Research Article

The Influence of Career Development and Providing Compensation on Job Loyalty and Job Satisfaction As Intervening Variables in Pdam Kudus (Perumda Tirta Muria)

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Abstract.
This study aims to analyze the effect of career development and compensation on job loyalty with job satisfaction as an intervening variable in PDAM Kudus Regency (Perumda Tirta Muria). The research was conducted quantitatively, the primary data was obtained by survey using a questionnaire. The population in this study were all employees of Perumda Tirta Muria Kudus totaling 147 employees. This study involved 108 respondents obtained from calculating the Slovin formula with a tolerable error of 5%. Data processing was done using the Structural Equation Modeling (SEM) method through the AMOS 24 program. The results show that: (1) There is a positive and significant influence of career development on job satisfaction; (2) There is a positive and significant influence on compensation for employee job satisfaction; (3) There is a positive and significant effect of career development on work loyalty; (4) There is a positive and significant influence of compensation on loyalty work; (5) There is a positive and significant effect of job satisfaction on the job loyalty; (6) Career development on work loyalty shows that the direct influence exceeds the indirect influence, which shows that job satisfaction cannot be a mediating variable; (7) Providing compensation for work loyalty shows that the direct effect is smaller than the indirect effect, which shows that job satisfaction can be a mediating variable.

Keywords: career development, compensation, job loyalty, job satisfaction

1. INTRODUCTION

The quality of human resources will influence the success of an organization if the resulting productivity is managed well. Kaswan (2013: 18) states that human resource management is based on the role of leaders in understanding and mastering emerging issues related to human resource management. In the current era of globalization, businesses must understand the importance of increasing human resources to fulfill work quality to create employee loyalty.
Manulang (2013: 27) states that improving employee quality is not enough to achieve organizational goals if not carried out properly. Individual placement factors that are by employee potential can be carried out starting from the recruitment period, this is considered an effective way of managing human resources.

Suwatno (2020: 14) states that achieving organizational goals depends on its employees. Every employee needs to maintain the good name of the organization, especially if the organization is a business organization whose public perception will greatly influence the future of the organization.

Rivai (2013: 32) states that career development must be clear in the organization because it can increase employee work loyalty in carrying out various types of work. Career development is a very important function of personnel management, everyone needs to know what they want to become in the future. The need for career planning creates a greater sense of satisfaction and every employee can feel it.

Wibowo (2013: 31) states that job satisfaction is a pleasant or unpleasant emotional state in which employees view their work. Job satisfaction reflects how workers feel about their jobs. This can be seen from the positive attitude of workers towards the work they face and the environment around them. On the other hand, dissatisfied workers have negative attitudes towards various forms of work. Render (2014: 19) states that job satisfaction is a general attitude towards one's work regarding the difference between the amount of compensation an employee receives. Therefore, one of the best ways to increase employee job satisfaction is to link compensation to employee satisfaction. If the compensation plan is considered fair and competitive for employees, it will be easier for the organization to attract potential employees, retain them, and provide employee satisfaction to increase their work loyalty further, so that organizational targets can be achieved.

As a source of life, water plays an important role in human life. PDAM was established by the government to manage and serve clean water supplies in each region. As for agencies that distribute clean water to the community, they need to provide the best service to their customers, as is the case in Kudus Regency. Regional Drinking Water Organizations (PDAM) are public sector entities whose administration is controlled by the government, including the provision of government services to the community. Currently, most PDAM commercial service distribution is only available to urban communities, this shows that services are not yet available to rural communities.

Limited resources and an unprofessional management system mean that PDAM Kudus Regency cannot meet the daily water needs of the entire community. PDAM Kudus Regency handles the processing and distribution of water to consumers and
also uses processing machines to manage raw materials, converting raw water from groundwater sources into drinking water.

The following are some of the problems that occur at PDAM Kudus Regency (Perumda Tirta Muria):

1. The number of Perumda Tirta Muria employees who take part in job training for career development is still not optimal.
2. Employees who do not receive appropriate compensation so they do not complete tasks on time.
3. The level of employee absenteeism at Perumda Tirta Muria Kudus explains that employee job satisfaction and loyalty are still low.

Based on the background above, the author is interested in choosing the title “The Influence of Career Development and Providing Compensation on Job Loyalty with Job Satisfaction as an Intervening Variable in PDAM Kudus (Perumda Tirta Muria)”

2. CAREER DEVELOPMENT

Career development is very important for an organization because a career is a need that must continue to be developed within employees to satisfy employees and improve performance. Robbins and Judge (2013: 28) say career development is a way for an organization to support or increase the productivity of today’s employees while preparing them for a changing world.

