

Original Research Article

Creating Job Satisfaction through Transformational Leadership and Compensation Factors in the Banking Sector

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Abstract: Employees ability to carry out their duties can be seen through their performance, so employee performance is significant for the company's success. Another important thing that companies must pay attention to regarding their human resources is the issue of job satisfaction. Job satisfaction is an employee's attitude towards their work, the difference between the rewards received by the employee and what is considered something that should be received. Apart from the sense of job satisfaction felt by employees, the compensation provided by the company is also a factor in improving performance. Based on the urgency of the problem above, this research aims to analyze the influence of transformational leadership and compensation on job satisfaction. The theoretical benefits of this research are expected to contribute to understanding leadership theory in different conditions and situations, which better explains how someone becomes a leader and emphasizes character characteristics and actions adopted to increase compensation and job satisfaction in the organization. This research method uses a quantitative approach. The population in this study were all employees at BPR Malang Raya, totaling 471 employees. Meanwhile, the sampling technique in this research used the Slovin formula with results of 175 employees. The results of the analysis show that transformational leadership positively and significantly affects job satisfaction. The research above states that compensation positively and significantly affects job satisfaction. Transformational leadership can direct subordinates to do something to achieve satisfaction in professional development and working relationships with superiors and co-workers to create a feeling of happiness about the work produced.

Keywords: Transformational Leadership, Compensation, Job Satisfaction.

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1. INTRODUCTION

Human resources are an essential factor that determines a company's success in achieving its goals because whether or not a company is successful in achieving its goals depends on the ability of human resources or employees to carry out the tasks given. Employees' ability to carry out their duties can be seen through their performance, so employee performance is significant for the company's success. The position of loans provided by rural credit banks (BPR), according to business fields in 2018 and 2019, experienced fluctuations, as in the table above, regarding agricultural, forestry, and fisheries businesses, which experienced an increase. However, the position of loans for industrial businesses managing and procuring electricity and gas experienced a decline. The position of loans for water supply, waste management, waste and recycling experienced an increase. An increase in loan positions also occurred in wholesale and retail trading businesses,

car and motorbike repairs, transportation and warehousing, and providing accommodation and food and drink. This contrasts the position of loans in information, communication, and other service businesses, which experienced a decline.

Another important thing that companies must pay attention to regarding their human resources is the issue of job satisfaction. Job satisfaction is an employee's attitude towards their work, the difference between the rewards received by the employee and what is considered something that should be received. Job satisfaction is essential in a company because it can influence work behavior, such as being diligent, productive, obedient, and even lazy. According to Pragiwani *et al.*, (2020), companies must continue to evaluate the job satisfaction of each employee in order to remain productive and able to compete with other banks. Many other factors can influence employee performance in a company,

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including the transformational leadership style. According to Rahmi (2013), a transformational leader inspires his followers to put aside personal interests for the organization's good and can have an extraordinary influence on them.

This research analyzes the influence of transformational leadership and compensation on job satisfaction. The theoretical benefits of this research are expected to contribute to understanding leadership theory in different conditions and situations, which better explains how someone becomes a leader, emphasizing character characteristics and actions adopted to increase compensation and leadership on job satisfaction in the organization.

2. LITERATURE REVIEW

The influence of transformational leadership and compensation on job satisfaction is based on human behavior theory, which refers to a series of concepts and principles used to understand human behavior and individual performance. This theory covers various approaches and scientific disciplines, including psychology, sociology, anthropology, and other social sciences (Kopsov, 2021).

Human behavior theory aims to explain, predict, and change human behavior. Some general concepts in human behavior theory involve understanding the factors influencing behavior, motivation, individual development, social interactions, and the environment. Kagan *et al.*, (2019) human behavior theory involves an understanding of cognitive processes and how people process information to form understanding and decision-making, understanding that behavior can be learned through stimulus and response, as well as reinforced or punished, highlighting the role of psychological conflict and the influence of nature subconscious in shaping behavior. Transformational leadership has a positive and significant effect on performance, and the presence of leader support has a moderated mediating role in the influence of transformational leadership on performance through self-efficacy. This result was obtained from research conducted by (Sürücü *et al.*, 2022).

