

# Leadership Styles and Compensation: Their Impact on Job Satisfaction

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**Abstract.** Job satisfaction for an employee is a very important factor because the satisfaction he gets will also determine a positive attitude towards work. Feelings of satisfaction at work can have a positive impact on behavior. One of the efforts in managing an organization is also determined by success in managing leadership style in managing human resources. Besides that, to increase employee job satisfaction within the company are also determined by the compensation policy. This study aims to determine organizational leadership styles, compensation, and job satisfaction, analyze the influence of leadership styles on employee job satisfaction, compensation on employee job satisfaction, leadership styles and compensation together on employee job satisfaction, and the variables that most influence employee job satisfaction. The research used an explanatory research with a population of 55 employees of CV. Setara Banjarbaru. Data analysis techniques use scale ranges and multiple linear regression. The results show that leadership styles influence employee job satisfaction, compensation influences employee job satisfaction, leadership styles (employee orientation and production orientation) and compensation influence employee job satisfaction simultaneously, and compensation has the most influence on employee job satisfaction.

**Keywords:** Leadership; Compensation; Job Satisfaction

## 1. Introduction

Job satisfaction for an employee is a very important factor because the satisfaction will contribute to determining a positive attitude towards work. Feeling satisfied at work can have a positive impact on behaviour, such as the level of discipline and work enthusiasm which tends to increase. A leadership style that can create job satisfaction to create a condition that can make employees feel satisfied at work, so it is not uncommon for people to be appointed to certain positions to be those who have their own leadership style [1]. Good leadership in employees will avoid negative organizational behaviours such as skipping work, absenteeism, moving to other companies, leaving work hours, and so on. So it is hoped that a company has employees with a high leadership style, because in addition to avoiding absenteeism, truancy, and moving to another company, these employees are also willing to exert sufficient effort on behalf of the organisation, and a definite desire to maintain organizational membership. Negative organizational behaviors, such as truancy, absenteeism, leaving work hours, and so

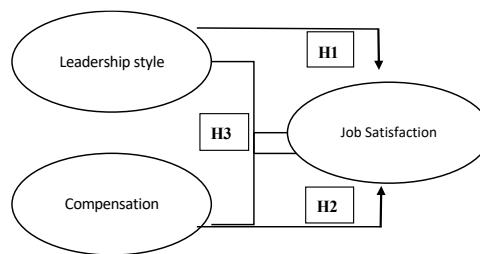
forth, can be avoided by employees under good leadership. Thus, it is hoped that a company's workforce includes someone with a strong leadership style, as these individuals not only refrain from being truant, absentee, or leaving the company, but they also demonstrate a strong desire to stay a member of the organization and are willing to put in enough work on its behalf. The company's compensation strategy also influences efforts to improve employee work satisfaction [2]. Compensation has two types, which are financial and non-financial. Direct financial compensation includes payments made to employees in the form of salaries, wages, bonuses, and commissions. According to [3], remuneration amounts represent the status, recognition, and level of satisfaction of employee and family demands.

[4] and [5] show that leadership style and salary have a major impact on employee satisfaction at work. The same findings were supported by [6] research, which found that leadership style had a substantial influence on job satisfaction. However, [7] research found that leadership style and salary had no significant affect on satisfaction. [6] and [8] found that salary has no substantial influence on job satisfaction. Due to discrepancies in prior research findings or gaps in knowledge, this study investigated the impact of leadership style and salary on job satisfaction. CV. Setara Group is a coffee shop that operates in the FnB (food and beverages) sector. The coffee shop has its own uniqueness, including the uniqueness of the building in the form of several corners of the room that are colorless and decorated with green plants, adding to the impression of being in the past. However, the company's operational activities show that there are problems related to the job satisfaction felt by employees while working at the company. Based on the findings of the preliminary research, it is possible to conclude that employees are unsatisfied with the job assigned to them by the company, their wages, the promotions they obtain, and their working relationships with coworkers. Employees are unsatisfied with the job offered by the company since, thus far, there has been no clear distribution of tasks or work to employees, resulting in chores or work that frequently strain employees. Employees are disgruntled because they are paid less than the minimum wage and their paycheck is delayed.

