How Transactional Leadership Style and Work Environment Influence Gen Y Job Satisfaction in PT XYZ thus Impact to the Employee Loyalty

Tinjung Desy Nursanti*
Bina Nusantara University Jakarta
tinjungdesy2600@binus.ac.id

Amanda Lesmana
Bina Nusantara University Jakarta
amandalesmana686@binus.ac.id

Visca Yuliana
Bina Nusantara University Jakarta
viscajuliana90@gmail.com

Abstract
The purpose of this study is to analyze what and how the influence of transactional leadership style, work environment on job satisfaction has an impact on the loyalty of Generation Y employees who work in the company. Employees themselves are important assets of the company in achieving company goals, therefore this is an important thing for the company to understand. The research method used in this study used an associative design by distributing questionnaires to Generation Y employees at PT. XYZ and analyzed using Path Analysis. From the results of this analysis, it can later be used as consideration and reference for the company for taking the next step in order to increase the satisfaction of Generation Y employees and to overcome and avoid problems related to the loyalty of Generation Y employees in the company in the future. For example, by showing concern or paying special attention to Generation Z employees, in order to build a positive attitude towards work and working conditions. It is hoped that these things can increase job satisfaction which has an impact on increasing their loyalty.

Keywords: Transactional Leadership Style, Work Environment, Job Satisfaction, Employee Loyalty, Gen Y, Path analysis.

Abstrak
Tujuan dari penelitian ini adalah untuk menganalisis apa dan bagaimana pengaruh gaya kepemimpinan transaksional, lingkungan kerja terhadap kepuasan kerja berdampak pada loyalitas karyawan Generasi Y yang bekerja di perusahaan. Karyawan sendiri merupakan aset penting perusahaan dalam mencapai tujuan perusahaan, oleh karena itu hal ini menjadi hal yang penting untuk dipahami oleh perusahaan. Metode penelitian yang digunakan dalam penelitian ini menggunakan desain asosiatif dengan menyebarkan pertanyaan kepada karyawan Generasi Y di PT. XYZ dan dianalisis menggunakan Path Analysis. Dari hasil analisis tersebut nantinya dapat dijadikan sebagai bahan pertimbangan dan acuan bagi perusahaan untuk mengambil langkah selanjutnya guna meningkatkan kepuasan karyawan Generasi Y serta untuk mengatasi dan menghindari permasalahan yang berkaitan dengan loyalitas karyawan Generasi Y di perusahaan dimasa yang akan datang. Misalnya dengan cara menunjukkan kepedulian atau memberikan perhatian khusus kepada karyawan generasi Z, dalam rangka membangun sikap positif terhadap pekerjaan juga kondisi kerja. Diharapkan hal-hal tersebut dapat meningkatkan kepuasan kerja yang membawa dampak peningkatan loyalitas mereka.


*) Corresponding Author
1. Introduction

Based on the last economic census conducted by the government in 2016, statistical data show about small business survival rate was obtained and it could be seen that approximately 78% of new small-scale businesses only survive in the first year and approximately 39% of these businesses survive for at least five years, and only a third survive 10 years or more (bps, 2018). Small businesses sustainability cannot be separated from the role of their employees (Sedarmayanti, 2013) (Nandania, 2013) (Luthans, 2012). However, nowadays the company is facing challenges in maintaining employee loyalty, that is indicated by the tendency of employees to leave the company where they work for a fairly short period of work. The difficulty of maintaining employee loyalty is shown from a survey conducted by Towers Watson in the Global Workforce Study (GWS) of 32,000 employees worldwide, including more than 1,000 employees in Indonesia from various levels and demographics. This survey shows that as many as 66% of employees in Indonesia tend to leave the company where they work within two years (sindonews.com, 2014). Another survey conducted by Deloitte showed that 43% of Generation Y said they hoped to leave the company within two years (deloitte.com, 2018).

