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Factors Influencing Job Satisfaction and Employee Loyalty for the Millennial Generation: Work Environment and Leadership Style

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Abstract: Literature review of the factors that influence job satisfaction and employee loyalty for the Millennial generation: work environment and leadership style are scientific articles that aim to build research hypotheses about the influence of variables to be used in further research, within the scope of Human Resource Management. The method of writing this Literature Review article is the library research method, which is sourced from online media such as Google Scholar, Mendeley and other academic online media. The results of this Literature Review article are: 1) Work Environment influences Job Satisfaction; 2) Leadership Style influences Job Satisfaction; 3) Work Environment influences Employee Loyalty; 4) Leadership Style influences Employee Loyalty; and 5) Job Satisfaction affects Employee Loyalty. Apart from these 2 exogenous variables that affect the endogenous variables Job Satisfaction and Employee Loyalty there are many other factors including the variables Salary/Wage, Rewards and Job Security.

Keyword: Job Satisfaction, Employee Loyalty, Work Environment and Leadership Style

INTRODUCTION

According to the results of the Indonesian Population Census in 2020, Generation Y or Millennials occupy the second most percentage in terms of percentage, namely 25.87% of the total population of Indonesia. The Millennial Generation are people born from 1981-1996 or who are 41-26 years old in 2022, or in the sense that all millennial generations are currently in a productive working period.

In Indonesia, there have not been many studies or studies on the millennial generation. Even though in terms of the total population of Indonesia's productive population, it is currently occupied by the Millennial generation. The Pew Research Center also released a research report entitled Millennials: A Portrait of Generation Next (2010), in which the research results released stated that the millennial generation is unique compared to previous generations, namely the most visible uniqueness is in the use of technology. Technology is a

basic need for this generation, where the daily life of the millennial generation cannot be separated from internet use.

On the other hand, every student both undergraduate, postgraduate, and doktoral, is required to conduct research in the form of undergraduate theses, postgraduate/master theses and dissertations. Likewise for lecturers, researchers and other functional staff who actively conduct research and create scientific articles for publication in scientific journals.

Based on the empirical experience of many young students and lecturers as well as other researchers, it is difficult to find supporting articles in research as previous research or as relevant research. Articles as relevant researchers are needed to strengthen the theory being researched, to see the relationship between variables and build hypotheses, it is also very necessary in the discussion section of research results. This article discusses the factors that influence job satisfaction and their impact on employee loyalty for the Millennial generation: work environment and leadership style (A Human Resource Management Literature Study).

Based on the background, the problems that will be discussed can be formulated in order to build hypotheses for further research, namely:

1. Does the work environment affect job satisfaction?
2. Does leadership style affect job satisfaction?
3. Does the work environment affect employee loyalty?
4. Does leadership style affect employee loyalty?
5. Does job satisfaction affect employee loyalty?

THEORITICAL REVIEW

Job satisfaction

Job satisfaction is a positive feeling about one's job which is the result of an evaluation of its characteristics (Robbins and Judge, 2011). There are several theories that explain job satisfaction, including:

1. *Maslow Theory*, This theory was developed by Maslow (Lenny, 2012: 66) which states that human needs consist of 5 levels, namely physiological needs, security and safety needs, affection needs (social needs), the need to be appreciated (esteem needs), and the need for self-actualization (self-actualization).
2. *Discrepancy Theory*, this theory was put forward by Porter (Lenny, 2012: 66) which explains that job satisfaction is the difference or comparison between expectations and reality.
3. *Equite Theory*, this theory was discovered by Adam (Lenny, 2012: 66) which states that employees or individuals will feel satisfied with specific aspects of their work.
4. *Opponent Process Theory*, this theory was developed by Landy (Lenny, 2012: 66) emphasizes a person's efforts to maintain his emotions.
5. *ERG Alderfer Theory*, this theory was put forward by Alderfer (Lenny, 2012: 66), who divides it into 3 hierarchical needs, namely: primary and secondary human needs, good social and interpersonal needs, and needs to contribute or develop potential and abilities.

