

Compensation, Protection, and Leadership Changes to Improve Job Satisfaction and Employee Loyalty



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ABSTRACT: Work This research is to find out how far changes in compensation, protection, and leadership can positively impact job satisfaction and work loyalty in environmental and sanitation agencies in Aceh, Indonesia. The total sample is 308 employees tested using the structural equation modeling analysis method. The study results explain that changes in compensation, leadership, and protection positively and significantly affect job satisfaction and employee loyalty. Job satisfaction has a positive and significant influence on employee loyalty. Likewise, job satisfaction partially mediates through compensation, protection, and leadership changes in increasing work loyalty. It recommended that the Indonesian Aceh government immediately implement an integrated system in establishing policies for changing compensation, protection guarantees, and service leadership so that employees are always diligent in working to achieve a beautiful and comfortable living environment in Aceh.

KEYWORDS: compensation, protection, leadership, work satisfaction, work loyalty

I. BACKGROUND

Human resources are an asset that is very valuable for developing organizational performance (Aslam et al., 2014; Garengo et al., 2022), so their quality needs to be developed on an ongoing basis. For employees who work continuously, efforts are made to provide proper compensation, job protection assurance, and wise leadership services within the working area of the Aceh Provincial Government's Environment and Sanitation Agency, which takes care of the environment, waste and sanitation, which aims to keep the environment calm and beautiful.

The results of empirical research explain that adequate compensation and job protection can increase job satisfaction and job loyalty at work (Nguyen et al., 2020; Mabaso & Dlamini, 2017; Nisar et al., 2017). Likewise, wise leadership can lead to job satisfaction and employee loyalty (Karada Ğ, 2015; Tri et al., 2019). Increasing employee loyalty and job satisfaction is strongly influenced by high compensation, setting adequate job protection, and wise leadership behavior for sanitation, waste, and environmental management.

The results of other studies explain that compensation (Hong Nguyen, 2021) has a weak relationship with job satisfaction and employee loyalty (Siddiqui & Dron, 2019), and there is also a negative relationship between leadership, job satisfaction, and employee loyalty (Gashti & Farhoudnia, 2014; Ding, Song, et al., 2012). Likewise, the low protection for sanitation, waste and environmental workers will reduce job satisfaction and loyalty.

The results of initial observations that changes in compensation and low job protection have resulted in low loyalty and low job satisfaction so that all forms of work are incompletely completed. Poor sanitation management, low waste management, and low environmental management can result in poor conditions and the beauty of the urban environment. Likewise, if the leadership style is not wise in the duties and responsibilities, it can also reduce its employees' loyalty and job satisfaction.

From the explanation above, it is interesting to study why compensation, protection, and leadership changes can affect job satisfaction and employee loyalty. Are they satisfied with their job, and that they are loyal? The researcher is interested in further examining where changes in compensation, protection guarantees, and servant leadership positively influence job satisfaction and employee loyalty.

II. THEORETICAL BACKGROUND

Human resources are assets of great value for the advancement of organizational performance, so their quality must be continuously improved by making them work more satisfied and have loyalty (Patrick & Mazhar, 2019; Strenitzerová & Achimský, 2019). Loyalty is the loyalty of employees to maintain and defend and are committed to developing the organization where they work, including conveying their thoughts, concerns, ideas, and dedication fully devoted to the organization (Nasiri et al., 2015; Waqas et al., 2014), as an employee's obligation to do as optimally as possible in producing the best for the organization (El-ministry &

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Harrison, 2013), which has provided labor social security for them (Wildan, 2017). Social Security for Labor is determined based on applicable law in Indonesia (Laurentius, 2017).

Several factors can affect employee loyalty, including compensation, protection that satisfies employees, and the best leadership services (Jacques et al., 2015; Mihalcea, 2014). Employee loyalty is also affected by increased job satisfaction (Kirin et al., 2016; Sârbu & Coşer, 2017), as the availability of a comfortable workplace, accessible communication, close working relationships, good organizational culture, the emergence of the best management decisions, and the birth of servant leadership that satisfies employees (Allameh et al., 2011; Almeida de Moura et al., 2017).

In order for employees to have loyalty and high levels of job satisfaction (Colquitt Jason et al., 2015), compensation, both direct financial payments and indirect financial payments (Dessler et al., 2013), is very important for employees as individuals, amount of compensation shows a measure of the value of the employee's work itself (Christ et al., 2016). In the opinion of (Flippo, 2002), compensation is received by employees instead of their service contribution as a fair and proper remuneration given to their employees to increase job satisfaction.

