The Influence Of Transformational Leadership Style, Compensation, And Working Environment Employee Loyalty At Pt Pradipta Bhumi Construction

Epsilandri Septyarini 1, Tri Ratna Purnamarini 2, Yoga Zulfika 3
1) Study Program of Management Faculty Of Economics Universitas Sarjanawiyata Tamansiswa, Indonesia

Email: 1) epsilandriseptyarini@ac.id , 2) t.purnamarini@ustjogja.ac.id , 3) yogazulfika6556@gmail.com

How to Cite :

ARTICLE HISTORY
Received [24 November 2023]
Revised [12 January 2024]
Accepted [20 January 2024]

KEYWORDS
Transformational Leadership Style, Compensation, Work Environment, Employee Loyalty

This is an open access article under the CC–BY-SA license

ABSTRACT
This research aims to test whether transformational leadership style, compensation and work environment influence employee loyalty at PT. Pradipta Bhumi Construction. This research took samples from employees of PT. Pradipta Bhumi Construction. The sampling method is nonprobability sampling with a purposive sampling method. Data collection was carried out using a questionnaire distributed directly to employees at PT. Pradipta Bhumi Construction. The number of questionnaires processed was 50 questionnaires obtained from PT employees. Pradipta Bhumi Construction. This research data was analyzed using multiple linear regression analysis and this processing was carried out using the SPSS version 26 application. The results of this research show that all independent variables can partially or simultaneously influence the dependent variable. The variables Transformational Leadership Style, Compensation, and Work Environment, individually or jointly, influence employee loyalty.

INTRODUCTION

Human resources are the company's most important assets because they play a role in implementing company policies and operational activities. Human resources also have an important determining role in the company, namely organizing, making decisions, implementing plans, and determining success in the company.

A phenomenon that often occurs in companies, namely low employee loyalty, is strongly influenced by several factors such as internal company factors and external company factors. In a company, there are still some employees who don't like their work environment, such as
having co-workers who they can't work with, having superiors who give them tasks that don't match their job description, and company facilities that don't support their work.

Employee loyalty is the way employees give their energy, time, abilities and skills to the company (Muliati, 2020). It will be easy for a company to develop if it has loyal employees, especially when the company is going through difficult times. Employees who have less competence can cause the company to achieve its goals less than optimally (Purnamasari & Sintaasih, 2019).

One of the important elements in a company that has an important role in running a company is leaders and employees. The goal of human resource management in the organizational management function is leadership. A leader has roles and duties such as attitudes, decisions and actions that are very influential, so that they can become a benchmark for actions and motivation for employees which can later form employee loyalty (Citra & Fahmi, 2019). Transformational leadership style is a more inspiring leadership style that can change employees to motivate themselves so they can work hard to achieve common goals (Mahayuni & Dewi, 2020).

The phenomenon that usually occurs in the transformational leadership style on employee loyalty is that the lower the transformational leadership style, the lower the employee loyalty to the company. Vice versa, if the transformational leadership style used is higher, employee loyalty to the company will also be higher. This shows that one of the determining factors for increasing and decreasing employee loyalty comes from the influence of a person's style in leading (Citra & Fahmi, 2019).

Another factor that is taken into consideration to increase employee loyalty is compensation. With sufficient compensation, employees will be more active in carrying out their work. Compensation includes direct and indirect cash payments, in the form of employee benefits and incentives to motivate employees and achieve high productivity. Compensation can influence job seekers in their quality and effectiveness. Compensation provided by the company must be in accordance with the eligibility requirements that have been regulated by government regulations and must be in accordance with the workload and position given to the employee (Kurniawan, 2019).

Another factor that can influence employee loyalty is the employee's work environment. According to Cummings et al., (2018) the work environment, it is anything that can influence workers in carrying out their company duties, such as environmental cleanliness, safety of personal belongings, and many more. A pleasant work atmosphere will make employees feel at home in carrying out all their tasks. Productivity levels will increase and create employee loyalty if the worker's work environment is good (Aisah & Arjanggi, 2021). A healthy work environment can be said if employees can carry out their activities optimally, healthily, safely and comfortably (Klaudia et al., 2020).

This research was conducted at PT Pradipta Bhumi Construction which is located on Jalan Ateka Timur, Bangunharjo, Sewon, Bantul. This company operates in the construction sector, especially in the construction of buildings, roads and bridges, civil building specialist services, skills implementation services, electrical installations and mechanical installations.