## 2. Literature Review

According to [9] Job Satisfaction is an employee's attitude towards work which is related to the work situation, cooperation between employees, rewards received at work, and matters involving physical and psychological factors. [10] stated that Job satisfaction is a general attitude towards a person's work that shows the difference between the amount of reward they receive at work and the amount they believe they should receive. [11], [12] shown that leadership is the process of influencing or setting an example for followers through the communication process in an effort to achieve organizational goals. Meanwhile, leadership style according to [12] is behavior and strategy, as a result of a combination of philosophy, skills, traits, attitudes, which a leader often applies when he tries to influence the performance of his subordinates. [13] stated that compensation is something that workers receive as remuneration for their work (employees). According to [11] compensation is something that employees

receive as a replacement for their service contribution to the company. Based on the theories, the conceptual framework in this research as below:



**Figure 1.** Conceptual Framework

### 3. Research Method

The type of research is explanatory research. This research used the entire employee population of 55 as respondents in filling out the questionnaire. The sampling technique uses a total sampling which is carried out using the entire existing population as a research sample. In quantitative research, data analysis is an important part after collecting data from respondents. This research uses quantitative data. This data comes from primary and secondary data. Primary data in this research is the results of interviews and filling out questionnaires, and secondary data is data from the internet. To answer the problem formulation in this research, analytical techniques are needed, namely scale range analysis and multiple linear regression analysis.

### 4. Result and Discussion

**Table 1.** Scale Range

Item	Frequencies					Total Score	Criteria
	5	4	3	2	1		
<b>Employee Oriented</b>							
X1.1	8	26	12	9	0	198	High
X1.2	12	22	20	1	0	210	High
X1.3	0	5	11	30	9	122	Low
	<b>Mean</b>					176,67	Sufficient
<b>Production Oriented</b>							
X1.4	11	25	12	5	2	203	High
X1.5	4	19	26	6	0	186	Sufficient
X1.6	0	3	11	27	14	113	Low
	<b>Mean</b>					167,33	Sufficient
<b>Compensation</b>							
X2.1	2	6	11	28	8	131	Bad

Item	Frequencies					Total Score	Criteria
	5	4	3	2	1		
X2.2	7	38	10	0	0	217	Good
X2.3	5	37	12	1	0	211	Good
X2.4	0	20	23	1	1	152	Sufficient
	<b>Mean</b>					<b>177,75</b>	Sufficient
Job Satisfaction							
Y <sub>1.1</sub>	1	4	12	29	9	124	Not Satisfied
Y <sub>1.2</sub>	20	27	4	4	0	228	Satisfied
Y <sub>1.3</sub>	18	31	5	1	0	231	Very Satisfied
Y <sub>1.4</sub>	11	32	10	2	0	217	Satisfied
Y <sub>1.5</sub>	8	30	16	1	0	210	Satisfied
	<b>Mean</b>					<b>202</b>	Satisfied

The average scale range calculation findings show that the production orientation is 167.33 and the employee orientation is 176.67. These values indicate that the leadership style variable, which includes both orientations, fits into the sufficient category. The analysis's findings demonstrate that the leader consistently upholds a generally positive connection with staff members, gives adequate consideration to attending to their needs, respects their differences of opinion, applies enough pressure to meeting the company's work targets, gives guidance on how staff members should complete their tasks in order to meet company objectives, and offers technical support when needed. The compensation variable is included in the sufficient category according to the computed average range of the scale, which came out to be 177.75.