Dimensions or indicators of job satisfaction according to Robbins and Judge, (2009: 108) dimensions or indicators of job satisfaction namely

1. The nature of the work: the difficulty of the work being done, whether it is in accordance with the skills or not.
2. Supervision: the flexibility of supervision and the extent of attention and appreciation received.
3. Current payments: adequacy of rewards / payments received.
4. Promotional opportunities: opportunities to gain career advancement while working.

5. Relations with co-workers: cooperation with co-workers is a factor that reflects the relationship between employees and other employees, both the same and different types of work.

Job satisfaction is also a person's perspective, both positive and negative, about his work. (Siagian, 1999: 295). According to Robbins and Judge, (2009: 112) there are four ways for employees to express their dissatisfaction with their work, namely:

1. Resign or leave his job
2. Voicing aspirations or demonstrations
3. Loyalty level decreased or passive
4. Neglect

Many previous researchers have examined job satisfaction, including (Diah Prinitasari, 2020), (Vanessa, 2022), and (Niko Sudibjo, 2022).

Employee Loyalty

Employee loyalty is the willingness of employees to give all abilities, skills, thoughts and time to participate in achieving company goals, keep company secrets, and not take actions that are detrimental to the company as long as that person is still an employee (Sudimin, 2003). Except for keeping secrets, these things can only be done when the employee is still bound by a working relationship with the company where he works.

This is also reinforced by the statement of Siswanto (2005) which states that employee loyalty is the determination and ability to obey, implement, and practice something that is adhered to with full awareness and responsibility. There are several aspects that companies can use in measuring work loyalty that we can see from an employee, namely:

1. Level of compliance with regulations,
2. Have a willingness to cooperate
3. Responsible for the work of the company
4. Have a sense of belonging
5. Establish healthy interpersonal relationships (both with fellow employees and superiors)

Dimensions and indicators that can be observed in measuring the level of loyalty of an employee towards the company where he is currently working are:

1. A high level of absenteeism indicates that employees are lazy to work
2. Decreased work productivity, the decline can be seen by comparing the previous productivity
3. There are issues of employee anxiety, issues that are considered detrimental to employees
4. The turn over rate is increasing, there is a high turnover of employees which can affect the company's performance.
5. Employee demands are increasing, demands which are a form of employee dissatisfaction with company rules/policies.
6. There is a labor strike

Employee loyalty is an attitude that arises as a result of a desire to be loyal and devoted to work, groups, superiors, or at work, which causes a person to be willing to make sacrifices to satisfy other parties or society (Jusuf, 2010). Factors that influence employee loyalty to the company are:

1. Safety factor
2. Convenience factor
3. Challenge factor

According to Steers and Potters (1983) states that indicators of evaluating employee loyalty are:

1. Stay in the organization
2. Willing to be reassigned anywhere,

3. Want to remain part of the organization,
4. Don't want to change profession
5. Willing to work beyond normal conditions,
6. Don't mind being given a heavy duty,
7. Proud to be a member of the organization and accept whatever the organization does.

The loyalty of these employees has been examined by many previous researchers including (Desman, et al, 2017), (Lis Iskandar, 2019), and (Yulina Eva Riany, 2021).

Work Environment

The work environment is everything that is around the employee and can influence him in carrying out the tasks assigned to him, for example by having an air conditioner (AC), adequate lighting and so on (Nitisemito, 2013: 97). And according to Afandi (2016. pp. 51-52), the work environment is the atmosphere felt by employees in carrying out activities every day, and relates to everything around employees that can affect employee job satisfaction while carrying out their work so that maximum work results can be obtained.

Based on the 2 theories above, it is found that there are 2 dimensions or indicators in assessing satisfaction with the work environment, namely:

1. Physical work environment, which is intended as:
 - Lighting
 - Air Circulation
 - Noise
 - Color
 - Humidity
 - Facilities, etc
2. Non-physical work environment, what is meant is:
 - Harmonious relations with colleagues and superiors
 - There is an opportunity to develop and progress
 - There is security at work, etc

This is also corroborated by the findings (Isyandi, 2004: 134), which states that the work environment is something that exists in the environment of workers who can affect themselves in carrying out tasks such as temperature, humidity, ventilation, lighting, noise, cleanliness of the workplace and whether or not it is adequate work tools.

The work environment is the whole tools faced, the surrounding environment in which a person works, the method of work, as a result of work both as individuals and as a group. (Simanjuntak, 2003:39).