Based on the results of observations, there are situations or phenomena related to employee loyalty at PT Pradipta Bhumi Construction as a research object that have never been researched. Many construction companies cause employee loyalty to the company tends to decline or decrease because they do not implement follow-up surveys of employees to find out what employees need to stay with the company. This can be used to make PT Pradipta Bhumi Construction a construction company that must be researched because it has a lower level of research compared to other companies. With this research, it is hoped that it can improve the quality of the company so that employees remain loyal to the company.

From this phenomenon, it can be concluded that in forming employee loyalty, a good transformational leadership style is needed and it is hoped that they can become leaders who...
can be role models for their subordinates. In addition, compensation is provided in accordance with applicable regulations based on employee contributions in achieving company goals. Then the last thing needed to increase employee loyalty is a good and positive work environment.

LITERATURE REVIEW

Every goal the company wants to achieve can be achieved because leaders and employees can work together well. According to Marzuki (2018) The transformational leadership style is very effective in making subordinates enthusiastic about committing to creating a shared vision and goals for the organization or business. By implementing transformational leadership, subordinates will feel trusted, appreciated, loyal and respected by their leaders.

Transformational leadership style is the behavior carried out and demonstrated by a leader in providing direction to his subordinates with a sense of trust in his subordinates. It also includes how to collaborate with his subordinates in making decisions, dividing tasks and authority, how to communicate and what the relationship between the leader and his subordinates is. A rational, objective, effective and complete solution requires the ability to act as a reliable mediator. Indicators of Transformational Leadership Style according to Robbins Butsi T (2019) are: (1) charisma; (2) inspirational motivation; (3) intellectual stimulation; (4) individual considerations.

Sudaryo et al., (2019) Compensation is a reciprocal relationship between leaders and employees in the form of services and materials such as salaries and company facilities. Employers need to be somewhat competitive with some types of compensation to attract and retain competent employees. Safitri (2015) Employee compensation includes all forms of payment given to employees and arising from their employment relationship. Employee compensation has two main components, namely direct financial payments (wages, salaries, incentives, commissions and bonuses) and indirect financial payments (financial benefits such as insurance and holidays paid by the employer).

Harjoyo (2019) said that the factors that can influence compensation are: (1) government factors; (2) joint offers between the Company and employees; (3) employee living standards and costs; (4) comparative size of wages; (5) demand and supply; (6) ability to pay. Then the compensation indicators according to Afandi (2018) are: (1) wages and salaries; (2) incentives; (3) allowances; (4) facilities.

According to Klaudia et al., (2020) the work environment, it is a place where employees carry out their daily activities. The work environment is a situation around employees that will influence employees in carrying out their duties assigned by the organization or company (Swadarma & Netra, 2020). A good work environment can be created if employees feel comfortable doing their work. According to Setiawan, work environment indicators Ahmad et al., (2019) are: (1) work atmosphere; (2) relationships with coworkers; (3) availability of work facilities.

Purnamasari & Sintaasih (2019) believes that employee loyalty is employee loyalty which can be seen by the employee's willingness to protect and defend the company with awareness, determination and ability shown by the employee's attitudes and behavior in carrying out their work to achieve company goals. Indicators of employee loyalty according to Purnamasari & Sintaasih (2019) are: (1) needs; (2) responsible; (3) devotion; (4) honesty.

The Influence of Transformational Leadership Style on Employee Loyalty

H1: Leadership style influences employee loyalty

The transformational leadership style is very effective in making subordinates enthusiastic about committing to creating a shared vision and goals for the organization or business (Marzuki, 2018). Leadership style is the actions taken by a leader in carrying out his duties to be a good role model for his employees. According to research that has been carried out, Marzuki, (2018) the results show that transformational leadership style has a positive and significant effect
on employee loyalty. This research is strengthened by research conducted by Muliati, (2020) and Ang dan Edalmen (2021) obtained results that transformational leadership style has a positive and significant effect on employee loyalty.

**The Effect of Compensation on Employee Loyalty**

H2: Compensation influences employee loyalty

A company must be able to implement good compensation. By providing appropriate compensation for employees, employees will work even harder. Previous research that has been carried out by Muliati (2020) has found that compensation has a significant positive effect on employee loyalty. This is reinforced by other research conducted which Ang dan Edalmen (2021) states that compensation has a positive and significant effect on employee loyalty.