The analysis's findings indicate that employees believe their pay complies with the work they perform, that the company's facilities facilitate work activities, that the incentives offered are sufficient in compliance with applicable policies, and that the allowances offered correlate with their role within the organization. Based on the calculation results, the average range of the scale is 202, which means that job satisfaction so far falls within the satisfaction criteria. The results of the analysis show that employees feel satisfied with the work provided by the company, feel satisfied with the salaries provided by the company, feel satisfied with the promotion policies set by the company, feel satisfied with the implementation of supervision carried out by the leadership and feel satisfied with their co-workers in their activities.

Based on the results of the distribution of questionnaires that have been carried out, the results of multiple linear regression analysis can be presented which can be completely described as follows:

**Table 2.** Results of Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-0.407	1.408	-.289	0.773
	Leadership style	0.484	0.080	0.477	6.073 0.000
	Compensation	0.548	0.084	0.515	6.553 0.000

The resulting regression equation is:  $Y = -0.407 + 0.484X1 + 0.548X2 + e$ .

The results of the analysis show that the calculated t value for the leadership style variable (employee orientation and production orientation) is 6.073, which means it is greater than the t table of 1.674, so it accepts Ha and rejects Ho. This means that partially there is a significant influence from the leadership style variables (employee orientation and production orientation) on job satisfaction for CV Setara Group Banjarbaru's employee. The results of the analysis show that the calculated t for the compensation variable is 6.553, which means it is greater than the t table of 1.674, so Ha is accepted and Ho is rejected. This means that partially there is a significant influence of the compensation variable on job satisfaction for CV employees. Setara Group Banjarbaru.

Testing the third hypothesis uses a simultaneous test (F Test), namely by comparing the calculated F with the F table. From the regression results, the calculated F is 132.113 with a significance level of 0.000. The F table is obtained by looking at the F table value, namely a value of 3.180, which is greater than the calculated F so that it accepts Ha and rejects Ho. This means accepting the hypothesis proposed in this research, namely that there is a significant influence between leadership style (employee orientation and production orientation) and compensation on job satisfaction for employees. The results of testing the variables that have the most influence on employee job satisfaction by comparing the regression coefficients for each variable, the results of this comparison can be presented in table 3.

**Table 3.** Regression Coefficient Comparison Results

No.	Variable	Coefficient	t-values	Sig.
1.	Leadership styles	0,477	6,073	0,000
2.	Compensation	0,515	6,553	0,000

Based on the results of the comparison of regression coefficients, calculated t values and significance values, it can be seen that the compensation variable has the most influence on job satisfaction for CV Setara Group Banjarbaru's employees. The average range of the leadership style scale which includes employee orientation and production orientation is included in the sufficient category. The results of the analysis show that employees stated that according to employees during their work the leader had maintained good relations with employees, according to employees the leader paid attention to meeting employee needs, the leader always

emphasized achieving work targets set by the company and the leader gave direction regarding work to employees to achieve company goals. This sufficient condition is because according to employees, the leadership in making a joint decision never receives input from the employees, so the leadership always unilaterally makes decisions so that the decisions made are often detrimental to the employees. Apart from that, leaders always blame employees if problems occur without any confirmation to employees, this condition makes employees feel that they are often disadvantaged by the leadership they implement. The results of the analysis show that leaders must make more efforts to encourage employees to maximize the services provided to customers so that employee orientation becomes an important thing to improve further.

If it is related to production orientation, it shows that the leadership does not provide technical assistance in the process of completing the work. This can be shown by the leadership only giving verbal or theoretical orders so that employees often feel confused in the process of completing the work. The results of the analysis can provide an idea for leaders to always increase the role of employees in improving the quality of work results, in this case related to the quality of food products and snacks offered. If this condition is related to the characteristics of the respondents, most of whom are aged 20-22 years, with the highest level of education being SMA/SMK and working for 1-2 years, this makes the leadership always try to direct all activities carried out by employees in the company.

