experience and less likely to contribute to the formation of day-to-day perceptions of inclusivity.

THE ROLE OF INCLUSIVE STRATEGIC APPROACHES IN HUMAN RESOURCE MANAGEMENT ON EMPLOYEE SATISFACTION AND PERFORMANCE: EVIDENCE FROM PT SUCOFINDO, A STATE-OWNED TESTING, INSPECTION, AND CERTIFICATION COMPANY

Syaviela Viagul Sams Primartu et al

It's also worth noting the cultural context. In societies with relatively high power distance, participatory practices don't always work as intended: channels for expressing opinions may be formally available but not used because social norms discourage junior employees from challenging superiors. The participation score (3.41), which falls just below the high limit, suggests that inclusivity at Sucofindo may have been operating at the procedural level but not fully at the cultural level.

5.2 The Influence of Strategic Inclusive HR on Employee Performance

A direct effect of 0.394 with an f^2 of 0.177 (medium category) confirms H2 and is consistent with the AMO framework. In the TIC sector, the *opportunity pathway* deserves special attention: involvement in challenging assignments is not just a form of reward, but a primary means of skill development and a prerequisite for obtaining professional certification. When strategic assignments are concentrated in the hands of a handful of senior inspectors, what occurs is not only distributive injustice but also a narrowing of the company's capability base—a strategic disadvantage that is only felt when regeneration occurs. The psychological safety dimension is of particular relevance to assurance organizations. Technical independence is central to the TIC firm's value proposition, and that independence is only meaningful if employees are willing to raise findings that are unexpected by superiors or clients. A high but subdued psychological safety score (3.52) indicates room for improvement that has direct implications for service quality and reputational risk mitigation—a far more persuasive argument for management than normative arguments about inclusivity alone (Newman et al., 2017).

5.3 The Influence of Job Satisfaction on Employee Performance

The coefficient of 0.401 confirms H3 and is consistent with Judge et al.'s (2001) meta-analysis and a recent systematic review of the performance-welfare HRM chain (Diep & Horváthová, 2026). In complex inspection and testing tasks that are difficult to closely monitor in the field, job satisfaction is a crucial determinant because output quality largely depends on discretionary effort that cannot be enforced through formal oversight systems. A dissatisfied inspector may still submit reports on time, but their verification thoroughness, anomaly investigation depth, and risk-anticipation initiatives will differ significantly. It should be noted that the employee performance score (4.02) was the highest among the three variables. Because the measurement was *self-reported*, the possibility of *social desirability bias* cannot be completely ruled out even though the common method bias test was met. This is one of the limitations of the study.

5.4 The Mediating Role of Job Satisfaction

Complementary partial mediation with a VAF of 41.0% indicates that job satisfaction is an important mechanism but not the sole pathway. Approximately 59% of the effect of inclusive HRM on performance flows beyond job satisfaction, most likely through increased technical capabilities (access to training and certification), role clarity, and the accumulation of experience from more diverse assignments. The practical consequences are clear and worth emphasizing: improving job satisfaction alone is not enough. Interventions that only target employee attitudes, such as *employee engagement programs* without improving the competency development system, will only capture part of the potential benefits. Conversely, improving the system without considering how employees perceive it will also miss the mediation pathway that accounts for 41% of the effect.

5.5 Theoretical Implications

This study makes three contributions. **First**, it expands the application of social exchange theory and the AMO framework to the context of state-owned insurance companies in developing countries, which has been dominated by studies in private sector organizations and Western contexts. **Second**, it enriches the operationalization of the inclusive HRM construct by including psychological safety as a constitutive dimension, rather than a separate construct—an approach that has been empirically valid in the tested two-level model. **Third**, it emphasizes the position of job satisfaction as a partial mediator, while explicitly measuring the magnitude of its contribution through the VAF, which helps resolve the inconsistency of previous findings between full and partial mediation.

5.6 Managerial Implications

Based on the dimension weight pattern, the intervention priorities for the Human Capital Division of PT SUCOFINDO are suggested as follows:

1. **The top priority is improving transparency regarding career paths and remuneration.** This dimension carries the highest weighting but the lowest score, offering the greatest potential for improvement per unit of

effort. Concrete steps include the publication of competency frameworks per position level, measurable promotion criteria, and development feedback mechanisms accessible to all employees. In the context of holding company integration, this harmonization also serves to alleviate cross-entity suspicion.

2. **The second priority is strengthening safe participation mechanisms.** Rather than relying on public channels that tend to be underutilized, design participation as part of work procedures: for example, assignment review sessions that explicitly require risk identification from junior team members. This way, raising objections becomes a procedural obligation, not a risky personal action.
3. **Make inclusive leadership behavior a component of unit leaders' performance assessments.** As long as inclusivity doesn't translate into superiors' ratings, it will remain mere rhetoric. The instrument could be a 360-degree assessment with items adapted from dimension X3 in this study.
4. **Regularly audit the distribution of development and assignments.** Map access to training, skills certification, and strategic project assignments by gender, age group, tenure, and work unit. Inequalities hidden in aggregate data often only become apparent after such disaggregation.
5. **Integrate psychological safety into the quality risk management framework.** For TIC companies, the courage to report unexpected findings is a risk management issue, not simply a workplace climate issue. Framing it this way will garner stronger top management support.

6. CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

6.1 Conclusion

This study concludes that strategic inclusive HR has a positive and significant effect on job satisfaction and employee performance at PT SUCOFINDO, job satisfaction has a positive and significant effect on performance, and job satisfaction partially mediates the complementary relationship between strategic inclusive HR and employee performance with a mediation pathway contribution of 41%.

The most practically significant finding is the disparity between weight and achievement in the dimensions of compensation equity and career progression: the dimensions most critical to perceptions of inclusivity are also the ones most weakly implemented. This indicates that the barrier to inclusivity in professional services SOEs lies not in the absence of formal policies, but rather in the deeply rooted logic of seniority within career governance. Therefore, inclusivity in these organizations cannot be treated as a normative agenda separate from performance, but rather as a prerequisite for performance itself.

6.2 Research Limitations

1. *The cross-sectional* design limits the ability to draw firm causal conclusions.
2. All variables are measured through respondents' self-perception (*self-report*), so the potential for *social desirability bias*, especially in performance variables, cannot be completely ruled out even though the common method bias test has been met.
3. The research was conducted at one company, so generalization to other state-owned enterprises or private TIC companies needs to be done with caution.
4. Research has not included contextual variables such as assignment characteristics, geographic placement, and post-holding consolidation integration dynamics that have the potential to moderate the relationship between variables.

6.3 Suggestions for Further Research

1. Using a longitudinal design or multi-source data collection, with performance ratings obtained from direct superiors or from objective company performance data, to strengthen causal inference and reduce single-method bias.
2. Expanding the research object to all entities in the IDSurvey holding, so that it can be tested whether the influence of inclusivity differs between entities with different organizational histories, a design that is highly relevant in the context of post-consolidation integration.
3. Adding other mediator or moderator variables such as *work engagement* , *perceived organizational support* , *turnover intention* , or *psychological empowerment* .
4. Using a mixed *method approach* with in-depth interviews with unit leaders and employees, to understand why the career justice dimension contributes the most but scores the lowest.

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