**The Influence of the Work Environment on Employee Loyalty**

H3: Work environment influences employee loyalty

The work environment is the environment where the employee works. A good work environment can improve employee performance. Employees who feel at home at work so that a good work environment will create employee loyalty towards the company. Previous research conducted by Mahayuni & Dewi, (2020) stated that the work environment has a positive and significant effect on employee loyalty. This is reinforced by research conducted by Rahmisyari (2022) and Zet Ena et al., (2022) which states that the work environment has a positive and significant effect on employee loyalty.

**The Influence of Transformational Leadership Style, Compensation, and Work Environment on Employee Loyalty**

H4: Transformational Leadership Style, Compensation, and Work Environment influence Employee Loyalty

Employee loyalty can be influenced by many factors. Transformational leadership style, compensation, and the work environment can influence employee loyalty if done well and correctly. These three factors can influence partially or simultaneously. The research conducted by Mahayuni & Dewi (2020) explained that the transformational leadership style and work environment had a positive and significant effect on employee loyalty. Then another research conducted by Ang dan Edalmen (2021) explained that compensation had a positive and significant effect on employee loyalty.

**METHODS**

The research that has been carried out by researchers is a quantitative research method with a survey research type. Data analysis in this research uses statistical data analysis with a certain population and sample that has been determined by the researcher. Researchers intend to examine the issue of the influence of transformational leadership style, compensation and work environment on employee loyalty at PT Pradipta Bhumi Construction.

The population in this study was 65 employees who worked at PT Pradipta Bhumi Construction, consisting of 50 employees with the positions of Staff, OB, and Driver and 15 employees with the positions of Manager, CEO, and Director. The sample in this research was 50 permanent and non-permanent employees from various divisions who worked at PT Pradipta Bhumi Construction. The sampling technique in this research used a non-probability sampling method with a saturated sampling method. The data collection technique in this research is by distributing questionnaires to respondents.
RESULTS

Data from research that has been carried out is obtained from questionnaires that have been distributed to employees who work at PT. Pradipta Bhumi Construction. The sample in this study consisted of 50 permanent and non-permanent employees who worked in various divisions at PT. Pradipta Bhumi Construction with the provisions set by the author.

Validity test
This research uses a significance value of 5% so it can be said that the data will be valid if it obtains a significance value of less than 0.05. Data can also be said to be valid if it has a calculated r value greater than the table r (calculated r > 0.273). The results of the validity test based on the calculation results can be concluded that all variables are valid because they meet the requirements for a significance value of less than 0.05 and the calculated r is greater than the r table.

Reliability Test
A variable can be said to be reliable if it meets the requirements, namely the Cronbach's Alpha value is greater than 0.6. The results of this test can be seen from the following table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>0.899</td>
<td>Reliable</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.913</td>
<td>Reliable</td>
</tr>
<tr>
<td>Work environment</td>
<td>0.906</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>0.860</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Based on table 1, it can be seen that the Cronbach's alpha value for the transformational leadership style variable is 0.899, compensation is 0.913, work environment is 0.906, and employee loyalty is 0.860. So, it can be concluded that all variables in this study are reliable because they have a Cronbach's alpha value of more than 0.6.

Data Normality Test
This test uses a significance level of 5%, so the significance value must be greater than 0.05 so that the variable can have a normal distribution.

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
</tr>
<tr>
<td>Significance Value</td>
</tr>
<tr>
<td>Significance Level</td>
</tr>
</tbody>
</table>

Based on the results of the normality test in table 2, it is known that the significance value is 0.200 > 0.05, so it can be concluded that the residual value is normally distributed.

Multicollinearity Test
The multicollinearity test is carried out to test whether there is a correlation between the independent variables in the regression model. If there is no correlation between the independent variables, then the regression model can be said to be good.
Table 3 Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>0.671</td>
<td>1.491</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.582</td>
<td>1.719</td>
</tr>
<tr>
<td>Work environment</td>
<td>0.623</td>
<td>1.606</td>
</tr>
</tbody>
</table>

From the results of the multicollinearity test in table 4.15, it is known that the transformational leadership style variable has a tolerance value of 0.671, the compensation variable has a tolerance value of 0.582, and the work environment variable has a tolerance value of 0.623. Likewise, the VIF value for all independent variables has a value of less than 10. So, it can be concluded that the data tested does not have multicollinearity because it has a tolerance value of greater than 0.10 and a VIF value of less than 10.

