



The Influence of Leadership and Compensation on Job Satisfaction: A Case Study of a Private Plantation Company in West Kalimantan

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ABSTRACT

This study aims to examine the effect of leadership and compensation on employee job satisfaction at a private plantation company in Landak Regency, West Kalimantan. Using a quantitative approach, data were collected from 54 field supervisors through questionnaires, interviews, and observation. The results were analyzed using multiple linear regression with SPSS 26. The findings indicate that compensation has a significant positive effect on job satisfaction, while leadership has a significant but negative effect. The adjusted R^2 value of 0.246 suggests that leadership and compensation together explain 24.6% of the variance in job satisfaction. The negative impact of leadership implies a mismatch between current leadership practices and employee expectations, potentially resulting in decreased satisfaction. Meanwhile, compensation appears to play a more critical and motivating role. These findings highlight the importance of revisiting leadership approaches and ensuring fair, transparent compensation systems to improve employee well-being and performance. Further research is recommended to explore additional variables influencing job satisfaction, such as organizational culture, workload, and career development opportunities. This study contributes to a deeper understanding of the human resource challenges faced by plantation-based organizations in Indonesia.

INTRODUCTION

Human resources (HR) play a crucial role in achieving organizational success. Well-managed human capital can contribute optimally to the attainment of corporate goals (Hartono, 2021; Supomo, 2018). One of the key indicators of effective human resource management is job satisfaction, which reflects the extent to which employees feel valued, comfortable, and motivated in performing their duties.

Job satisfaction is influenced by various factors, including leadership and compensation. Effective leadership fosters a positive work environment, encourages employee engagement, and facilitates open communication between supervisors and subordinates (Saputro, 2023). Meanwhile, a fair and adequate compensation system serves as a form of appreciation for employees' contributions and has a direct impact on motivation and job retention (Hasibuan, 2017).

However, in several plantation-based organizations particularly those located in West Kalimantan challenges remain in both areas. Internal data from one such plantation company indicate a declining workforce, from 181 employees in 2021 to 168 in 2023 a decrease of approximately 7.2% over three years. This decline is attributed not only to retirement and transfers but also to low job satisfaction triggered by excessive workloads, inadequate leadership, and uneven compensation policies. For instance, employees in field supervisory roles have reported inequities in operational allowances, such as transportation support provided only to certain administrative staff. Additionally, performance-based deductions in supervisory allowances occur if production targets are not met, whereas other departments continue receiving full benefits despite the shortfall potentially being influenced by external factors like adverse weather or irregular attendance of daily laborers.

From a productivity standpoint, the company has consistently fallen short of its production targets over the past three years. In 2021, only 57.98% of the production goal was achieved, improving slightly to 62.99% in 2022 and 68.28% in 2023. Despite this upward trend, the persistent gap between expected and actual performance indicates underlying issues related to workforce motivation and job satisfaction. These organizational dynamics are consistent with ongoing academic debates. Studies by Rivaldo & Ratnasasi (2023): Lawren & Ekawati (2023) found that leadership and compensation have a significant impact on job satisfaction. In contrast, research by Safitri & Astuti (2021) reported insignificant relationships between these variables.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The Expectancy Theory proposed by Vroom (1964) suggests that an individual's motivation is shaped by the belief that their efforts will result in desirable performance, which will then lead to valued outcomes. In an organizational context, this theory is instrumental in understanding how leadership and compensation can influence job satisfaction. When employees perceive that effective leadership and fair compensation are linked to their efforts and performance, they are more likely to experience higher job satisfaction.

Job satisfaction is defined as a positive emotional state resulting from the appraisal of one's job or job experiences (Zulfah, 2023). It encompasses various aspects such as salary, recognition, supervision, work environment, and opportunities for advancement. Satisfaction arises when employees perceive a balance between what they contribute and what they receive in return.