In addition, workers will also feel calm and comfortable in carrying out their duties when they are protected (Rivai, 2009), which is a guarantee of a sense of security, both in terms of financial, health, and physical safety of workers and a comfortable workplace, as well as good work facilities. Feasible, so that job satisfaction and employee loyalty are higher. Leadership services can also influence employee job satisfaction and loyalty to organizational performance (Ding, Lu et al., 2012b; Tri et al., 2019), so the wiser in leading, the better changes in employee job satisfaction and the level of loyalty to their superiors (Hashim et al., 2016; Rajput et al., 2016).

III. CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESIS

Compensation and Job Satisfaction

Several researchers found a relationship between compensation and job satisfaction; for example, that was carried out by (Njoroge & Kwasira, 2015; Hooda & Singh 2014); research concluded that both financial and non-financial jointly had a significant effect on job satisfaction. Subsequent research was conducted by (Uwizeye & Muryungi, 2017; Hameed et al., 2014), and their research showed a significant effect between compensation and job satisfaction. Based on previous research, the first hypothesis in this study is:

H1: Compensation has a positive and significant effect on job satisfaction.

Protection and Job Satisfaction

Protection is the protection of employees from injuries caused by work-related accidents (Mondy, 2010); in an organization, it is a legal obligation that inevitably has to be implemented (Triani & Ariana, 2014). Workers need protection for themselves from things that make them uncomfortable at work. As stated by (Rivai, 2009), protection is a system of protection by companies for workers in the form of compensation in the form of non-reward, either directly or indirectly. The results of empirical research show that according to (Maulana A et al., 2015; Hameed et al., 2014; Böckerman et al., 2011), this protection is in the form of a guarantee of a sense of security, both in terms of finance, workplace, health, and physical safety of workers so that workers can move in peace and can make a positive contribution to increasing the value of job satisfaction. So based on previous research, the second hypothesis in this study is:

H2: Protection has a positive and significant effect on job satisfaction.

Leadership and Job Satisfaction

Leadership is a behavior with a specific purpose to influence the activities of group members to achieve common goals designed to provide individual and organizational benefits (Rivai, 2009). Meanwhile, satisfaction according to (Mangkunegara, 2014; Siagian, 2010) states that job satisfaction is a general attitude toward one's work, which shows the difference between the number of awards received by workers and the amount they believe they should receive. Job satisfaction is a feeling of supporting or not supporting experienced employees at work so that they are willing to work by the recommendations or work procedures of the leadership (Wulandari et al., 2015; Mihalcea, 2013; Suprpta et al., 2015). From the theoretical and empirical relationships stated above, there is a positive relationship between leadership and job satisfaction, as well as research results (Ruvendi, 2005; Hashim et al., 2016; Saleem, 2015). Based on previous research, the third hypothesis in this research is:

H3: Leadership has a positive and significant effect on job satisfaction

Compensation and Work Loyalty

Compensation is an essential factor in building employee loyalty at work. Many previous studies have provided evidence that compensation affects work loyalty. Empirical evidence from research (Manurung, 2017; Ramadhani & Rahardjo, 2017; Sutawijaya & Pertiwi, 2017), where the research results also state that the compensation factor has a positive and significant effect on employee loyalty. Based on previous research, the fourth hypothesis in this study is:

H4: Giving compensation has a positive and significant effect on work loyalty

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Work Protection and Loyalty

The protection given to workers is for their safety and will impact their comfort in carrying out their work. Workers no longer consider what to do if there is a work accident or illness because they have been protected by entering into the labor insurance program. Alternatively, provide benefits in the form of security guarantees, health insurance, and pension guarantees so that workers will be more loyal to the company. Previous research (Kullab & Kassim, 2017; Nasiri et al., 2015; Hur & Perry, 2014) showed that research findings on job security, occupational health, and work safety affect work loyalty. Based on this research, the fifth hypothesis in this study is:

H5: Protection has a positive and significant effect on work loyalty

Leadership and Work Loyalty

The character and style of a leader are indispensable in managing an organization. Employees will like excellent and robust character and style and serving in leadership. Working calmly with the attitude of a wise leader in every decision will significantly impact employee loyalty. This is evidenced by research results (Adiba, 2018; Susantri & Sabrina, 2017; Ariyani, 2016; Irvianti Dwi & Chandranegara, 2010), which state that various characters and leadership styles have a positive and significant effect on employee loyalty. Based on previous research, the sixth hypothesis in this study:

H6: Leadership has a positive and significant effect on work loyalty.