Based on the results of calculating the average scale range, it shows that compensation is included in the sufficient category. Sufficient criteria can be interpreted as meaning that during their work the employee stated that the incentives provided were sufficient in accordance with applicable company regulations, the allowances provided were sufficient in accordance with the position in the company and the facilities provided by the company supported work activities. This condition is sufficient because employees receive salaries below the minimum wage and there is a delay in receiving salaries. The company also sets regulations that if employees are often late for work or do not come to work, the amount of salary they will receive will be reduced. Employees who work at the company often complain about salary issues. This condition is related to the characteristic conditions of the respondents, where the majority have a monthly income level of 1.6 million - 2 million, which is not in accordance with the UMK set by the Regional Government of Banjar Baru City, South Kalimantan, where in 2023 the UMK is set at IDR 3,149. 977,-

Based on the results of calculating the average range of job satisfaction scales felt by employees so far, they are included in the satisfaction criteria. This means that during their work, employees feel satisfied with the salary provided by the company, satisfied with the promotion policies set by the company, satisfied with the implementation of supervision carried out by the leadership and satisfied with their co-workers in their activities. In general, the level of employee job satisfaction can be shown by the condition of the respondents' characteristics, where the majority have a high school/vocational education level with a length of service of 1-2 years, which shows the level of employee satisfaction in working at the company. The results of this research are

different from the initial findings or initial observations with the research results showing that employees are dissatisfied because of the salary provided by the Company, however, after being investigated, it turns out that employees are not satisfied because of their work, in this case the workload. Apart from that, the initial observations only included 30 respondents so that with the difference in time span there were differences in the workload felt by employees when working at the company.

Based on the research results, it can also be seen that there is a significant influence between leadership style (employee orientation and production orientation) on job satisfaction at CV. Setara Group Banjarbaru. This means that the higher or better the leadership that is established, the more satisfied employees are with their work. So it can be said that changes in job satisfaction are influenced by the employee-oriented leadership style established in the company. Leadership is an important factor that can influence job satisfaction. Research results from [14] show that leadership style has a significant influence on job satisfaction. There is a significant influence between compensation and job satisfaction among CV employees. Setara Group Banjarbaru. This means that the better the compensation given to employees, the more satisfied employees are with their work. Research results from [15], [16] and [2] show that compensation has a significant influence on job satisfaction.

Leadership style (employee orientation and production orientation) and compensation have a significant influence on employee job satisfaction at CV. Setara Group Banjarbaru, meaning that the higher or better the leadership that is established and the better the compensation policy provided to employees, the more satisfied employees are with their work. According to [19] the compensation given to employees greatly influences the level of job satisfaction and work motivation, as well as work results. Research results from [17] and [18] show that leadership style and compensation have a significant influence on job satisfaction. Based on the results of the comparison of regression coefficients, it can be seen that the compensation variable has a dominant influence on CV employee job satisfaction. Equivalent to the Banjarbaru Group. This condition is related to the characteristics of the respondents, where the majority are aged 20-22 years and have a final education level of SMA/SMK, where in this age group the employees are of productive age so they are more concerned about the amount of compensation provided by the company. The results of this research support the results of previous research conducted by [17] and [18] showing that compensation has the most influence on employee job satisfaction.

## 5. Conclusion

Based on the results of the research and discussions that have been carried out, the following conclusions can be drawn: (1) The condition of leadership style (employee orientation and production orientation) is in the sufficient category, compensation is in the sufficient category and CV employee job satisfaction. Setara Group Banjarbaru is in the satisfied category (2) Leadership style influences employee job satisfaction, meaning that the leadership style which includes employee orientation and production orientation is better, the more satisfied job

satisfaction will be (3) Compensation influences employee job satisfaction, meaning that the better it is By providing compensation, employee job satisfaction will increase. (4) Leadership style (employee orientation and production orientation) and compensation simultaneously influence employee performance. This means that with a higher level of leadership style which includes employee orientation and production orientation and better compensation, employee job satisfaction will increase. (5) Compensation has the most influence on employee job satisfaction, meaning that high employee job satisfaction is determined by providing better compensation.

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