Meanwhile, some of the current work groups belong to the Y generation cohort, which has a different characteristic tendency than the previous generation (livescience, 2017). Generation Y or the Net Generation, also known as millennials, are the demographic group that follows Generation X. Generation Y mostly refers to those who were born between 1981-1996. While Howe & Strauss define the Millennial cohort as consisting of individuals born between 1982 and 2004 (techtarget, 2018). They have a number of characteristics, including the tendency to try to find excellent work-life balance, strong diversity policies, and compromising working hours. Apart from that, they also regard to escalate through the organization and to make progress and get promotion instantly (generationy, 2018), (Kane, 2018)

Therefore, with a number of characteristics inherent in Generation Y, the company finds it increasingly difficult to manage its employees who are in the intended age range. Leadership is a new challenge for companies to be able to manage and to control especially their Generation Y employees. The work environment that Generation Y wants is different from previous generations, and satisfied employees will give their all in doing their jobs (Murdoch, 2017).

PT XYZ is a company engaged in the construction services sector that was established in 2001 and located in West Jakarta, Indonesia. The company helps the community, especially for the upper class in terms of property development in the form of luxurious and comfortable residences. In addition to building housing, this company also prepares everything needed, starting from managing house taxes, processing building permits (IMB), electricity, water, and all equipment that will later be used in the house. There are 50 employees working in the company, most of whom are in the Y generation age range.

Based on observations for approximately six months, it is known that several things happened at XYZ Company, which became an important phenomenon to be addressed in this research. The information obtained included the following: Company XYZ from year to year experienced an increase in the percentage of the number of employees leaving the company, employee dissatisfaction with the work environment they faced, and the leadership style of superiors that tended to be transactional, where these things made employee loyalty low. For those previous thought, this research was conducted with the aim of knowing the effect of transactional leadership style and work environment on job satisfaction which has an impact on the loyalty of Generation Y employees at PT XYZ.

2. Theoretical Framework and Hypothesis Development

According to Robins and Judge (2017, 417), transactional leadership style is leadership style that leads using social exchanges or transactions. Transactional leaders guide or motivate followers to work toward a set goal by exchanging rewards for their productivity. Meanwhile Armstrong (2017:512) described that the work environment consists of the system of work, the design of jobs, working conditions and the ways in which people are treated at work by their managers and coworkers. Meanwhile, Luthans (2012:411) explained the concept of job satisfaction as a worker's perception of how the company's results provide needs that are considered important for employees. Reichheld (in Mangkunegara, 2016), stated that the higher the loyalty of employees in an organization, the easier it is for the organization to achieve organizational goals that have been previously set by the organization. Vice versa, for the organization to achieve the organizational goals that have been previously set by the organization.

Previous Studies

Kalsoom, Khan & Zubair (2018) revealed that transactional leadership style has a significant influence on job satisfaction of project managers in Pakistan. Folakemi, Anthonia & Dayo (2016) revealed that contingent reward of transactional leadership style had weak positive relationship on the employee job satisfaction among employees in Universities’ guesthouse is South-West Nigeria. Moreover, Anin, Ofori & Okyere (2015) stated that
salaries and promotions are things that lead employees to job satisfaction, but it can be reiterated that employees want a comfortable work environment so that management in this study must pay attention to the work environment so that employees can achieve their respective goals and achieve their goals as well as company goals. Their research was held on the selected construction organizations in the Ashanti Region of Ghana.

Meanwhile Wellyanto & Halim (2017) revealed that there is a significant and positive influence between transactional leadership style on employee of X Hotel Bali loyalty so that managers should be able to improve and maintain their leadership style to increase their loyalty. Last but not least, Waqas, et al. (2014) from their study in Pakistan revealed that the work environment is one of the biggest factors that affect job satisfaction which has an impact on employee loyalty where there is a strong and positive relationship.

As for the results of the research of Mamesah, Kawet & Lengkong (2016), it shows that the work environment, work discipline and work loyalty simultaneously and partially have a significant effect on employee performance at LPP RRI Manado. However, there is no difference in the characteristics of employees who were used as research respondents.

This study consists of two independent variables, transactional leadership style (X1) and work environment (X2) that affects the dependent variable, namely job satisfaction (Y), and variable Z, employee loyalty. Details about the relationship between independent and dependent variables can be seen in the theoretical framework described on figure 1.