Heteroscedasticity Test

This test was carried out using the Glejser test. A good regression model is a regression model that does not experience symptoms of heteroscedasticity.

Table 4 Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Significance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>-0.216</td>
<td>0.830</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.653</td>
<td>0.517</td>
</tr>
<tr>
<td>Work environment</td>
<td>-1.986</td>
<td>0.053</td>
</tr>
</tbody>
</table>

From the Glejser test results in table 4, it can be seen that all independent variables have a significance value greater than 0.05 so it can be concluded that there are no symptoms of heteroscedasticity or the data can be said to be good.

Multiple Linear Regression Test

This analysis was carried out to find out in the regression model, how much influence the independent variable has on the dependent variable simultaneously which can be seen from the adjusted $R^2$ value. The following are the output results from the test results.

Table 5 Coefficient of Determination Test Results

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R value</td>
<td>0.608</td>
</tr>
<tr>
<td>R Square</td>
<td>0.369</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.348</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>3,367</td>
</tr>
</tbody>
</table>

The test results in table 5 show that the adjusted $R^2$ value is 0.348. So, the influence of Transformational Leadership Style ($X_1$), Compensation ($X_2$), and Work Environment ($X_3$) on Employee Loyalty is 34.8% and the remaining 65.2% is influenced by other variables. So, there are still other variables that have a greater influence on employee loyalty.

F test

The results of the F test in this research can be seen from the following table:
Table 6 F Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Df</th>
<th>F</th>
<th>Significant Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3</td>
<td>8.978</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The simultaneous test results in Table 6 show that the independent variables together or simultaneously can influence the independent variables because the significance value is 0.000 < 0.05 and the value is \( F_{hitung} = 8.978 > F_{tabel} = 3.195 \). So, it can be concluded that the variables transformational leadership style, compensation and work environment have a positive and significant effect on employee loyalty.

t test

The results of the t test in this research can be seen from the following table:

Table 7 t test results

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Q</th>
<th>Significance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>( Constant )</td>
<td>11.442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.251</td>
<td>2.070</td>
<td>0.044</td>
</tr>
<tr>
<td>Style</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>0.297</td>
<td>4.501</td>
<td>0.009</td>
</tr>
<tr>
<td>Work environment</td>
<td>0.331</td>
<td>3.769</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Regression equation:

\[ Y = \sigma + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 \]

\[ Y = 11.442 + 0.251 + 0.297 + 0.331 \]

DISCUSSION

The Influence of Transformational Leadership Style on Employee Loyalty

From the results of partial hypothesis testing, it can be concluded that H1 is accepted because transformational leadership style has a positive and significant effect on employee loyalty. This can be proven by the partial test results in table 7, that the transformational leadership style variable \((X_1)\) has an effect on employee loyalty \((Y)\) with a significance value of 0.044 < 0.05 and a value of \(t_{hitung} = 2.070 > t_{tabel} = 2.013\).

This is in accordance with research that has been conducted by Marzuki, (2018) and reinforced by research conducted by Muliati, (2020) and Ang dan Edalmen (2021) with the results that transformational leadership style has a positive and significant effect on employee loyalty.

The Effect of Compensation on Employee Loyalty

From the results of partial hypothesis testing, it can be concluded that H2 is accepted because compensation has a positive and significant effect on employee loyalty. This can be proven by the partial test results in table 7, that the compensation variable \((X_2)\) has an effect on employee loyalty \((Y)\) with a significance value of 0.009 < 0.05 and a value of \(t_{hitung} = 4.501 > t_{tabel} = 2.013\).

This research is in line with research that has been conducted by Muliati (2020) and is reinforced by other research conducted by Ang dan Edalmen (2021) which states that compensation has a positive and significant effect on employee loyalty.

The Influence of the Work Environment on Employee Loyalty

From the results of partial hypothesis testing, it can be concluded that H3 is accepted because the work environment has a positive and significant effect on employee loyalty. This can
be proven by the partial test results in table 7, that the work environment variable (X3) influences employee loyalty (Y) with a significance value of 0.000 < 0.05 and a value of t_(hitung)3.769 > t_(tabel)2.013.

