

THE INFLUENCE OF SERVANT LEADERSHIP AND EMPLOYEE COMPENSATION ON EMPLOYEE ENGAGEMENT THROUGH EMPLOYEE JOB SATISFACTION AS AN INTERVENING VARIABLE AT PT INDONESIA POWER SURALAYA POWER GENERATION UNIT

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ABSTRACT

Nowadays, employee engagement is a major concern for organizational leaders around the world. Human Resources (HR) is a key element of a company that will support effective and efficient organizational governance (Christian et al., 2021). However, not all employees have the same level of engagement, factors that can affect employee commitment such as motivation, job satisfaction, leadership, diversity of co-workers, organizational culture, and others (Vinsensius et al., 2019). This study aims to analyze: (1) the magnitude of the influence of servant leadership on employee engagement, (2) the magnitude of the influence of employee compensation on employee engagement, (3) the magnitude of the influence of servant leadership on employee job satisfaction, (4) the magnitude of the effect of employee compensation on employee engagement, employee job satisfaction, and (5) the magnitude of the influence of employee job satisfaction on employee engagement at PT Indonesia Power Suralaya Power Generation Unit. The novelty (originality or value) of this research is that servant leadership has no effect on employee engagement and employee compensation has no effect on employee job satisfaction. The limitations of this study are only to get an idea of the perceptions of employees of PT Indonesia Power Suralaya Power Generation Unit regarding servant leadership, employee compensation, employee job satisfaction and employee engagement. The population in this study are employees of PT Indonesia Power Suralaya Power Generation Unit which is located at Jalan Raya PLTU Suralaya, Cilegon, Banten. The research method is quantitative using a questionnaire with a Likert scale and the sampling technique is done by simple random sampling. The number of samples used as many as 32 samples to test the hypothesis. Structural Equation Modeling was used to test the statistical significance of the path coefficients, and processed using the PLS Smart 3.2.9 program. The results showed that servant leadership and employee compensation affected job satisfaction by 64.9%, while employee engagement was influenced by 86.8%. This direct effect shows that servant leadership has no effect on employee engagement, employee compensation has a positive and significant effect on employee engagement, servant leadership has a positive and significant effect on employee job satisfaction, employee compensation has no effect on employee job satisfaction, and employee job satisfaction has a positive effect. and significant to employee engagement.

Keywords: Servant Leadership; Employee Compensation; Employee Job Satisfaction; Employee Engagement

Received: 18 November 2021 ;

Accepted: 21 December 2021 ;

Publish: December 2021

How to Cite:

Christianto, R.D.P. (2021). The Influence of Servant Leadership and Employee Compensation on Employee Engagement through Employee Job Satisfaction as an Intervening Variable at PT Indonesia Power Suralaya Power Generation Unit. *Journal of Business and Behavioural Entrepreneurship*, 5(2), 118-128. <https://doi.org/10.21009/JOBBE.005.2.14>

INTRODUCTION

Nowadays, employee engagement is a major concern for organizational leaders around the world. Human Resources (HR) is a key element of a company that will support effective and efficient organizational governance (Christian et al., 2021).

However, not all employees have the same level of engagement, factors that can affect employee commitment such as motivation, job satisfaction, leadership, diversity of co-workers, organizational culture, and others (Vinsensius et al., 2019).