The following are the research hypotheses that have been described previously in the previous theoretical framework:

1. Transactional leadership style affects Generation Y job satisfaction at PT XYZ.
2. Work environment affects Generation Y job satisfaction at PT XYZ.
3. Transactional leadership style affects Generation Y employee loyalty at PT XYZ.
4. Work environment affects Generation Y employee loyalty at PT XYZ.
5. Job satisfaction affects Generation Y employee loyalty at PT XYZ.
6. Transactional leadership style affects job satisfaction and has an impact on the loyalty of Generation Y employees at PT XYZ.
7. Work environment affects job satisfaction and impact on loyalty of Generation Y employees at PT XYZ.

3. Research Method

This study employed the quantitative survey research method. Data collection is obtained primarily through the distribution of questionnaires as a research instrument. According to Sekaran & Bougie (2014; 223), the survey method is a system for collecting data from several individuals to describe, compare, or explain their knowledge, attitudes, and behavior. The time horizon used in this study is a one-shot cross-sectional survey which data is collected for one period in order to answer research questions (Sugiyono, 2012). For the time being secondary data obtained through library research in the form of data from books, websites, journals, and articles related to the study. The population in this study is limited to generation Y employees at PT XYZ. Since there are only 38 employees of Generation Y in XYZ company, out of 50 employees totally, then all 38 employees of Generation Y were used as research respondents.

After data respondent has been collected, tabulation and data testing are carried out. The first stage in testing the data is to analyze its validity, reliability, and normality (Priyatno, 2012). According to Sekaran & Bougie (2014; 256), validity means the extent to which the accuracy of an instrument test in carrying out its measuring function. Meanwhile, according to Sarjono (2011; 55) reliability is used.
to determine the extent to which the measurement remains consistent, if the measurement is carried out twice or more for the same symptom. Furthermore, normality test was also carried out as a parametric test requirement as well as multicollinearity and heteroscedasticity tests. Multicollinearity was used to test whether there is a linear relationship between one independent variable and another independent variable (Sudarmanto in Rusman (2015; 59)). While, heteroscedasticity assumption test is intended to determine whether the absolute residual variation is the same or not the same for all observations (Rusman, 2015; 63).

The following stage, after data testing and the classical assumption test are met, then data processing is carried out using path analysis (Riduwan & Kuncoro, 2012). Land in Caraka (2017; 214) explains that path analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variable affects the dependent variable not only directly but also indirectly. In path analysis research, the independent and dependent variables are connected by intervening variables. According to Sekaran and Bougie (2014), intervening variables are variables that appear when the independent variable begins to influence the dependent variable and its impact is felt.

4. Result, Discussion, and Managerial Implication

To test the validity, if corrected item total correlation > compared to r-table, then the variable test is valid. The validity test of the variables of transactional leadership style (X1), work environment (X2), job satisfaction (Y), and employee loyalty (Z) are valid, based on each correlation value obtained from calculations using SPSS produces a number greater than the r-table for each variable, thus all research variables are valid.

For the reliability test for each variable of transactional leadership style (X1), work environment (X2), job satisfaction (Y), and employee loyalty (Z), based on their Cronbach's Alpha which bigger than reliable minimum limit, thus it can be concluded that all of the variables are reliable (Kuncoro, 2008). Meanwhile, to test whether the data is normally distributed, the significance of Shapiro Wilk calculation is used. In this study, calculation result showed that significant value of Shapiro-Wilk in all variables are greater than 0.06 (0.067, 0.053, 0.204, and 0.180), thus it can be concluded that the data were normally distributed.

To find out whether there is a heteroscedasticity as well as multicollinearity or a linear relationship between variables, three models were tested. The first model examines the relationship between variables variable transactional leadership style (X1) and work environment (X2) on job satisfaction (Y), the second model examines the variable transactional leadership style (X1) and work environment (X2) on employee loyalty (Z), and the third model examines transactional leadership style (X1) and work environment (X2) on job satisfaction (Y) and their impact on employee loyalty (Z). If the Variance Inflation Factor (VIF) is less than 10, it can be concluded that there is no multicollinearity in that variable. Collinearity statistical testing on each model produces a number in the VIF column which is less than 10 for each model. Therefore, it can be said that all variables in the three regression models are free from multicollinearity.