Handoko (2013: 34) states that career development is an effort made by an employee to achieve a career plan. Career development is a series of processes in improving individual work abilities achieved to achieve the desired career which aims to match employee needs and goals with career opportunities available in the organization currently and in the future.

According to Burlian in Suwarno (2019), the career development variable indicators from this research are as follows:

1. Increased capabilities
2. Information on promotional opportunities
3. Fair treatment
4. Employee attitude
5. Concern from superiors
3. COMPENSATION

Rivai (2013: 27) says that compensation is something that employees receive as a replacement for their service contribution to the organization. Martoyo (2014: 24) says that compensation is defined as the overall arrangement for remuneration for employers and employees, directly in monetary (financial) terms and indirectly in monetary (non-financial) terms.

Compensation is an achievement counter to labor or services provided by labor. Compensation is the total package that an organization provides to workers in return for the use of its workforce. The variable indicators for providing compensation in this research according to Iroth et al (2018) and Anwari (2018) as follows:

1. Salary
2. Incentives
3. Facilities
4. Allowance
5. Bonuses

4. JOB LOYALTY

Rivai (2013: 27) says that loyalty is a loyal attitude shown by someone with attitudes or behavior through service and responsibility for their work. Employee work attitudes cannot be separated from loyalty, because loyal employees can always do their work well. The higher employee loyalty, the easier it is for an organization to achieve predetermined goals.

Terry (2016: 42) suggests that work loyalty is an employee with all abilities, skills, ideas, and time who is willing to participate in achieving organizational goals and maintaining organizational secrets, and as long as the person remains an employee, no action will be taken to detrimental to the organization.

According to Saydam in Wilianto (2019) and Siswanto (2016: 51), indicators of work loyalty from this research include:

1. Compliance
2. Responsibility
3. Dedication
4. Integrity
5. Willingness to work together
6. Sense of belonging to the organization

5. JOB SATISFACTION

Luthans (2013: 43) suggests that job satisfaction is an emotional expression that is positive or pleasant as a result of evaluating a job or work experience. Meanwhile, Robbins and Judge (2013: 56) define job satisfaction as an employee’s general attitude towards their work. Job satisfaction indicates a match between a person’s expectations and the rewards available. Hasibuan (2013: 48) states that job satisfaction is one of the principles used in maintaining human resources in an organization. Satisfaction is considered to be able to form positive attitudes of employees in an organization. A positive attitude will have an impact on employee performance so it will also have an impact on organizational goals. Employee loyalty can be seen from the level of employee satisfaction. The more satisfied the employee is with the organization, the loyalty will increase, and vice versa if there are no supporting aspects that make the employee satisfied.

Indicators of job satisfaction variables from this research according to Sudaryo in Simanjuntak (2021) and Robbins (2015: 50) include:
1. Absence
2. Desire to move
3. Coworkers
4. Work comfort
5. Supervision
6. The work itself.

6. METHOD

The objects of this research are employees at Perumda Tirta Muria Kudus. Information collection uses primary and secondary information sources. The primary source of information comes from distributing questionnaires via Google Forms and the observation method by directly observing the running of the business of the organization surveyed, namely Perumda Tirta Muria Kudus. Secondary data is data obtained from various existing sources, either through books, journals, reports, etc. (Enny and Andi, 2017:111). This data uses internal data, namely data obtained directly from an organization or research site. For example, the number of employees in an organization or a list of
employee absences in a facility, organizational profile, employee training data, and organizational structure. The information processing uses the AMOS V. 24 program, which is a computer program for statistics, with the reason that the results obtained are more valid in analyzing SEM (Structural Equation Modeling) analysis statistics. The type of data used for this research is quantitative data. Quantitative data is data expressed in number form and can be calculated mathematically or statistically (Raihan, 2019:81). Ferdinand (2014: 26) states that quantitative data is a type of data that can be measured or calculated directly, as information or statements expressed in numbers. The quantitative data needed are the number of employees, the number of facilities and infrastructure, and survey results.

This research uses a quantitative approach using survey research methods, namely research that takes samples from the population and uses questionnaires as a means of collecting data. The population is all research objects used as data sources. The population of this research is all 147 employees of Perumda Tirta Muria who are spread across several work departments.

Morissan (2013: 47) says that the sample is a small part of the number and characteristics of the population. If the population is large and the researcher cannot study the entire population, samples taken from the population can be used. Sample calculations in this study using the Slovin formula with an error rate of 5% and produced 108 respondents.

This research uses the accidental sampling method. The use of accidental sampling is due to the distribution of questionnaires via Google Forms which is distributed via WhatsApp groups. Apart from that, the research locations are also spread across several regions.

7. RESULTS AND DISCUSSION

Structural Equation Modeling (SEM) analysis was carried out using a model suitability test and also a causality significance test (regression coefficient test). The goodness of fit criteria values from the structural equation modeling method shows that all values are above the minimum limits set.