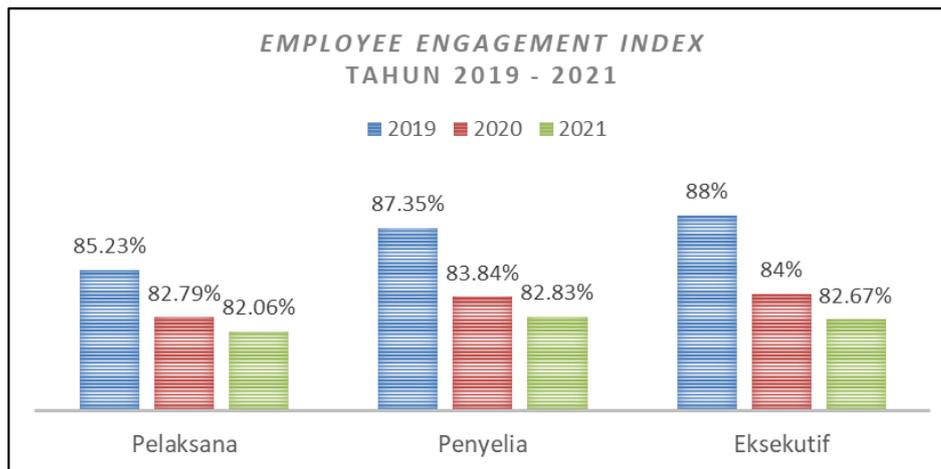
Servant leadership has a positive and significant influence on employee engagement and employee satisfaction (Irene Huertas-Valdivia et al., 2019; Okechukwu E. Amah, 2018; Rami Al-Asadi et al., 2019 and Shiva Ilkhanizadeh et al., 2018). One of the leadership roles needed in an organization is its ability to create conditions for employee engagement to develop. Servant leadership (Sousa & Dierendonck, 2015:9) has the potential to create the conditions in question. This is because servant leadership is oriented to the needs and development of each of its followers by providing proactive support, namely in the creation of a work environment that also supports each individual to grow (Kaur, 2018: 7). This support communicates to employees that the organization through its leaders cares and stimulates employee development through their work.

Compensation according to (Hasibuan, 2017:118) is all income in the form of money or goods directly or indirectly received by employees in return for services provided to the company. Employees have good compensation is the company's way to achieve optimal company goals. With good compensation, these employees can bind themselves in a company. Compensation has a positive and significant effect on employee engagement and job satisfaction (Dinar & Ngadino, 2018; Putut Wibowo, 2018; Septerina & Rusda, 2018 and Ni Made Nadya & I Gede Riana, 2017).

Job satisfaction itself has a positive and significant influence on employee engagement (Niko Sudibjo et al., 2020 and Swati Dhir et al., 2019).

HR is one of the important factors in the development of a company/organization. Therefore, HR must be managed properly to increase effectiveness and efficiency in achieving organizational goals. Employee engagement has become a major challenge globally. Hence, it is becoming increasingly important for organizations to attract, engage, develop and build loyalty among their employees to gain a competitive edge in today's global marketplace.

PT Indonesia Power is a subsidiary of PT PLN (Persero) which was established on October 3, 1995 under the name PT PLN Pembangkitan Jawa Bali I (PT PJB I). On October 8, 2000, PT PJB I changed its name to PT Indonesia Power as an affirmation of the company's goal to become a purely business-oriented independent power generation company. The company's main business activities currently focus on being a provider of electricity through power generation and as a service provider for the operation and maintenance of power plants that operate power plants spread across Indonesia. PT Indonesia Power Suralaya Power Generation Unit (PGU) located on the western tip of Java Island, Banten Province manages 7 units of Steam Power Plant (PLTU) that use coal as its main fuel. With a total installed capacity of 3400 MW, Suralaya PGU is the largest unit in Indonesia owned by PT Indonesia Power.



**Figure 1. Employee Engagement Index Chart 2019 – 2021
PT. Indonesia Power Suralaya PGU**

Source: PT Indonesia Power Suralaya PGU Culture, GCG and HR Planning Division (2021)

Based on data obtained from the Culture, GCG, and HR Planning Division of PT Indonesia Power Suralaya PGU, the employee engagement index has decreased in scores from 2019 to 2021 at every level of position, both at the executive, supervisor and executive levels. This is due to an inadequate work environment due to the lack of management and maintenance of working relationships between employees and company management as well as employees and employees involving handling organizational justice, employee communication, working conditions, and problems arising from work. Therefore, the role of leadership towards employees, internal relations between employees, and quality training are needed to increase employee engagement which will have an impact on productivity and maintain the survival of the company.

This study aims to analyze the effect of servant leadership and employee compensation on employee engagement through employee job satisfaction as an intervening variable at PT Indonesia Power Suralaya Power Generation Unit (PGU).

