The Influences of Transformational Leadership, Career Development, and Compensation to Job Satisfaction at Padang State University

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ABSTRACT
This research aimed at finding out the influences of transformational leadership, career development, and compensation to job satisfaction at Padang State University. This study used 30 employees as sample at Padang State University. Questionnaire was used as a research instrument and distributed to the employees who were designated as respondents. The analysis method used Partial Least Square (PLS). The research showed some results: First, transformational leadership had a significant effect on job satisfaction; second, transformational leadership had a significant effect on compensation; third transformational leadership had a significant effect on career development; fourth, career development had no significant effect on job satisfaction; and fifth, compensation had a significant effect on job satisfaction.

Keywords: Transformational leadership, Career development, Compensation, Job satisfaction, Padang State University.

1. INTRODUCTION
Today, global competition must be faced by all the countries. Educational institution is expected to produce graduates that can compete in international level. University as one of the educational institution needs to improve the service to academic community (civitas academic) and the people outside the university. The university responsibility in giving service must be supported by human resource competence. Human resource is one of the important assets for university so the university must be able to organize the human resource that can be lead to achieve the organization goals. In creating qualified human resource, it is necessary to provide job satisfaction to human resource so that the staffs work hard. Padang State University (UNP) is one of the educational institutions owned by government. In 2020, UNP is one of top universities in Indonesia with public service agency so that job satisfaction is necessary for the staffs in order to increase performance and service.

To make Padang State University able to achieve the visions: being one of the best universities in Southeast Asia for education field, knowledge, technology, sports and arts in 2020 based on devotion to God, it needs to increase the performance of the human resource: both lecturers and the staffs. This research only focused on analyzing the human resource because the staffs at UNP work for lecturers and students. Since they work for a lot of lecturers and students, the staffs are required to have good performance so the organization goals can be achieved.

Job satisfaction is the employee's feeling of pleasure or displeasure with his job and how the employee feels about his job [1] [2]. Job satisfaction reflects the employee's perception on their performance. The employee with high job satisfaction will give positive contribution to their organization [3]. UNP has some supporting goals in realizing their vision and mission; one of them is the employee's performance. High job satisfaction is needed to make the employees have good performance so the employee that has job satisfaction will help UNP to achieve the goals. However, if there are employees with low job satisfaction, it will be hard for UNP to achieve the goals.

Based on the writer's observation in Padang State University (UNP), there were problems related to employees' job satisfaction that can hinder the...
organization goals achieved as expected by the university. It can be seen from some phenomenon like, low level of staff's attendance which implied that the employees were not satisfied with their jobs. Another phenomenon related to employees' job satisfaction that hinder the organization goals achieved was employees' dissatisfaction with their employer so job distribution and job coordination were disturbed and it hindered the employees' performance. The other phenomenon were the employee had low desire to develop their career, did not join workshop, did not improve their skill, knowledge and ability for their career development so their career were not developed and their job performance was not good. The last phenomenon was the employees' lack of satisfaction to the compensation in UNP, many employees felt that the compensation was not given fairly and the system of compensation payment was not clear.

2. THEORETICAL BACKGROUND AND HYPOTHESES

There are some factors that influence the job satisfaction, one of them is transformational leadership. [4], reveal that transformational leadership is one of things that influence the job satisfaction. Transformational leadership first introduced by [5] and developed [6]. Based on [7] there are four characteristics of transformational leadership. First, idealized influence, it is about the employer that is respected and trusted by the employee. Second, inspirational motivation, it is leader's behavior that can motivate people around him by increasing the comprehension and challenging them in doing the job. Third, intellectual stimulation, it is the employer's effort to increase the creativity and innovation in finding new ways for problem solving. Fourth, individual consideration, it is about the employer that pays attention and listens to individuals' needs and developments. Some previous research show that job satisfaction is influenced by transformational leadership. [8] state that transformational leadership increases job satisfaction. [9] also say that transformational leadership increases employee's job satisfaction. [3] and [10] add that transformational leadership influences job satisfaction significantly. Based on the previous research, the first hypothesis for this research is:

H1: Transformational leadership had significant influence to job satisfaction.