7.1. Hypothesis test 1

Hypothesis testing obtained a direct influence value that exceeded the C.R level, namely 2.274, greater than 1.645, and a probability value of 0.004 (< 0.05). This means that
there is a positive and significant influence of career development on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees.
### Table 2: Reliability Test.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Construct Reliability</th>
<th>Cut-Off</th>
<th>Explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career development</td>
<td>0.828</td>
<td>0.70</td>
<td>Reliable</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.917</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.724</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed in 2023

### Table 3: Hypothesis Test.

<table>
<thead>
<tr>
<th>Satisfied Career Development &lt;— Compensation on Career Development &lt;— Loyalty &lt;— Satisfaction</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.274</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>2.760</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>1.997</td>
<td>0.019</td>
</tr>
<tr>
<td></td>
<td>2.688</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>2.987</td>
<td>0.003</td>
</tr>
</tbody>
</table>

Source: Data processed in 2023

#### 7.2. Hypothesis test 2

Hypothesis testing obtained a direct effect value that exceeded the C.R level, namely 2.76, greater than 1.645, and a probability value of 0.006 (< 0.05). This means that there is a positive and significant influence of compensation on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees.

#### 7.3. Hypothesis test 3

Hypothesis testing obtained a direct effect value that exceeded the C.R level, namely 1.997, greater than 1.645, and a probability value of 0.019 (< 0.05). This means that there is a positive and significant influence of career development on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees.

#### 7.4. Hypothesis test 4

Hypothesis testing obtained a direct effect value that exceeded the C.R level, namely 2.688, greater than 1.645, and a probability value of 0.002 (< 0.05). This means that
there is a positive and significant influence of compensation on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees.

7.5. Hypothesis test 5

Hypothesis testing obtained a direct effect value that exceeded the C.R level, namely 2.987, greater than 1.645, and a probability value of 0.003 (< 0.05). This means that there is a positive and significant influence of job satisfaction on the work loyalty of employees of PDAM Kudus Regency (Perumda Tirta Muria).

7.6. Mediating Test

<table>
<thead>
<tr>
<th>Influence on</th>
<th>Compensation</th>
<th>Career发展模式</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>0.055</td>
<td>0.118</td>
</tr>
<tr>
<td>Indirect</td>
<td>0.068</td>
<td>0.010</td>
</tr>
<tr>
<td>Total</td>
<td>0.123</td>
<td>0.128</td>
</tr>
</tbody>
</table>

Source: Data processed in 2023

1) Career development on work loyalty shows a direct effect of 0.118 exceeding the indirect effect of 0.01, which shows that job satisfaction cannot be a mediating variable. The total effect directly and indirectly contributed to 0.128.

2) Providing compensation for work loyalty shows that the direct effect is 0.055, which is smaller than the indirect effect of 0.068, which shows that job satisfaction can be a mediating variable. The total effect, both directly and indirectly, contributed to 0.123.

7.7. The influence of career development on job satisfaction

The results obtained from this research were the discovery of a positive and significant influence of career development on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees. This means that if career development gets better, the job satisfaction that employees feel will also get better, and vice versa.

The results obtained in this research are in line with Wahjono's theory.
(2013:49) which emphasizes that career development has a very important role and can influence employee job satisfaction both at the individual and organizational levels. This is demonstrated by the existence of career development within the company such as job training. Job training will increase employee work results or potential, then employees can feel satisfaction with the results of their work.

The results of this research support the research results of Fildzah (2020) and Maghfiroh and Djati (2018) which show that career development has a positive and significant effect on employee job satisfaction. The results obtained in this research reject the results obtained in research carried out by Vivilia (2020) which shows that career development does not have a significant influence on employee job satisfaction.

7.8. The effect of compensation on job satisfaction

The results obtained from the research carried out showed that there was a positive and significant influence of compensation on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees. This means that if the compensation is better, the job satisfaction that employees feel will also be better, and vice versa.

The research is in line with the statement of Robbins and Judge (2013: 38) where the aim of providing compensation is to increase employee job satisfaction. Organizations are expected to provide appropriate feedback as a form of remuneration by providing compensation because employees have provided energy or thoughts to realize the goals set by the organization.

The results of this research support research from Kossieh (2018) and Prayoga (2018) that compensation has a positive and significant influence on employee job satisfaction. This result is inversely proportional to the results of Tamali’s (2019) research which shows that there is no significant influence between providing compensation and employee job satisfaction.

7.9. The influence of career development on work loyalty

The results obtained in this research show that there was a positive and significant influence of career development on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees. This means that if career development gets better, employee work loyalty will also get better, and vice versa.