LITERATURE REVIEW

Servant Leadership

Servant leadership was first stated by Robert K. Greenleaf in 1970. The characteristics of servant leadership behavior grow from the values and beliefs of individuals. Personal values such as fairness and integrity are independent variables that drive the behavior of servant leaders (Smith in Ken Blanchard & Renee Broadwell, 2019). Greenleaf argues that servant leaders can affect productivity in real organizational situations.

According to Greenleaf in Ken Blanchard & Renee Broadwell, 2019, defining a servant leader is someone who becomes a servant first. It starts with the natural feeling that someone who wants to be served, must first serve. Then conscious choice brings someone to lead. A clear difference in the emphasis that serve first, to ensure the interests of others is a priority to be served. Servant leadership is a leadership style that is very concerned about the growth and dynamics of the lives of followers, themselves and their communities. Starting from the natural feeling of wanting to serve. There-

fore, he prioritizes service over the achievement of his personal ambitions and passions. A servant leader is the behavior of a leader who has a strong desire to serve and lead his members, and is able to combine the two as mutually reinforcing things in a positive way.

The servant leadership indicators proposed by Dennis and Bocarnea in A.Paramita, 2016, are compassion, empowerment, vision, humility, and trust. Compassion (love) is leadership that loves with love or affection. Love means doing the right thing at the right time for the best reasons and decisions. Empowerment (empowerment) is the emphasis on the cooperation that entrust power to others, and listen to the advice of followers. Furthermore, the vision is the future direction of the organization that will be brought by a leader. Vision will inspire action and help shape the future. Humility (humility) is to maintain humility by showing respect for employees and recognizes the employer's contribution to the team. The last is trust, where servant leaders are chosen people who are chosen based on an advantage that causes the leader to gain trust.

Employee Compensation

Compensation is all remuneration received by an employee for services rendered or the results to an organization or company. Rewards can be in the form of money or goods, either directly or indirectly given by an organization to workers or service workers at the organization or company (Arif et al., 2019). Compensation is everything that is received by the employee in return for his work or something that is a cash contribution received by the employee as a substitute for his services to the company (Daulay, 2017).

According to Acheampong in Timoti Hendro (2018), compensation must be distributed according to the contributions given to the company in the form of bonuses, subsidies and welfare must be included in the pay system. According to Hasibuan (2016, p.117), compensation is something that is received by workers as compensation for their work. Some compensation indicators according to theory (Armansyah et al., 2018: 237) are as follows:

1. Wages. Payment of remuneration for employee contributions to the company for the responsibility of their position.
2. Incentive. Payments to employees for achieving employee work performance that improve the quality of employees.
3. Bonus. Paying employees for contributions to their work.
4. Allowance. Payments given by the company that should be obtained by workers.

Employee Job Satisfaction

Basically job satisfaction is the impact of the implementation of the work. According to Sopiah (2008), job satisfaction is an emotional expression that is positive or pleasant as a result of an assessment of a job or work experience because a worker not only does the work that has been given, but also needs to interact with fellow co-workers and superiors., following organizational regulations, achieving work performance standards, and so on (Robbins & Judge, 2015, p.102).

According to Salminen et al., (2017), the concept of job satisfaction refers to a state in which employees feel pleasure in their work. The level of job satisfaction is influenced by various variables related to individual, social, cultural, organizational and environmental factors (Mullins and Christy, 2016). Situational factors such as su-

pervision, co-workers, promotions, salary and the job it self is an important factor in employee job satisfaction. In particular, satisfaction with one's own work is considered an important factor indicating job satisfaction as a whole (Judge and Kammeyer Mueller, 2012).

According to Luthans in Fanny & Sintya Admaja, 2017, the factors that cause job satisfaction are:

1. Work it self, the feeling of an employee will be happy and satisfied if his abilities match the job required.
2. Pay, is estimated to be equivalent or not to the work done.
3. Promotion, whether there is an opportunity to get a career advancement while working in an organization.
4. Supervision, a leader is very important for employees because he is considered a role model and pays attention to his subordinates.
5. Co-workers, relations between employees and their superiors or other department employees will fill the social needs of these employees.