Job Satisfaction and Work Loyalty

Job satisfaction will encourage an employee to be loyal to his organization. Satisfaction will appear when what is felt exceeds all expectations. Several previous studies have found that there is an effect of job satisfaction on job loyalty, such as research conducted by (Uthyasuriyan et al., 2017; Prabhakar, 2016; Noor & Jamil, 2014; Matzler & Birgit, 2006), whose research findings show that job satisfaction has an effect positive and significant to loyalty. Based on previous research, the seventh hypothesis in this study is:

H7: Job satisfaction has a positive and significant effect on work loyalty

Mediation of Job Satisfaction, Compensation and Work Loyalty

The relationship between compensation and work loyalty can be mediated by job satisfaction, an individual's attitude about his job. Previous research that has been conducted by (Matzler & Birgit, 2006; Waqas et al., 2014; Ramadhani & Rahardjo, 2017), with the results of his research concluded that job satisfaction indirectly affects work loyalty through compensation. Based on previous research, the eighth hypothesis is:

H8: Job satisfaction mediates between compensation and work loyalty

Mediation of Job Satisfaction, Protection, and Work Loyalty

Protection can be in the form of a guarantee of a sense of security in terms of finance, health, insurance, and the physical safety of workers so that workers can move in peace and contribute positively to increasing job satisfaction. According to research results (Wilczynska et al., 2016; Artz & Kaya, 2015), employees will feel satisfied if they are protected, impacting work loyalty in an organization. Based on previous theory and research, the ninth hypothesis is:

H9: Job satisfaction mediates between protection and work loyalty.

Mediation of Job Satisfaction, Leadership and Work Loyalty

Leadership is the influence between superiors and followers or employees tasked with achieving organizational goals, so they feel satisfied and work loyally. Previous research was also conducted by (Ding et al., 2012; Hashim et al., 2017; Salleh et al., 2017), who found that job satisfaction mediates the direct or indirect relationship between leadership and job loyalty. Based on the results of previous studies, the tenth hypothesis is:

H10: Job satisfaction mediates between leadership and work loyalty.

IV. RESEARCH METHODOLOGY

The population of this study consisted of sanitation, waste, and environmental cleaning staff, ranging from road sweepers, living plant environment maintenance workers, garbage transporters, and transport vehicle drivers, as well as heavy equipment operators, totaling 308 people. In this study, as many as 20 indicators were involved for five latent variables so that according to opinion (Hair et al., 2010), a minimum sample size of 7x20 or 140 people was required. The data collection method used in this research is a questionnaire instrument.

The author uses The Structural Equation Model to model and test hypotheses (Ferdinand, 2011). Simultaneous models formed by more than one dependent variable simultaneously act as independent variables for other tiered relationships. Two analysis techniques are used: confirmatory factor analysis and Regression Weight. At the same time, the following analysis tests the effect of mediation using the developed Sobel test (Preacher & Hayes, 2004).

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V. RESEARCH RESULTS AND DISCUSSION

To see whether the Model is appropriate and correctly explains the Model, a model suitability test is carried out which is carried out through a path diagram in the whole model equation. The model suitability test was carried out on all exogenous and endogenous variables combined into one diagram (path) that is intact through the variance or covariance matrix. The full Model is referred to as the research model. In the suitability test, this Model will also analyze the intervening variables by looking at the indirect effect between exogenous and endogenous variables. To determine whether the intervening variables mediate between exogenous and endogenous variables will be analyzed precisely.

Based on the results of data processing as shown in Figure: 1.1, then included in Table 1.1, indicating that the overall constructs used to form this research model have met the criteria of predetermined goodness of fit indexes such as chi-square value, RMSEA, TLI, CFI, CMIN/DF, P-Value, and GFI value except for AGFI (0.867), which is still smaller than the required > 0.900 , and from the results of the study after modification, it can be concluded that in general, the research model is fit.