Leadership plays a critical role in shaping job satisfaction. Effective leaders who communicate openly, provide support, and involve employees in decision-making are more likely to cultivate a positive work atmosphere. Conversely, leadership that lacks fairness or responsiveness can lead to dissatisfaction, especially when employees feel that their contributions are undervalued or their needs are ignored (Saputro, 2023).

Compensation is another important determinant of job satisfaction. Hasibuan (2017) defines compensation as the total rewards, both financial and non-financial, that employees receive in exchange for their services. Fair and transparent compensation practices demonstrate organizational recognition of employee contributions. However, when compensation is perceived as unequal or inconsistent as seen in cases where bonuses are reduced for some roles but not others employees may feel demotivated and undervalued.

Field observations in an agricultural company indicated that job dissatisfaction among certain supervisory roles was associated with unequal access to benefits and performance-based compensation disparities. Such practices can lead to a decline in morale and job satisfaction, especially when external factors like climate or labor availability affect performance outcomes beyond the employees' control. Previous research has yielded mixed findings. Studies Adam et al. (2021) demonstrate a significant positive effect of leadership on job satisfaction. In contrast, Safitri & Astuti (2021): Aritonang & Febrian (2023) found no significant relationship. Similarly, while Waleleng et al. (2021): Lawren & Ekawati (2023) found that compensation positively affects job satisfaction, other studies (Bunawan & Turangan, 2021) reported otherwise. These inconsistencies indicate the need for further empirical investigation in specific organizational contexts.

Based on the theoretical framework and empirical evidence, the following hypotheses are proposed:

- **H1:** Leadership has a significant effect on employee job satisfaction at a plantation company in West Kalimantan.
- **H2:** Compensation has a significant effect on employee job satisfaction at a plantation company in West Kalimantan.

RESEARCH METHODS

This study adopts a quantitative research approach, emphasizing the measurement and statistical analysis of variables to test hypotheses and draw generalizable conclusions. The research was conducted at a private plantation company located in Landak Regency, during the period of August 2024 to January 2025. The population includes 128 permanent employees, with purposive sampling applied to select 54 field supervisors who met specific criteria relevant to the research objectives. Primary data were gathered through questionnaires, interviews, observation, and documentation, while secondary data were sourced from literature and relevant online references. The research focuses on three key variables: leadership, compensation, and job satisfaction, measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were analyzed using SPSS 26, starting with validity and reliability tests to assess the accuracy and consistency of the instrument. Classical assumption tests including normality, multicollinearity, and heteroscedasticity were conducted to ensure the suitability of the regression model. Multiple linear regression analysis was then used to determine the influence of leadership and compensation on job satisfaction. Hypothesis testing was performed through t-tests, and the coefficient of determination (R^2) was employed to evaluate the explanatory power of the model.

ANALYSIS AND DISCUSSION

1. Descriptive Data

To collect data, the researcher distributed questionnaires directly to 54 employees at a private plantation company in Landak Regency from December 3 to 6, 2024. Respondents were selected using purposive sampling, focusing on those who met specific criteria in this case, field supervisors. Data collection was conducted through manual distribution, supported by interviews and field observation. The quantitative data obtained covered variables of leadership, compensation, and job satisfaction, and was processed using IBM SPSS Statistics 26, including instrument testing (validity and reliability), classical assumption testing, regression analysis, hypothesis testing, and determination coefficient analysis.

2. Respondent Characteristics

Respondent characteristics were analyzed to provide a clear profile of participants. The majority of respondents were male (94.44%), aged 36–45 years (88.89%), with an educational background of high school (100%), and had worked for 5–10 years (77.78%). This indicates that most of the field supervisors involved in

the study were experienced male workers in their productive age. The detailed demographic distribution is summarized in the following table:

Table 1 Demographic Profile of Respondents at a Private Plantation Company in Landak Regency