Employee Engagement

Employee engagement are those who are psychologically present physically and mentally, feel the workplace atmosphere, are connected to work and workplace, blend with work and workplace, and focus on completing the roles assigned by the organization and high performance at work (Kahn in Kahn, 2008). Agung Nugroho & Noora Fithriana, 2018).

Employee engagement is a positive feeling, serious outwardly and inwardly, work is done with vigor, dedication, and absorption. Vigor is defined as a strong desire to expel big and strong energy in achieving organizational goals. Dedication is being fully involved in one job. Absorption is being involved in one job and when you are involved you feel that time passes quickly” (Schaufel et al., in Agung Nugroho & Noora Fithriana, 2018).

According to Anitha (2014), there are three types of people: employees who are bound, employees who are not bound, and employees who are not actively engaged. Engaged employees are builders who consistently seek to deliver excellence in their roles. Unbound employees focus on the tasks assigned to them rather than the goals of the organization. They do what they are told to do. Employees who are not actively engaged are dangerous individuals who not only do not perform well but also demotivate actors in the organization. The above description of the concept of engagement illustrates that an engaged employee is intellectually and emotionally attached to the organization, feels passionate about its goals and is committed to living by its values. The indicators used in this study were enthusiasm, enthusiasm, full concentration, proactiveness and quick response (Chen et al., 2017).

FRAMEWORK

The framework of thought in this research thoroughly describes the relationship between independent variables, dependent variables and intervening variables in this study. In this study, the independent variable is the servant leadership variable and employee compensation, the dependent variable is the employee engagement variable and the intervening variable is job satisfaction based on the theoretical description described above and the hypothesis that has been explained based on the theoretical basis and the findings of previous researchers. in this study are as follows:

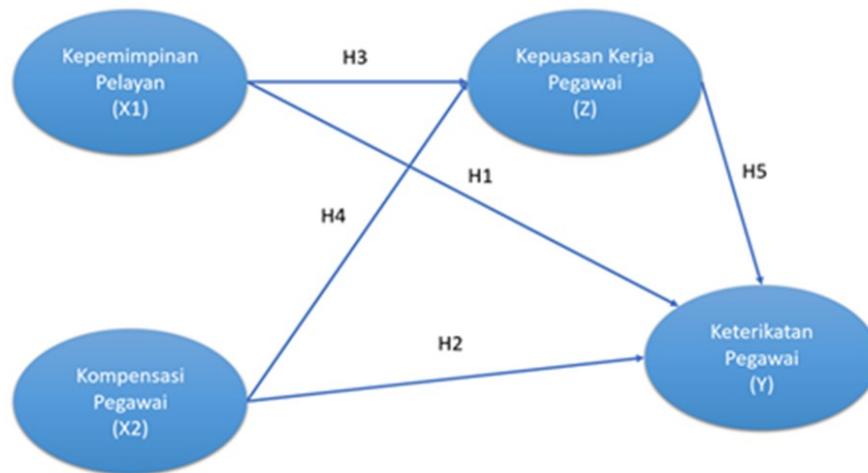


Figure 2. Conceptual Research
Data Processed (2021)

Based on the chart above, it can be seen that the researcher is looking for the relationship of several variables, in this study there were five hypotheses made by the researcher to be tested, the picture above explains the relationship between the servant leadership variable and employee engagement which becomes H1, the relationship between employee compensation variables and engagement employees become H2, the relationship between variables of servant leadership and employee job satisfaction becomes H3, the relationship between variables of employee compensation and employee job satisfaction becomes H4 and the relationship between variables of employee job satisfaction and employee engagement becomes H5.

Hypothesis Development

Based on the description that has been explained in the framework of thought and previous research, the researcher can draw temporary conclusions or hypotheses, namely:

H 1 : The more leaders serve, the employees at PT Indonesia Power Suralaya PGU will be more attached.