This work environment has been studied by many previous researchers including (Mochamad Fauzi Hasanuding, 2021), (Dewi Adnyani, 2019), and (Niko Sudibjo, 2022).

Leadership Style

Leadership style is the ability to inspire other people to be willing and have total responsibility for efforts to achieve or exceed organizational goals. (Goetsch and Davis, 2014). It is also supported by Hasibuan's statement (2016: 170) stating that leadership style is the way a leader influences the behavior of subordinates which aims to encourage work passion, job satisfaction and high employee productivity, in order to achieve maximum organizational goals. The dimensions or indicators of leadership style according to Hasibuan (2016: 171) are

Dimensions	Indicators
1. Authoritarian leadership	a. Absolute authority concentrated in the leadership b. Decisions are always made by the leadership

	c. There is no opportunity for subordinates to make suggestions
2. Delegative leadership	a. Leaders delegate more authority to subordinates
	b. Decisions are mostly made by subordinates
	c. Subordinates are free to submit suggestions and opinions
3. Participatory leadership	a. Leadership authority is not absolute
	b. Decisions are made jointly by leaders and subordinates
	c. Many opportunities for subordinates to convey suggestions and opinions

The leadership dimension aims to drive effectiveness and maintain the relevance of the organization's existence. There are several dimensions of individual leadership, namely:

1. Selecting and building the capacity of individual employees
2. Describe the organization's expectations of employees
3. Motivate and develop employees

The following indicators can be used to assess a leader from his leadership ability and leadership style, namely:

1. Analytical and decision making skills
2. Motivating ability
3. Communication and listening skills
4. Ability to create a healthy work environment
5. Ability to delegate tasks and authority
6. Responsible

The leader can be likened to the captain of a ship looking forward. He observes his environment and anticipates the conditions he monitors, and provides information and directions for his subordinates on what to do. This is corroborated by Miftah Toha's statement (2014) that leadership style is a behavioral norm used by someone when that person tries to influence the behavior of others.

Every company definitely expects to be able to achieve company goals effectively and efficiently. Even though there are many factors that can influence the success or failure of achieving these goals, most of them are determined by how the leader leads the company. According to T. Hani Handoko leadership is the ability that a person has to influence other people to work to achieve goals and objectives.

This leadership style has been studied by many previous researchers including (Ulva Ardhianti; Ade Irma Susanty, 2020), (Heri Yanti, 2020), and (Lola Melino Citra, 2019).

Table 1: Relevant past research

No	Authors (Year)	Previous Research Results	Similarities With This Article	The Difference With This Article
1	Niko Sudibjo (2022)	Influence Transformational Leadership Style and Work Environment on Job Satisfaction of Millennial Generation Employees of the Ministry of Trade	Leadership style and work environment affect job satisfaction	Limited, research is only conducted at the Ministry of Trade
2	Yulina Eva Riany, (2021)	Influence Leadership Style and Work Environment, on Job Satisfaction of Batam State Polytechnic Employees	Work environment & leadership style affect job satisfaction	Limited, the research was only conducted at the Batam State Polytechnic
3	Desman, et al (2017)	Analysis of the Factors that Determine Job Satisfaction and Employee Loyalty (Case Study at Coffee Company PT Golden Kirrin Internasional, Badung	Work environment & leadership style affect job satisfaction	Salary / reward is the most influential factor

Regency)				
4	Lis Iskandar, (2019)	Understanding, Indicators, Influence of Leadership, Job Satisfaction and Work Motivation on Employee Loyalty	Employee loyalty affects job satisfaction	Job satisfaction is the X factor
5	Ulva Ardhianti, Ade Irma Susanty (2020)	The Influence of the Work Environment on Employee Performance at a Company in Jakarta	Work environment influences job satisfaction	Research on Employee Performance (Y)
6	Dewi Adnyani (2019)	The Effect of Job Satisfaction Work Environment and Work-Balance on Employee Loyalty	Work environment & job satisfaction affect work loyalty	Job satisfaction is the X factor
7	Heri Yanti (2020)	Leadership Style and Employee Job Satisfaction Impact on Employee Loyalty at PT. Mapan Asri Prosperous	Leadership style influences job satisfaction and job loyalty	Limited, research is only conducted in PT. Mapan Asri Prosperous
8	Vanessa (2022)	The Effect of Work Environment, Work Stress, and Motivation on Employee Job Satisfaction	Work environment influences job satisfaction	There are other X factors in this study: work stress and work motivation
9	Diah Pralitasari (2020)	The Effect of Organizational Culture and Work Environment on Work Motivation and Their Impact on Employee Job Satisfaction	Work environment influences job satisfaction	The existence of other X factors in this study is work motivation
10	Lola Melino Citra (2019)	The Effect of Leadership, Job Satisfaction and Work Motivation on Employee Loyalty	Leadership style influences work loyalty	Job satisfaction is the X factor