Meanwhile, corresponding to the heteroscedasticity test, a good regression model is a model when there is homoscedasticity in the model, or in other words there is no heteroscedasticity in the model. The basis for making the decision that there is no heteroscedasticity in the regression model is if the significance value is greater than 0.05 using Spearman's Rho calculations on SPSS. The Spearman's Rho test results show that by comparing sig value in the Unstandardized Residual column with 0.05, it can be concluded that there is no heteroscedasticity in all variables.

**Path Analysis result test**

The structure that describes the relationship and the influence between the variables of transactional leadership style (X1), work environment (X2) and job satisfaction (Y) on employee loyalty (Z) according to path analysis is shown in Figure 2.

After testing sub-structure 1, sub-structure 2, then trimming since there are several variables that have insignificant path coefficients so that must be removed, then the testing can be proceeded to the

**Figure 2.** Path analysis of transactional leadership style (X1), work environment (X2), job satisfaction (Y) and employee loyalty (Z)
next stage.

The overall effect of transactional leadership style (X1) and work environment (X2) on job satisfaction (Y) and its impact on employee loyalty (Z) after trimming can be seen in the following figure 3.

Based on all the path coefficients of the causal relationship, it can be seen that the direct causal effect, indirect causal effect, and total causal effect of each variable are shown in the following table 1.

Based on the previous table, it can be concluded as follows:

1. The purpose of the first research question was "to determine the effect of transactional leadership style (X1) on job satisfaction (Y) Generation Y at PT XYZ". The results showed that the transactional leadership style (X1) had an effect on job satisfaction (Y) with an influence value of 0.302 or 30.2%.

2. The purpose of the second research question is "to determine the effect of the work environment (X2) on job satisfaction (Y) of Generation Y at PT XYZ". The results showed that the work environment (X2) had an effect on job satisfaction (Y) with an influence value of 0.623 or 62.3%.

3. The purpose of the third research question is "to determine the effect of transactional leadership style (X1) on employee loyalty (Z) of Generation Y at PT XYZ". The results showed that the transactional leadership style (X1) had no effect on employee loyalty (Z).

4. The fourth research objective is "to determine the effect of the work environment (X2) on employee loyalty (Z) of Generation Y at PT XYZ". The results showed that the work environment (X2) had no effect on employee loyalty (Z).

5. The fifth research objective is "to determine the effect of job satisfaction (Y) on employee loyalty (Z) Generation Y at PT XYZ". The results indicate that job satisfaction (Y) has an effect on employee loyalty (Z) with an influence value

Table 1. Summary of direct and indirect causal effect among variables of X1, X2, Y, in respect to Z

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path Coefficient</th>
<th>Causal Effect</th>
<th>Direct</th>
<th>Indirect (through Y)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership Style (X1) to Job Satisfaction (Y)</td>
<td>0.302</td>
<td>0.302</td>
<td>-</td>
<td>0.302</td>
<td></td>
</tr>
<tr>
<td>Work Environment (X2) to Job Satisfaction (Y)</td>
<td>0.023</td>
<td>0.623</td>
<td>-</td>
<td>0.623</td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction (Y) to Work Environment (Z)</td>
<td>0.899</td>
<td>0.899</td>
<td>-</td>
<td>0.899</td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership Style (X1) to Employee Loyalty (Z)</td>
<td>-</td>
<td>-</td>
<td>0.302 x 0.899 = 0.2715</td>
<td>0.272</td>
<td></td>
</tr>
<tr>
<td>Work Environment (X2) to Employee Loyalty (Z)</td>
<td>-</td>
<td>-</td>
<td>0.623 x 0.899 = 0.5601</td>
<td>0.560</td>
<td></td>
</tr>
<tr>
<td>ε1</td>
<td>0.197</td>
<td>0.197</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>ε2</td>
<td>0.191</td>
<td>0.191</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Source: data processed (2018)
6. The sixth research objective is "to determine the effect of transactional leadership style (X1) through job satisfaction (Y) on employee loyalty (Z) Generation Y at PT XYZ". The results showed that transactional leadership style (X1) through Job Satisfaction (Y) had an effect on Employee Loyalty (Z) with an influence value of 0.272 or 27.2%.