H 2 : The better the employee compensation, the more bound employees at PT Indonesia Power Suralaya PGU will be

H 3 : The more leaders serve, the job satisfaction of employees at PT Indonesia Power Suralaya PGU will be higher

H 4 : The better the employee compensation, the higher the job satisfaction of employees at PT Indonesia Power Suralaya PGU

H 5 : The higher the job satisfaction of employees, the employees at PT Indonesia Power Suralaya PGU will be more bound

RESEARCH METHODS

This study uses quantitative methods to analyze the effect of servant leadership and employee compensation on employee engagement through employee job satisfaction as an intervening variable. The data in this study were obtained from primary data. Data was collected by means of a survey through the distribution of questionnaires. The data collection technique was done by simple random sampling. A total of 32 samples were accepted and 32 samples were declared valid to be used to test the five (5) established hypotheses. All items were measured using a Likert scale of 1 (strongly disagree) to 10 (strongly agree). The model used in this study is the Structural Equation Model (SEM) using the help of SmartPLS 3.2.9 in data processing.

RESULTS AND DISCUSSIONS

Measurement Model Evaluation

Before testing the hypothesis, it is necessary to test the validity to show how well an instrument technique or process measures a concept. In this study, the validity test was carried out by looking at the values of convergent validity and discriminant validity. This validity test is used to test the measuring instrument used in this study, namely measuring the questionnaire used in this study.

In addition to looking at the value of the outer loading, convergent validity can also be seen from the value of the Average Variance Extracted (AVE) which must be greater than 0.50 (Ghozali & Latan., 2015:74). In this model, the AVE value of each variable is above 0.50 as shown in the following table:

Table 2. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Servant Leadership	0.547
Job Satisfaction	0.585
Employee Engagement	0.540
Employee Compensation	0.618

Source: SmartPLS 3.29 output processed, 2021

Reliability Test Results

After doing the validity test, then the next is the reliability test. This reliability test was conducted to prove the accuracy, consistency and accuracy of the instrument in measuring variables. To measure the reliability of variables, it can be done in two ways, namely by Cronbach's alpha and composite reliability or what is often called Dillon Goldstein's Rule of Thumb which can be used to assess the reliability of variables that are above 0.70 (Ghozali. I & Latan. H, 2015: 75-77). The results of the reliability test can be seen in the table below:

Table 3. Construct Reliability

Variable	Cronbach's Alpha	Composite Reliability
Servant Leadership	0.790	0.857
Job Satisfaction	0.821	0.875
Employee Engagement	0.716	0.824
Employee Compensation	0.843	0.889

Source: SmartPLS 3.29 output processed, 2021

From the table above, the reliability test results show that Cronbach's Alpha and Composite Reliability of all variables have values above 0.70. Thus it can be concluded that all variables are reliable or meet the reliability test.

MODEL STRUCTURAL TEST RESULTS (INNER MODEL)

After the research model passes the measurement test, it is necessary to carry out further testing, namely the inner model to determine the magnitude of the relationship (entanglement) between the variables stated in the hypothesis. The first test of the inner model or structural model is carried out by looking at the R-Square values presented in the table below:

Table 4. R-Square

Variable	R square	R square Adjusted
Job Satisfaction	0.868	0.854
Employee Engagement	0.649	0.625

Source: SmartPLS 3.29 output processed, 2021

From the table above, it is known that the R-Square value in the employee engagement model is 0.868 which means that it is included in the strong category and employee job satisfaction is 0.649 which means that it is included in the strong category. This result also means that job satisfaction is influenced by 64.9% by servant leadership and employee compensation. The R-Square value of the employee engagement variable is influenced by 86.8%.