Based on research findings (Wekesa & Nyaroo, 2013), it is concluded that fair compensation impacts increasing employee performance because compensation policies demoralize company productivity. Therefore, compensation must be recognized as a factor that influences employee performance. Employees receive compensation in exchange for contributions to the company, which can be financial and non-financial. In this research, compensation is significant in determining its effect on performance (Kainde & Pagala, 2022). The results of this research state that compensation has a direct positive and significant effect on employee performance.

Employee compensation is considered one of the essential things that can produce all forms of employee behavior for the company. According to Nigusie and Getachew (2019), compensation is divided into intrinsic and extrinsic. Extrinsic compensation comes in the form of salary/wages, bonuses, promotions, and benefits. Many organizations fail to achieve targets because of the ineffective leadership style of the management team of the organization or institution. The employees need to be better organized. Uncontrolled or uncoordinated, the effects of this attitude arise due to the influence of an ineffective leadership style. So, employee productivity becomes low. Thus, this research hypothesizes that transformational leadership and compensation have a positive and significant effect on job satisfaction.

3. METHODOLOGY

3.1 Research Design

This research is included in the category of causal associative research using a quantitative approach. According to Sanusi (2011:14), causal associative research is a research design designed to examine the possibility of a cause-and-effect relationship between variables. This research will explain the relationship between influencing and being influenced by the variables to be studied.

3.2 Population and Research Sample

The population in this study were all employees at BPR Malang Raya, totaling 471 employees. Meanwhile, the sampling technique in this research uses the Slovin formula. Based on the notation of the minimum research sample size formula by Slovin above, if the research population is 471, then the minimum sample that will be studied can be determined. The specified margin of error is 6% or 0.06.

The calculation is:

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

So that:

$$n = \frac{471}{1 + 471(0.06)^2}$$

$$n = \frac{471 \times 2500}{2500 + 4239}$$

$$n = \frac{1177500}{6739}$$

$$n = 174,72$$

So, from the calculation results above, the sample size is 174.72 with a margin of error of 6% and rounded up to 175 employees. The sampling technique used was proportional random sampling. The sampling technique is a technique used to determine the sample. So, a good researcher must pay attention to and use a

technique to determine the samples to be taken as research subjects.

3.3 Scope of Research

Based on the research design explained above, the scope of this research is aimed at the field of human resources in the banking sector, which focuses on employee job satisfaction. Field research is conducted by conducting surveys or going directly to the research object. The research object is employees at BPR Malang Raya.

3.4 Data Analysis Techniques

The data analysis technique in this research uses Structural Equation Modeling (SEM) analysis. SEM is a set of statistical techniques that allow testing a relatively complex set of relationships that linear regression equations cannot resolve.

3.5 4. RESULTS AND DISCUSSION

4.1 RESULTS

The results of testing the first hypothesis can be seen in the following table.

Table 1:

Variable		Coef. Raw	C.R.	p-value	Information
Exogenous	Endogenous				
Transformational Leadership (X1)	Job Satisfaction (Y1)	0.76	8.636	0.000	Significant
Compensation (X2)	Job Satisfaction (Y1)	0.19	2.115	0.034	Significant

Source: Primary Data, processed 2023

The table above shows that the regression coefficient of transformational leadership on job satisfaction is 0.76 with a C.R. of 8.636 and the p-value (0.000), which means it is smaller than 0.05. This shows that transformational leadership positively and significantly affects job satisfaction. The regression coefficient of compensation on job satisfaction is 0.19 with a C.R. of 2.115 and a p-value (0.034), meaning it is smaller than 0.05. This shows that compensation has a positive and significant effect on job satisfaction.

The results of the research above show that the influence of transformational leadership is greater than the influence of compensation on job satisfaction, thus from the results of statistical tests, it is proven that hypothesis 1, which states that transformational leadership and compensation have a positive and significant effect on job satisfaction has been tested.