This is in line with research that has been conducted by Mahayuni & Dewi, (2020) and is reinforced by research conducted by Rahmisyari (2022) and Zet Ena et al., (2022) which states that the work environment has a positive and significant effect on employee loyalty.

The Influence of Transformational Leadership Style, Compensation, and Work Environment on Employee Loyalty

From the results of simultaneous hypothesis testing, it can be concluded that H4 is accepted because transformational leadership style, compensation and work environment have a positive and significant effect on employee loyalty. This can be proven by the results of the simultaneous test in table 6, that the variables transformational leadership style (X1), compensation (X2), and work environment (X3) influence employee loyalty (Y) with a significance value of 0.000 < 0.05 and a value of F_(hitung)8,978 > F_(tabel)3.195.

These results are in accordance with the results of research conducted by Muliati, (2020), Ang dan Edalmen (2021), and Zet Ena et al., (2022) which states that transformational leadership style, compensation and work environment can influence employee loyalty.

CONCLUSION

1. There is a positive and significant influence between transformational leadership style on employee loyalty at PT. Pradipta Bhumi Construction. This can be seen from the significance value for the partial influence of the transformational leadership style variable (X1) on employee loyalty (Y) of 0.044 < 0.05 and a value of t_(hitung)2.070 > t_(tabel)2.013.
2. There is a positive and significant influence between compensation on employee loyalty at PT. Pradipta Bhumi Construction. This can be proven by the partial test results of the compensation variable (X2) on employee loyalty (Y) with a significance value of 0.009 < 0.05 and a value of t_(hitung)4.501 > t_(tabel)2.013.
3. There is a positive and significant influence between the work environment on employee loyalty at PT. Pradipta Bhumi Construction. This can be proven by the partial test results of the work environment variable (X3) on employee loyalty (Y) with a significance value of 0.000 < 0.05 and a value of t_(hitung)3.769 > t_(tabel)2.013.
4. There is a positive and significant influence between transformational leadership style, compensation and work environment on employee loyalty at PT. Pradipta Bhumi Construction. This can be proven by the partial test results of the variables transformational leadership style (X1), compensation (X2), and work environment (Y) on employee loyalty (Y) with a significance value of 0.000 < 0.05 and a value of F_(hitung)8.978 > F_(tabel)3.195.

SUGGESTION

1. For Companies
Based on the results of data processing carried out by researchers, suggestions can be made to PT. Pradipta Bhumi Construction is as follows.
1) Leaders do not train their subordinates well so they have a less solid team. It is best if leaders can train their subordinates well by dividing tasks and responsibilities fairly according to the competencies within the team in order to create a solid team. This is based on the results of a recapitulation of respondents’ answers regarding the statement "Leaders can train their subordinates well so they have a solid team”.
2) The facilities provided by the company to its employees are still not good. To support employees in carrying out their duties and responsibilities, the company should be able to provide good facilities such as an adequate internet network, machines with the latest
technology, and software such as computers that are not slow to help employees make their work easier. This is based on the results of a recapitulation of respondents' answers regarding the statement "The company provides good facilities to its employees".

3) Leaders are still unable to mediate conflicts between their employees. If there is a conflict between employees in a team or between teams, the leader should be able to help mediate the conflict in a friendly manner so that team or inter-team cooperation can be established well. This is based on the results of a recapitulation of respondents' answers regarding the statement "If employees have conflicts between co-workers, then leaders can help resolve these conflicts in a friendly manner."

4) The company once laid off its employees. If the company wants to reduce the number of employees, it would be better not to lay off them, but to do it in other ways, such as reducing overtime or managing employee working hours properly, adjusting salaries to the company's capabilities, and the company must be able to manage assets so that there are no additional costs due to damage, or loss of assets. This is based on the results of a recapitulation of respondents' answers regarding the statement "The company has laid off its employees". It is hoped that these suggestions can become material for evaluation and policy consideration for the company to make it even better in the future.

2. For Further Researchers

For further research, researchers should conduct ongoing research to find out whether respondents' responses will be the same or different from time to time by adding other variables that are not yet in this research. So, future research can provide different results that are better than this research.

REFERENCES