TEST RESULT

Testing the direct influence hypothesis in this study was carried out by looking at the acquisition of T Statistics and P Values . The T Statistic and P Values in SmartPLS are carried out through a bootstrapping process on models that have been declared valid and reliable. The results of the hypothesis are declared accepted if the value of T Statistics > T Table (1.960) or P Values < 0.05. These results can be seen in the table below:

Table 5. Bootstrapping Direct Effect Test Results

Hypothesis	T statistics	P values
Servant leadership à Employee engagement	0.192	0.848
Employee compensation à Employee engagement	3.663	0.000
Servant leadership à Job satisfaction	2.464	0.014
Employee compensation à Job satisfaction	0.584	0.559
Job satisfaction à Employee engagement	1.99	0.047

Source: SmartPLS 3.29 output processed, 2021

From the table above, the results of the bootstrapping test with SmartPLS 3.29 can be explained as follows:

Hypothesis 1: shows that servant leadership has no effect on employee engagement because t statistic (0.192) < t table (1.96) and p value (0.848) > (0.05). Thus it can be concluded that the first hypothesis is rejected which states that servant leadership has no effect on employee engagement. The better the servant leadership, the employees at PT Indonesia Power Suralaya PGU will be more attached.

Hypothesis 2: indicates that employee compensation has a positive and significant effect on employee engagement because the t statistic (3.663) > t table (1.96) and p value (0.000) < (0.05). Thus it can be concluded that the second hypothesis is accepted which states that employee compensation has a positive and significant effect on employee engagement. The better the employee compensation, the more bound employees at PT Indonesia Power Suralaya PGU will be.

Hypothesis 3: shows that servant leadership has a positive and significant effect on employee job satisfaction because t statistic (2.464) > t table (1.96) and p value (0.014) < (0.05). Thus it can be concluded that the third hypothesis is accepted which states that servant leadership has a positive and significant effect on employee job satisfaction. The better the servant leadership, the higher the job satisfaction of employees at PT Indonesia Power Suralaya PGU.

Hypothesis 4: shows that employee compensation has no effect on employee job satisfaction because t statistic (0.584) < t table (1.96) and p value (0.559) > (0.05). Thus it can be concluded that the fourth hypothesis is rejected which states that employee compensation has no effect on employee job satisfaction. The better the employee compensation, the higher the job satisfaction of employees at PT Indonesia Power Suralaya PGU.

Hypothesis 5: shows that employee job satisfaction has a positive and significant effect on employee engagement because t statistic (1.99) > t table (1.96) and p value (0.047) < (0.05). Thus it can be concluded that the fifth hypothesis is accepted which states that employee job satisfaction has a positive and significant effect on employee engagement. The higher the employee job satisfaction, the employees at

PT Indonesia Power Suralaya PGU will be more bound.

As for proving whether employee job satisfaction can be an intervening variable that mediates the effect of servant leadership and employee compensation on employee engagement. In other words, mediation is related to how exogenous variables (servant leadership and employee compensation) can affect endogenous variables (employee engagement). The results of the indirect effect test are presented in the table below:

**Table 7. Bootstrapping
Test Results (Indirect Effect)**

Hypothesis	T statistics	P values
Servant leadership à Job satisfaction à Employee engagement	1.556	0.120
Employee compensation à Job satisfaction à Employee engagement	0.508	0.611

Source: SmartPLS 3.29 output processed, 2021

From the table above, it can be seen that there are two relationships that state whether there is an indirect influence between variables, which can be explained as follows:

Indirect effect 1: shows that servant leadership through employee job satisfaction has no effect on employee engagement because the value of t statistic (1.556) < t table (1.96) and p value (0.120) > (0.05).

Indirect effect 2: shows that employee compensation through employee job satisfaction has no effect on employee engagement because the value of t statistic (0.508) < t table (1.96) and p value (0.611) > (0.05).

CONCLUSION

To increase employee engagement based on the results of research and discussion described in the previous chapter, the conclusions obtained are servant leadership has no effect on employee engagement, employee compensation has a positive and significant effect on employee engagement, servant leadership has a positive and significant effect on job satisfaction. employees, employee compensation has no effect on employee job satisfaction, and employee job satisfaction has a positive and significant effect on employee engagement.

SUGGESTION

It is suggested that other researchers can conduct research by looking at the correlation between servant leadership and employee compensation on employee engagement, and job satisfaction and other variables as intervening variables. This is intended to see if there are variables that have a correlation to improve servant leadership and employee compensation so that employees will be more bound.

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