4.2 DISCUSSION

Transformational leadership, which includes idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, can direct subordinates in doing things that are expected to achieve job satisfaction, such as professional development, working relationships with superiors, and relationships with co-workers to create a feeling of happiness about the work produced. Intellectual stimulation significantly influences satisfaction, followed by inspirational motivation, individualized consideration, and idealized influence. The results of the analysis show that transformational leadership influences job satisfaction. This statement aligns with research conducted by Eliyana *et al.*, (2019) which suggests that transformational leadership influences job satisfaction.

Compensation, which includes rewards, promotions, and job security, can contribute to the company creating job satisfaction, including professional development and working relationships with superiors and co-workers to create feelings of

happiness about the work produced. The factor that has the most significant influence is promotion, followed by job security and rewards. The research above states that compensation positively and significantly affects job satisfaction. This statement aligns with research conducted by Rojikinnor *et al.*, (2022), which suggests that compensation affects job satisfaction.

Transformational leadership, which includes inspirational motivation, intellectual stimulation, and individualized consideration, can direct subordinates to do things expected to achieve employee satisfaction because professional development is a continuous process. This happens because placement is based on expertise and skills.

Transformational leadership, which includes idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, can direct subordinates to do something expected to achieve perceived satisfaction because there is a harmonious interaction between subordinates and superiors. This happens because there is respect for superiors and superiors who respect subordinates. This statement aligns with research conducted by Aboramadan *et al.*, (2020) which suggests that transformational leadership influences job satisfaction.

Transformational leadership with intellectual stimulation can direct subordinates to make improvements expected to achieve perceived satisfaction because there is a harmonious interaction between co-workers, which allows them to have communication skills and support each other in their work. This happens because of respect for colleagues, and colleagues respect each other.

Leader behavior that has an idealized influence to arouse strong self-emotions towards employees to create job satisfaction includes professional development, working relationships with superiors, and

relationships with co-workers to create feelings of happiness about the work produced. Leaders who can inspire employees to feel enthusiastic about working can increase job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers to create feelings of joy in the work produced.

Leaders with the intellectual ability to solve problems, dare to take risks and provide new ideas for employees can stimulate job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers to create feelings of happiness about the work produced. Leaders who pay attention and treat employees individually can increase job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers, thereby creating a feeling of happiness about the work produced. This occurs because leaders strive to increase self-development, and leaders understand each other's shortcomings.

The behavior of leaders who have idealized influence to arouse strong personal emotions towards employees to create employee satisfaction due to continuous professional development is a continuous process. This happens because placement is based on expertise and skills. Leader behavior with idealized influence arouses strong self-emotions towards employees to create satisfaction that is felt because there is a harmonious interaction between subordinates and superiors.

This happens because there is respect for superiors and superiors who respect subordinates. Leader behavior with an idealized influence to arouse strong self-emotions towards employees can create satisfaction because there is a harmonious interaction between co-workers so that they have communication skills and support each other in work. The reason this happens is because of respect for colleagues and colleagues respect each other.

Leaders who can inspire employees to feel they have work enthusiasm can increase employee satisfaction because professional development is a continuous, continuous process. Leaders who can inspire employees so that they feel enthusiastic about working can increase their satisfaction because there is a harmonious interaction between subordinates and superiors. Leaders who can inspire employees to feel enthusiastic about working can increase their satisfaction because there is a harmonious interaction between co-workers, so they have communication skills and support each other in their work.

Leaders with the intellectual ability to solve problems, dare to take risks and provide new ideas for employees can stimulate employee satisfaction because professional development is a continuous, ongoing

process. This happens because placement is based on expertise and skills. Leaders with the intellectual ability to solve problems, dare to take risks and provide new ideas for employees can stimulate perceived satisfaction because there is a harmonious interaction between subordinates and superiors. This happens because there is respect for superiors and superiors who respect subordinates.

Leaders with the intellectual ability to solve problems, dare to take risks and provide new ideas for employees can stimulate perceived satisfaction because there is a harmonious interaction between co-workers, so they have communication skills and support each other at work. This happens because of respect for colleagues, and colleagues respect each other.