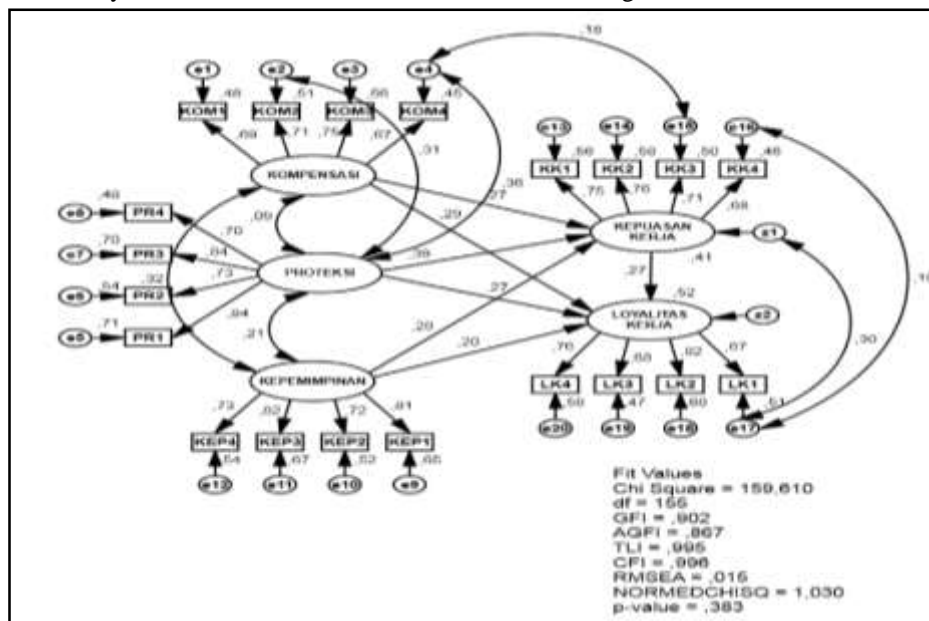


Figure 1.1. Full Model after modification.

From the calculation results of the complete and thorough structural equation modeling test, the final results are obtained, and the results of the research can be analyzed, which can be presented in table 1.1. as follows:

Table 1.1. Full Model SEM Test Results

Variable Relationship	Estimate Std	S.E.	C.R.	P
Compensation → Job Satisfaction	0,270	0,121	2,800	0,005
Protection → Job Satisfaction	0,392	0,074	4,161	0,000
Leadership → Job Satisfaction	0,275	0,078	2,876	0,004
Compensation → Work Loyalty	0,292	0,118	2,976	0,003
Protection → Work Loyalty	0,268	0,072	2,792	0,005
Leadership → Work Loyalty	0,199	0,077	2,013	0,044
Job Satisfaction → Work Loyalty	0,270	0,117	2,216	0,027
Mediation of Job Satisfaction, Compensation and Work Loyalty	0,073	0,103	1,604	0,045
Mediation of Job Satisfaction, Protection, and Work Loyalty	0,106	0,122	2,116	0,017
Mediation of Job Satisfaction, Leadership and Work Loyalty	0,074	0,105	1,931	0,027

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The Relationship between Compensation and Job Satisfaction

The results showed that providing compensation positively and significantly affects employee job satisfaction with a significant value (0.270; sig 0.005 <0.05). The results of this study support research (Christ et al., 2016), which found that employees in charge of multi-dimensional work get higher compensation than employees in charge of one dimension of work, who receive financial or non-financial compensation. Meanwhile, the results of other empirical studies are in line with the results of this study, as stated by (Kamil et al., 2014; Darma & Supriyanto 2017; Salisu et al., 2015), which states that there is a significant effect between the increase in compensation with employee job satisfaction.

The Relationship between Protection and Job Satisfaction

The results of field research explain that protection has a positive and significant effect on employee job satisfaction with a significant value (0.392; sig 0.000 <0.05). The results of this study are in line with the results of empirical research put forward by (Wilczynska et al., 2016; Artz & Kaya, 2015; Hur & Perry, 2014), that the higher the protection or labor protection or job safety guarantee, the higher satisfaction work felt by employees.

The Relationship between Leadership and Job Satisfaction

The study's results explain that leadership positively and significantly affects employee job satisfaction with a significant value (0.275; sig 0.004 <0.05). The results of this study support empirical research, stating that academics have conducted many studies regarding the relationship between leadership and job satisfaction, including research conducted (Muterera et al., 2015; Afshinpour, 2014; Almeida de Moura et al., 2017; Sarwar et al., 2015; Ahmad & Ibrahim, 2015; H. Chang, 2017; Rana, 2015) with the results of his research also states that leadership has a positive and significant effect on employee job satisfaction.