[11] state that transformational leadership had high correlation with all compensation same as the influence of transactional leadership. [12] inform that compensation basically comes from the increasing of employee's income and it is the most important part for cost item. [13] also mention that compensation must be adequate, equitable, balanced, cost effective, secure, incentive providing and acceptable to the employees. [14] says that compensation has effective relation with transformational leadership. The same thing was found by [15] that inform transformational leadership has direct and significant influence on compensation. Based on the theory, the transformational leadership will affect the compensation. The way employer does his duty will influence the compensation received by the employees. From the previous study, the second hypothesis for this research is:

H2: Transformational leadership had significant effect on compensation

As stated by [16] transformational leadership has positive and significant influence to career development. Based on [17] career development indicators are a fair performance appraisal, utilization of leadership skills, knowledge, abilities and support in career development. Several previous studies have examined the influence of leadership on career development, [18] state that career development brings a significant effect on transformational leadership. This is also supported by [19] that state transformational leadership styles have a significant effect on career development. Based on previous theories, the application of transformational leadership will be able to influence and increase employee career development in order to increase employee job satisfaction, and it can be said that the third hypothesis proposed in this research is:

H3: Transformational leadership had significant influence to career development

[17] states that career development brings a positive and significant effect on job satisfaction. Additionally, [20] says that career development also has a significant and positive effect on job satisfaction. Then, [21] also state that career development has a positive and significant effect on job satisfaction. Based on the above theories, it can be concluded that by increasing career development, it will increase and affect the job satisfaction of employee staff. Therefore, based on theory and previous studies, the fourth hypothesis proposed in this study is:

H4: Career development has a significant effect on job satisfaction

Compensation is one important factor that increases employee job satisfaction. Compensation for employees must be rational and reasonable because it will increase work productivity which will affect job satisfaction [12], [13], [22] stated that compensation has a positive and significant effect on job satisfaction. Recent research also states that compensation has a positive effect on job satisfaction in several fields engaged in the economic sector, such as banking [23] [25], [26] [27] examines that job satisfaction of employees from several universities in Vietnam results in research that there is a significant and positive influence between job satisfaction and compensation. [28] states that there is also a positive and significant influence between compensation and job satisfaction in universities in
Based on theory and previous research, the fifth hypothesis of this study is:

H5: Compensation has a significant effect on job satisfaction

At this time, the leadership of UNP is in an attempt to improve its performance in order to achieve the vision of UNP to become a leading university in Southeast Asia, in improving this performance, one of the things that must be created by the leadership of UNP is job satisfaction of its staff. However, the author found out that there is no comprehensive study that examines job satisfaction and the factors that determine this job satisfaction at UNP. Meanwhile, previous research has revealed that there are several factors that can determine job satisfaction such as transformational leadership, compensation, and career development. More theoretically, research on job satisfaction has been carried out partially but there is still little comprehensive research on job satisfaction on transformational leadership, compensation and career development. Consequently, this research was done to find out the influence of transformational leadership, compensation and career development on job satisfaction at UNP.

Over the last few years, a number of studies related to job satisfaction, transformational leadership, career development, and compensation have been partially carried out and these studies have been conducted in many countries [3], [10], [15], [19], [28], [29]. They provide a theoretical basis for analyzing the effects of job satisfaction on transformational leadership, compensation, and career development. This provides important points of interest for practitioners and academics to later formulate programs to increase employee job satisfaction, such as career development, training, transparent and fair compensation, and suitable leadership styles in order to improve performance that will increase competitive advantage. Therefore, there is a basic need to study the effect of job satisfaction on transformational leadership, career development and compensation.

Hypothesis testing in this study uses Partial Least Square (PLS). Several main findings in this research explain that career development did not bring significant effect on job satisfaction. This shows that job satisfaction at UNP is still not influenced by career development, maybe there are other factors that influence job satisfaction that were not examined in this study. This study also found that transformational leadership had a significant and positive effect on career development, transformational leadership had a significant and positive effect on compensation, transformational leadership had a significant and positive effect on job satisfaction and compensation had a significant and positive effect on job satisfaction. This research had contributed to the field of Human Resource Management, in which staff employees who were the object of research had an important role in improving the performance of UNP in order to compete with other universities in Southeast Asia.

3. METHOD

The population in this research is an initial research by taking a sample of 30 people. The goal is to ensure that the research model fits the existing data. The data were collected by using cluster random sampling method. The research instrument used a questionnaire given to respondents. The measurement used to measure respondents’ responses is to use a linkert scale with a scale ranging from 5 = "Strongly Agree (SA)" to 1 = "Strongly Disagree (SD)."