No	Characteristic	Category	Frequency	Percentage
1	Gender	Male	51	94.44%
		Female	3	5.56%
2	Age	<25 years	0	0%
		25–35 years	0	0%
		36–45 years	48	88.89%
		>45 years	6	11.11%
3	Education	Elementary–Diploma	0	0%
		Senior High School	54	100%
		Bachelor’s Degree	0	0%
4	Years of Service	<5 years	6	11.11%
		5–10 years	42	77.78%
		11–20 years	6	11.11%
		>20 years	0	0%

3. Validity and Reliability Testing

Instrument testing in this study includes validity and reliability assessments for the variables of Leadership (X1), Compensation (X2), and Job Satisfaction (Y). The validity test determines whether each questionnaire item accurately measures its intended construct, based on the Pearson product-moment correlation. An item is deemed valid if the r-count exceeds r-table (0.268) at a significance level of 0.05 with $df = 52$. Based on the SPSS output, all items across the three variables show $r\text{-count} > 0.268$ with $sig. < 0.05$, confirming that every item used in the questionnaire is valid.

The reliability test, conducted using Cronbach’s Alpha, evaluates the internal consistency of the instrument. A variable is considered reliable if $\alpha > 0.60$. The test results show that all three variables meet this threshold, with Leadership scoring the highest reliability ($\alpha = 0.922$), followed by Job Satisfaction ($\alpha = 0.833$), and Compensation ($\alpha = 0.731$). These results indicate that the instrument consistently measures each construct and is suitable for further analysis.

Table 2 Combined Results of Validity and Reliability Testing

No	Variable	Item Code	Sig. Value	r-count	r-table	Validity Result	Cronbach’s Alpha	Reliability Result
1	Leadership (X1)	X1.1–	0.000–	0.329–	0.268	All Valid	0.922	Reliable
		X1.12	0.015	0.836				
2	Compensation (X2)	X2.1–	0.000–	0.308–	0.268	All Valid	0.731	Reliable
		X2.8	0.023	0.843				
3	Job Satisfaction (Y)	Y1.1–	0.000–	0.376–	0.268	All Valid	0.833	Reliable
		Y1.10	0.005	0.887				

4. Summary of Classical Assumption Tests

To ensure the validity of the regression model, classical assumption tests were conducted, which include the normality test, multicollinearity test, and heteroscedasticity test. These tests are essential to verify that the data meet the assumptions required for linear regression analysis. The results of these tests are summarized in Table 4.9 below.

Table 3. Summary of Classical Assumption Tests

Test Type	Indicator	Criteria	Result	Conclusion
Normality	Asymp. Sig. (2-tailed)	> 0.05	0.200	Residuals are normally distributed
Multicollinearity	Tolerance (X1, X2)	> 0.10	0.979 (X1), 0.979 (X2)	No multicollinearity
	VIF (X1, X2)	< 10	1.022 (X1), 1.022 (X2)	
Heteroscedasticity	Sig. (X1, X2) – Glejser Test	> 0.05	0.109 (X1), 0.436 (X2)	No heteroscedasticity

Based on the summary in Table 4.9, all classical assumption tests indicate that the regression model meets the necessary requirements. The normality test, using the Kolmogorov-Smirnov method, shows a significance value of 0.200, which exceeds the 0.05 threshold, confirming that the residuals are normally distributed. The multicollinearity test results show tolerance values of 0.979 and VIF values of 1.022 for both independent variables (Leadership and Compensation), indicating no multicollinearity in the model. Finally, the heteroscedasticity test, conducted using the Glejser method, yields significance values of 0.109 and 0.436 for Leadership and Compensation respectively both above 0.05 implying that the data do not exhibit heteroscedasticity. Therefore, the regression model satisfies all classical assumptions and is appropriate for further analysis..