Research by Suwatno’s statement (2020:35) suggests that career paths can be improved systematically by adapting career development that is relevant to the needs
and situations within a company or organization. This will further increase a person's work interest in fulfilling their obligations as a member of an organization or company.

The results obtained in this research support the results obtained in research by Hafney (2018) and Purnamsari (2019) which show that career advancement results in a positive and significant influence on employee loyalty. Meanwhile, the results of this research reject the results of Vivilia's (2020) research showing that career development does not affect employee work loyalty.

7.10. The influence of compensation on work loyalty

The results of this research show that there is a positive and significant influence of providing compensation on the work loyalty of employees of PDAM Kudus Regency (Perumda Tirta Muria). This means that if the compensation is better, employee work loyalty will also be better, and vice versa.

This research supports Terry's (2016:47) statement that providing compensation will be a direct or indirect force that influences employees in the organization. Providing compensation is as important as increasing work loyalty. Therefore, organizations must provide adequate compensation, such as physical areas (safe and clean spaces) and non-physical compensation (employee work environment, employee welfare, bonds between employees and employees, and bonds between leaders and employees).

The results obtained in this research support the results of research from Sinaga (2019) which states that compensation results in a positive and significant influence on employee work loyalty. Meanwhile, the results of this research reject the results of Kurniasari’s (2021) research showing that there is no significant influence between providing compensation and employee work loyalty.

The influence of job satisfaction on work loyalty

The results of this research show that there is a positive and significant influence of job satisfaction on the work loyalty of employees of PDAM Kudus Regency (Perumda Tirta Muria). This means that if the employee's job satisfaction gets better, of course, the employee's work loyalty will also get better, and vice versa.

The research results are by Render's (2014: 54) statement that job satisfaction will lead to an emotional, normative, and persistent way of working to always be loyal at work. Employee job satisfaction in an organization must be implemented well because it will influence a person's behavior. An employee will always try to have high work loyalty if he feels satisfied with what he gets.
The results obtained in this research support research carried out by Maghfiroh and Djati (2018) and Fildzah (2020) which shows that job satisfaction has a significant positive influence on employee work loyalty. Meanwhile, the results obtained in this research reject the results obtained in research carried out by Kurniasari (2021) showing that job satisfaction does not have a significant influence on employee work loyalty.

7.1. The influence of career development on employee loyalty through job satisfaction.

Based on the results of the mediation test on career development on work loyalty, the direct effect of 0.118 is greater than the indirect effect of 0.01, meaning that job satisfaction is not able to be a mediating variable between career development and employee loyalty. The mediation test decision that can be taken is that career development directly influences employee loyalty more than passing through job satisfaction.

The career development program held by PDAM Kudus district can increase employee loyalty. Every employee who can develop their potential and abilities and can occupy the position they want to achieve tends to be loyal to the company. Career development can be said to be successful if in its implementation there are significant changes in the level of employee productivity. The effect of providing compensation on employee loyalty through job satisfaction

Based on the results of the compensation mediation test on work loyalty, it shows that the direct effect is 0.055, which is smaller than the indirect effect of 0.068, meaning that job satisfaction can be a mediating variable between compensation and employee loyalty. The mediation test decision that can be taken is the provision of compensation to influence employee loyalty through job satisfaction as an intervening variable.

The general purpose of compensation is to retain, attract, and motivate employees so that compensation by employee services will increase employee loyalty. (Siagian, 2020:252). Providing adequate compensation will make employees feel appreciated so that they will work optimally and be loyal to the company. This is supported by research by Yuliyanti, et al (2020) which states that job satisfaction can be an intervening variable between compensation and employee loyalty.

8. CONCLUSION

1. Career development has a positive and significant effect on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees, meaning that if
career development variable experiences an increase, then the job satisfaction variable will also increase.

2. The provision of compensation has a positive and significant effect on the job satisfaction of PDAM Kudus Regency (Perumda Tirta Muria) employees, meaning that if the compensation variable increases, the job satisfaction variable will also increase.

3. Career development has a positive and significant effect on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees, meaning that if the career development variable experiences an increase, then the work loyalty variable will also increase.

4. Providing compensation has a positive and significant effect on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees, meaning that if the compensation variable increases, the work loyalty variable will also increase.

5. Job satisfaction has a positive and significant effect on the work loyalty of PDAM Kudus Regency (Perumda Tirta Muria) employees, meaning that if the job satisfaction variable increases, the work loyalty variable will also increase.

6. Career development on work loyalty shows that the direct influence exceeds the indirect influence, which shows that job satisfaction cannot be a mediating variable.

7. Providing compensation for work loyalty shows that the direct effect is smaller than the indirect effect, which shows that job satisfaction can be a mediating variable.

References