The measurement of transformational leadership, we used 9 items of multifactors leadership scale based on[7], [10]. To assess Job satisfaction in this study used 5 items of JDI by [12], [30]. While career development, we used 3 items by [17]. Furthermore, to assess compensation, we used 6 items of compensation based on [13].

Before testing the hypothesis, based on [31] this research evaluates the outer model and evaluates the inner model first. The Outer Model evaluation was carried out using validity and reliability tests in order to obtain representative data which would later be analyzed further. In testing validity using convergent validity, it can be seen that the value of each outer loading with a value of > 0.7 and discriminant validity can also be seen with the provisions of the AVE value ≥ 0.5, while the construct reliability is tested using composite reliability and cronbach's alpha from the indicator block that measures the construct with each value > 0.7. Inner model evaluation is done to test the goodness of fit using predictive-relevance (Q Squre). Furthermore, in this study, testing the research hypothesis was done by using Partial Least Square (PLS).

4. RESULTS

Outer model evaluation is done to test the validity and reliability of the data. [31] stated that for convergent validity testing, it can be done by looking at the value of the loading factor or outer loading. An indicator is said to meet convergent validity if it has an outer loading value > 0.7. The results of each outer loading for Transformational Leadership resulted in scores of TL1, TL2, TL3, TL4, TL5, TL6, TL7, TL8, TL9 were 0.808, 0.881, 0.919, 0.820, 0.722, 0.908, 0.902, 0.903, 0.876, for career development to produce scores CRD1, CRD2, CRD3 are 0.966, 0.966, 0.804, for Compensation to produce a score of COMP1, COMP2, COMP3, COMP4, COMP5, COMP6, is 0.834, 0.877, 0.878, 0.844, 0.918, 0.927, and for Job Satisfaction to produce a score of
JS1, JS2, JS3, JS4 are 0.868, 0.835, 0.816, 0.837. From the results above, it can be concluded that the indicators of each variable are valid. This can be seen in accordance with the diagram below:

![Figure 1. The results of the Outer Loading and Path](image)

**Table 1.** Value of composite reliability and Cronbach’s alpha

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.963</td>
<td>0.956</td>
</tr>
<tr>
<td>Career development</td>
<td>0.939</td>
<td>0.901</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.954</td>
<td>0.942</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.905</td>
<td>0.860</td>
</tr>
</tbody>
</table>

**Source:** Secondary data processing 2020

Next, to measure the validity of discrimination is to look at the loading factor value of Avarage Variants Extraced (AVE) where the results of each AVE research variable are said to be valid if \( > 0.7 \). Then, the AVE results of each variable are as follows; Transformational leadership is 0.743, career development is 0.837, compensation is 0.775, and job satisfaction is 0.704.

**Table 2.** R-Square Value of Endogenous Variables

<table>
<thead>
<tr>
<th>Endogen Variable</th>
<th>R-square Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development</td>
<td>0.511</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.289</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.800</td>
</tr>
</tbody>
</table>

**Source:** Secondary data processing 2020

With the above AVE results, all research variables can be said to be valid. Furthermore, the reliability test was carried out employing composite reliability statistics and Cronbach's alpha. Then the results of each variable are in accordance with the table 1

Based on table 2 above, it is obvious that each variable has a value \( > 0.7 \) for both the composite reliability value and Cronbach's alpha. It can be concluded that each variable is reliable.

Testing the goodness of fit of the structural model on the Inner Model uses predictive-relevance (Q-square). The R-square value of each endogenous variable in this study can be seen in Table 2.

Based on table 2, it is known that the R-Square value for career development is 0.511 which means that the career development percentage that can be described by transformational leadership is 51.1%. The R-Square value for compensation of 0.289 means that the percentage of compensation that can be explained by transformational leadership is 28.9%. The R-Square value for Job Satisfaction of 0.800 means that the percentage of job satisfaction that can be defined by transformational leadership was 80%. The advantage of fit assessment is known from the Q-Square value. The value of Q-Square has the same meaning as the coefficient of determination (R-Square) in the regression analysis. The higher the Q-Square, the model can be said to be more fit with the data.

The findings of the calculation of the Q-Square value are as follows:

\[
Q\text{-Square} = 1 - [(1-0.511) \times (1-0.289) \times (1-0.800)] = 1 - 0.070 = 0.930
\]

Based on the calculation results, it was found that the Q-Square value was greater than 0 (0.930 > 0), so it can be interpreted that the model is good because it has a relevant predictive value of 93%. That is, the magnitude of the diversity of the research data can be explained by the research model of 93%, while the remaining 7% is explained by other factors outside the model. Based on these results, the research model has a good goodness of fit.