5. Regression Analysis, Hypothesis Testing, and Model Strength

The multiple linear regression analysis was conducted to assess the influence of leadership (X1) and compensation (X2) on job satisfaction (Y). The results generated a regression equation: $Y = 32.491 - 0.254X_1 + 0.596X_2$, indicating the constant value of job satisfaction is 32.491 when leadership and compensation are zero. The coefficient for leadership is negative (-0.254), while compensation is positive (0.596), suggesting opposing directional impacts from each independent variable. The regression coefficients and statistical values from the combined analysis are presented below:

Table 4. Summary of Regression, t-Test, and Model Strength

Variable	Coefficient (B)	Std. Error	Beta	t-Statistic	Sig. Value	Interpretation
Constant	32.491	6.131	—	5.299	0.000	Baseline level of job satisfaction
Leadership (X1)	-0.254	0.106	-0.289	-2.399	0.020	Significant negative effect (p < 0.05)
Compensation(X2)	0.596	0.181	0.397	3.291	0.002	Significant positive effect (p < 0.05)
R	0.524	—	—	—	—	Correlation coefficient

R ²	0.275	—	—	—	—	27.5% variance explained
Adjusted R ²	0.246	—	—	—	—	24.6% true explanatory power
Std. Error	—	—	—	—	—	3.906 (model error)

6. Discussion

Based on the t-test results (partial hypothesis testing), both independent variables showed statistically significant effects on job satisfaction. The leadership variable had a negative coefficient of -0.254 with a t-value of -2.399 and p-value of 0.020 (< 0.05). This indicates a significant but inverse relationship, where increases in perceived leadership, in this specific context, are associated with a decrease in job satisfaction. It may suggest that the leadership style applied does not align with employee expectations or may create pressure rather than support. Conversely, the compensation variable showed a positive and significant effect, with a coefficient of 0.596, a t-value of 3.291, and a p-value of 0.002 (< 0.05). This indicates that better compensation is positively correlated with higher levels of job satisfaction. The beta value of 0.397 also implies that compensation is a stronger predictor of job satisfaction compared to leadership within this model. Finally, the model's strength is evaluated through the Adjusted R Square value, which is 0.246. This means that 24.6% of the variance in job satisfaction is explained jointly by leadership and compensation. Although this is a moderate level of explanatory power, it also suggests that 75.4% of the variation in job satisfaction is influenced by other variables not included in the model, such as organizational culture, workload, interpersonal relationships, or opportunities for professional growth. In summary, the multiple regression analysis indicates that while both leadership and compensation significantly affect job satisfaction, compensation has a more direct and positive impact. The negative effect of leadership should be a point of concern, encouraging further investigation into the style or perception of leadership practices within the workplace.

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This study concludes that compensation has a positive and significant effect on employee job satisfaction, whereas leadership shows a significant but negative effect. While the compensation system appears to support employee motivation and satisfaction suggesting that financial and non-financial rewards are appropriately structured the leadership practices within the company fall short of expectations. Instead of fostering a supportive and empowering work environment, the prevailing leadership style may be perceived as authoritarian, overly result-oriented, or lacking effective communication and empathy. This disconnect between leadership behavior and employee expectations likely contributes to reduced satisfaction among field supervisors, particularly when external factors like unfavorable weather and labor

shortages impact their performance but are not fairly considered in evaluations or allowances.

A key limitation of this research lies in the relatively low explanatory power of the model, with leadership and compensation accounting for only 24.6% of the variance in job satisfaction. This indicates that 75.4% of the influencing factors remain unexplored, which may include organizational culture, workload, interpersonal relationships, psychological well-being, and opportunities for professional growth. Furthermore, the study's focus solely on field supervisors restricts the generalizability of the findings to the broader employee population.

Based on these findings, it is recommended that the company undertake a critical review of its leadership strategies, prioritizing the development of transformational leadership skills that emphasize open communication, employee involvement, and emotional intelligence. Leadership training programs should be implemented to align managerial behavior with the values and expectations of employees. Additionally, compensation policies must be restructured to ensure fairness and transparency across different roles and departments. Future research should incorporate additional variables and expand the sample to include a broader cross-section of employees. Adopting a mixed-methods approach that combines quantitative data with in-depth qualitative insights is also encouraged to provide a richer and more holistic understanding of the factors influencing job satisfaction in plantation-based organizations.

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