Leaders who pay attention and treat employees individually can increase employee satisfaction because professional development is continuous. Leaders who pay attention and treat employees individually can increase perceived satisfaction because there is a harmonious interaction between subordinates and superiors. Leaders who pay attention and treat employees individually can increase perceived satisfaction because there is a harmonious interaction between co-workers, so they have communication skills and support each other in their work.

Compensation, which includes rewards, promotions, and job security, can contribute to the company so that it will create job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers to create feelings of pleasure for the work produced, especially promotion factors, then job security factors, and rewards. This statement aligns with research conducted by Rojikinnor *et al.*, (2022), which suggests that compensation affects job satisfaction.

Compensation, which includes rewards, promotions, and job security, can contribute to the company and create employee satisfaction due to continuous professional development processes. This happens because placement is based on expertise and in accordance with skills. Compensation, which includes rewards, promotions, and job security, can contribute to the company by creating perceived satisfaction because there is harmonious interaction between subordinates and superiors. This happens because there is respect for superiors and superiors who respect subordinates.

Compensation, which includes rewards, promotions, and job security, can contribute to the company, creating a feeling of satisfaction because there is a harmonious interaction between co-workers so that they have communication skills and support each other in their work. This happens because of respect for colleagues, and colleagues respect each other. This statement aligns with research conducted by Aman-Ullah

et al. (2022), which suggests that compensation affects job satisfaction.

Increasing rewards or wages for services rendered can create job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers, thereby creating feelings of enjoyment for the work produced. This happens because there are additional bonuses. Job promotion activities to advance your career to a higher level encourage job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers to create a feeling of happiness about the work produced.

The reason this happens is because the organization offers a promotion. Job security conditions that provide a sense of peace and tranquility at work can increase job satisfaction, including professional development, working relationships with superiors, and relationships with co-workers, thereby creating a feeling of happiness about the work produced. This happens because there is a guarantee of job security and the availability of BPJS facilities.

Increasing rewards or wages for services performed can create employee satisfaction because professional development is continuous. This happens because placement is based on expertise and in accordance with skills. Increasing rewards or wages for services rendered can create a sense of satisfaction because there is a harmonious interaction between subordinates and superiors.

This happens because there is respect for superiors and superiors who respect subordinates. Increasing rewards or wages for services rendered can create a sense of satisfaction because there is a harmonious interaction between co-workers so that they have communication skills and support each other in their work. This happens because of respect for colleagues, and colleagues respect each other.

Job promotion activities to advance your career to a higher level can encourage employee satisfaction because professional development is a continuous, ongoing process. Job promotion activities to advance your career to a higher level can encourage perceived satisfaction because there is a harmonious interaction between subordinates and superiors. Job promotion activities to advance your career to a higher level can encourage perceived satisfaction because there is a harmonious interaction between co-workers so that they have communication skills and support each other in their work.

Job security conditions that provide peace at work can increase employee satisfaction due to continuous professional development processes. This happens because placement is based on expertise and in

accordance with skills. Job security conditions that provide a sense of peace and tranquility at work can increase perceived satisfaction because there is a harmonious interaction between subordinates and superiors.

This happens because there is respect for superiors and superiors who respect subordinates. Job security conditions that provide a sense of peace and tranquility at work can increase the satisfaction felt because there is a harmonious interaction between co-workers so that they have communication skills and support each other at work. This happens because of respect for colleagues, and colleagues respect each other.

5. CONCLUSIONS

Based on the results of the analysis and discussion in the previous chapter, the following conclusions can be drawn in examining the influence of transformational leadership, compensation, and job satisfaction and their implications on member performance at BPR Malang Raya. Namely, transformational leadership can direct subordinates to do something to achieve satisfaction. In professional development, they are working relationships with superiors and relationships with colleagues to create a feeling of enjoyment regarding the work produced. BPR compensation creates satisfaction in professional development, working relationships with superiors, and relationships with colleagues so that employees are happy with the work they produce.

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