7. The seventh research purpose is "to determine the effect of the Work Environment (X2) through Job Satisfaction (Y) on Employee Loyalty (Z) Generation Y at PT XYZ". The results showed that the work environment (X2) through Job Satisfaction (Y) had an effect on Employee Loyalty (Z) with an influence value of 0.560 or 56%.

Managerial Implication
1. Through the results of this study, it was found that there was a significant effect of the transactional leadership style variable (X1) on the job satisfaction variable (Y) at PT XYZ for Generation Y. Judging from the conditions in the field that the leader at the company has been set so that leaders and fellow employees provide feedback for the work that has been completed.

2. There was a significant effect of the work environment variable (X2) on the job satisfaction variable (Y) at PT XYZ for Generation Y. Leaders at PT. XYZ pay attention to their employees so that employees feel their leaders are trying to recognize themselves at work.

3. There was no significant effect of the transactional leadership style variable (X1) on the Employee Loyalty variable (Z) at PT XYZ for Generation Y. Judging from the field conditions, the leaders at PT. Transactional leadership likes giving rewards for the efforts given by employees, but this does not make employees at PT. XYZ pay more attention to their employees.

4. There was no significant effect of the work environment variable (X2) on the employee loyalty variable (Z) at PT XYZ for Generation Y. Although the leader provides direction to employees, employees still make decisions based on their own interests.

5. There was a significant effect of the job satisfaction variable (Y) on the employee loyalty variable (Z) at PT XYZ for Generation Y. PT. XYZ is willing to spend more time than what is assigned by the boss.

6. There was a significant effect of the transactional leadership style variable (X1) through job satisfaction (Y) on the employee loyalty variable (Z) at PT XYZ for Generation Y. Leaders at PT.XYZ are aware of employee achievements so that employees get an open promotion opportunity. This allows employees to create a supportive atmosphere in the company.

7. There was a significant effect of the work environment variable (X2) through the job satisfaction variable (Y) on employee loyalty (Z) at PT XYZ for Generation Y. The work structure and organization at PT.XYZ was good and clearly this makes the demands and workload can be divided according to the salary received by employees so that employees do not use funds from the company for personal gain.

5. Conclusion, Suggestion, and Limitation

Conclusion
The conclusions that can be drawn regarding the study that has been carried out are as follows:

- Partially, there is a significant effect of the transactional leadership style (X1) and work environment on the job satisfaction (Y), as well as job satisfaction (Y) to employee loyalty (Z) of Generation Y at PT XYZ. However, partially there is no direct effect significantly of transactional leadership style (X1) and work environment (X2) to employee loyalty (Z) of Generation Y at PT XYZ.

Suggestion and Limitation
As for the limitations of this study, among others, that this research was only conducted on one company, namely PT XYZ with a very limited number of respondents. Therefore, further research needs to be done by involving different types of industries and more respondents. Therefore, the results of this study cannot generalize the existing conclusions.

Hence, suggestions that can be given including to significantly increase job satisfaction, the company should apply the transactional leadership style to all employees, maintain and improve the physical and non-physical work environment in the company so that Generation Y employees can feel comfortable at work. It is hoped that with the improvement in the physical and non-physical work environment at PT XYZ, it can increase job satisfaction for Generation Y employees. PT XYZ should pay more attention to the satisfaction of their Generation Y employees in order to maintain the loyalty by preventing Generation Y employees from leaving the company so that the company can save costs and time in recruiting and training new employees.

Moreover, PT XYZ should pay attention as well as evaluate employee job satisfaction since these variables significantly affect employee loyalty. In the meantime, transactional leadership style and work environment must go through stages of em-
ployee job satisfaction so that it has an impact on employee loyalty. Evaluation in the company can be done by distributing questionnaires to employees within a certain period as feedback to the company so that the company can find out what deficiencies need to be improved.

References


the-new-reality-of-employee-loyalty/#f044f44cf35)


https://www.techtarget.com/whatis/definition/millennials-millennial-generation


http://www.generationy.com/about-generation-y-in-the-workforce/characteristics/

https://se2016.bps.go.id/umkumb/files/umkumb/00_Pusat/00_booklet_SE2016Lanjutan_01_Potenisi_UMK.pdf