The Relationship between Compensation and work loyalty

The results of field research explained that compensation has a positive and significant effect on employee loyalty with a significant value (0.292; sig 0.003 <0.05). The results of this research are in line with the findings of research carried out by (Manurung, 2017; Akhigbe & Ifeyinwa 2017; Adiba, 2018), which concludes the research results, that providing adequate compensation for each job in a particular work field and work unit has a positive relationship between compensation itself and job loyalty.

The Relationship between Protection and work loyalty

The results of field research show that the provision of increasingly adequate protection can have a positive and significant effect on employee loyalty with a significant value (0.268; sig 0.005 <0.05). The results of this research support research conducted by (Wildan, 2017; Artz & Kaya 2015; Wilczynska et al., 2016), stating that aspects of legal protection, labor insurance, and work safety affect work sincerity and employee loyalty.

The Relationship between Leadership and Work Loyalty

The results of field research show that leadership has a positive and significant effect on employee loyalty with a significant value (0.199; sig 0.044 <0.05). The results of this study provide support for the results of other empirical research conducted by (Hashim et al. 2017; Anjam & Ali, 2016; Khuong et al., 2014), which states that the character, style, and leadership traits of a leader can have a positive and significant impact on employee loyalty in various types and fields of work.

The Relationship between Job Satisfaction and Job Loyalty

The results of field research show that job satisfaction has a positive and significant effect on employee loyalty with a significant value (0.270; sig 0.027 <0.05). This study's results align with the results of other empirical research (Sitinjak et al., 2017; Soegandhi et al., 2013; Khuong & Tien, 2013), which shows that job satisfaction has a positive and significant effect on employee loyalty.

Job Satisfaction Mediates between Compensation and Job Loyalty

The results showed that job satisfaction could partially mediate the relationship between compensation and employee loyalty with a significant value (0.073; sig 0.045 <0.05). This is in line with other empirical studies which analyze the mediation of the relationship between job satisfaction and job loyalty stated by (Onsardi et al., 2017; Hassan et al., 2013; Ding et al., 2012); the state that job satisfaction can partially mediate the provision of compensation and work loyalty.

Job Satisfaction Mediates between Protection and Work Loyalty

The results of field research show that job satisfaction can partially mediate the relationship between protection and work loyalty with a significant value (0.106; sig 0.017 <0.05). This study's results align with previous research (Uthyasuriyan et al., 2017; Kullab & Kassim, 2017; Wilczynska et al., 2016), which concluded that job satisfaction could partially mediate protection and job loyalty.

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Job Satisfaction Mediates between Leadership and Job Loyalty

The results of field research indicate that job satisfaction can partially mediate the relationship between leadership and work loyalty with a significant value (0.074; sig 0.027). The results of this study support the findings of other empirical research put forward by (C. C. Chang et al. 2010; Sohel Rana, 2015; Zhu et al., 2012), which state that job satisfaction can partially mediate the relationship between leadership and work loyalty.

VI. CONCLUSION AND RECOMMENDATION

Conclusion

Based on the research findings described previously at the Environmental and Sanitation Agency in Aceh Province, several research conclusions can be put forward: compensation, leadership, and protection have a positive and significant effect on job satisfaction and employee loyalty. Job satisfaction has a positive and significant influence on employee loyalty. Likewise, job satisfaction provides a partial mediating effect on compensation with work loyalty. Moreover, job satisfaction provides a partial mediating effect on protection with employee loyalty. Moreover, job satisfaction provides a partial mediating effect on leadership with employee loyalty.

Recommendation

Based on the research findings and conclusions, several suggestions can be put forward as follows: A policy is needed to increase the compensation provided, at least compensation in the form of liquid funds given to employees above the provincial minimum wage; committed to increasing the guarantee of protection for employees by providing other protections that have not been provided at this time; Leaders to continue to maintain and evaluate policies in making decisions, especially policies that favor the rights of cleaning staff; Increasing job satisfaction, among other things, by creating a conducive, pleasant, safe working atmosphere, paying compensation money on time, and supervising cleaning staff in carrying out their duties.

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