The structural model in PLS is evaluated with the path coefficient value for the independent variable which is then assessed for its significance based on the t-statistic value for each path. The structural model of this research can be seen in Figure 2 below:

![Figure 2. Display of PLS Bootstrapping results (t-statistic and path coefficient)](image)


Table 3. Results of Coefficients and T-Statistics

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Influence Relationship</th>
<th>Coefficient</th>
<th>T-Statistics</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Transformational Leadership → Job Satisfaction</td>
<td>0.193</td>
<td>3.019</td>
<td>Received and a positive influence</td>
</tr>
<tr>
<td>H2</td>
<td>Transformational Leadership → Compensation</td>
<td>0.538</td>
<td>6.598</td>
<td>Received and a positive influence</td>
</tr>
<tr>
<td>H3</td>
<td>Transformational Leadership → Career Development</td>
<td>0.715</td>
<td>8.738</td>
<td>Received and a positive influence</td>
</tr>
<tr>
<td>H4</td>
<td>Career Development → Job Satisfaction</td>
<td>0.062</td>
<td>0.629</td>
<td>Not Received</td>
</tr>
<tr>
<td>H5</td>
<td>Compensation → Job Satisfaction</td>
<td>0.732</td>
<td>8.929</td>
<td>Received and a positive influence</td>
</tr>
</tbody>
</table>

Source: Secondary data processing 2020

Furthermore, testing of hypothesis 3 stated that transformational leadership had a significant and positive effect on career development. This shows that good transformational leadership would influence and increase the desire of employees in career development. These findings agree with the study by [16], [18], [19] which state that transformational leadership has a significant and positive effect on career development.

Furthermore, testing of hypothesis 4 found that the career development had a significant effect on job satisfaction. This shows that transformational leadership had a significant and positive effect on job satisfaction. But the findings of testing this hypothesis are supported by [33] that find career development has no significant effect on job satisfaction.

Furthermore, testing hypothesis 5 found that compensation had a significant and positive effect on job satisfaction. This shows that with a good and reasonable compensation system, it would increase the job satisfaction of staff employees at UNP. The results of this study were supported by [12], [13], [22] that state compensation has a significant and positive effect on job satisfaction.

5. DISCUSSION

The findings show that hypothesis 1 testing found that transformational leadership had a significant and positive effect on job satisfaction. These results indicated that the better transformational leadership was implemented at UNP, the better job satisfaction of UNP employees would result in increasing the performance and realizing the achievement of UNP's goals itself. Those findings are supported by research of [3], [4], [8]–[10], [32] that state transformational leadership has a significant and positive effect on job satisfaction.

Furthermore, testing of hypothesis 2 found that transformational leadership had a significant and positive effect on compensation. This shows that the better the transformational leadership that was applied by the leader, the better and fairer the compensation system in UNP would be. The findings of this study are in line with [11], [14], [15], [29] that state transformational leadership has a significant and positive effect on compensation.

6. CONCLUSIONS

Based on the research, it was found that transformational leadership had a significant and positive effect on job satisfaction, transformational leadership also had a significant and positive effect on compensation, and transformational leadership also had a significant and positive effect on career development. However, this study showed that career development was not significant for job satisfaction, but compensation had a significant and positive effect on job satisfaction.

The limitation in this study was the small number of samples, only 30 people. However, this research had
implications theoretically, namely contributing to knowledge about the relationship of job satisfaction, transformational leadership, career development and compensation more comprehensively. Research on these variables had indeed been carried out extensively but was still partial in nature, had never been done comprehensively between job satisfaction, transformational leadership, career development and compensation. In addition, previous research had been carried out in many other countries. The results of this research are expected to contribute to the development of science, especially in the field of human resources and are also expected to be used as a reference for future research with relevant studies.

In practical terms, this research will become a reference for UNP leaders in an effort to increase job satisfaction of staff at UNP. From this result, it can be said that the leadership will be able to formulate programs to increase job satisfaction, such as training and so on. Furthermore, academically, this research is expected to be a reference for researchers to improve understanding of job satisfaction and the factors that influence it. The results of the research conducted at Padang State University may be different if it is carried out elsewhere, so that it is possible for future research to be continued elsewhere and see the comparisons and get new conclusions.

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REFERENCES