METHOD

The method of writing this Literature Review article is the Qualitative Descriptive method and Library Research, sourced from the Google Scholar online application, Mendeley and other online applications. This Literature Review article is in the field of Human Resource Management.

In qualitative research, literature review must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions posed by the researcher. One of the main reasons for conducting qualitative research is that it is exploratory in nature, (Ali & Limakrisna, 2013).

DISCUSSION

Based on the problem formulation, relevant theoretical studies and previous research, the discussion of this literature review article is:

1. The Influence of the Work Environment on Job Satisfaction

Employees do not come to work by themselves, apart from the willingness and effort within the employee, there are several factors that can influence this. One that can affect job satisfaction is the work environment. Although this factor is important and has a large influence, many companies pay little attention to this factor. An unpleasant work environment can result in decreased employee performance and vice versa, if the work environment is designed to be very pleasant, it can create a sense of pride in working for the

company. An unpleasant work environment can increase job satisfaction and work outcomes for employees. This of course will be profitable for the company.

The work environment influences job satisfaction, where the dimensions or indicators of the work environment (physical and non-physical) affect the dimensions or indicators of job satisfaction. So it is very important for management to create a work environment that can make employees work optimally. Work environment with applied ergonomics, namely applied science that studies matters related to the level of comfort, efficiency and safety in designing workplaces to satisfy the physical and non-physical needs of employees in the company.

The work environment influences job satisfaction, this is in line with research conducted by: (Mochamad Fauzi Hasanuning, 2021), (Dewi Adnyani, 2019), and (Niko Sudibjo, 2022).

2. The Effect of Leadership Style on Job Satisfaction

Leadership style is very important in helping people or other employees to survive in the organization by their involvement in their work. For every company, there will be some procedures, planning, implementation and other things to achieve their company goals. To achieve this, it takes a team that can focus their talents and abilities to get the job done. Without proper leadership, work cannot be carried out effectively. Without leadership, there is no control over people and negativity starts between them. Most companies fail because of leadership failure.

Leadership style influences job satisfaction, where the dimensions or indicators of leadership style (authoritarian, delegative, participative) affect the dimensions or indicators of job satisfaction. According to Yani (2012: 179), leadership style is a way of increasing a group to achieve something through motivation, leaders must be more related to job satisfaction and the creation of a clear picture of how subordinates can get an award based on their performance achievements. Meanwhile, according to Rivai (2012: 179). 2012: 60), namely "leadership style is a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved".

To increase job satisfaction by paying attention to leadership style, it is necessary for a leader to have good communication methods, be able to delegate responsibilities properly, and apply good rules. Productive employees are employees who are happy to work in the company, one of which is the influence of someone leader.

Leadership style influences job satisfaction, this is in line with research conducted by: (Ulva Ardhianti; Ade Irma Susanty, 2020), (Heri Yanti, 2020), and (Lola Melino Citra, 2019).

3. The Influence of the Work Environment on Employee Loyalty

The work environment influences employee loyalty, where the dimensions or indicators of the work environment (physical and non-physical) affect the dimensions or indicators of employee loyalty. Employee loyalty can be seen from work performance and concern for the company. The high attitude of employee loyalty is needed so that these employees can work not only for themselves but also for the benefit of the company. This attitude of loyalty comes from a high awareness that employees and companies are two parties who need each other (Istijanto, 2005).

The work environment is everything that exists around employees and can affect them in carrying out assigned tasks or a condition where employees work in a company that can affect the physical and non-physical conditions of employees both directly and indirectly so that the work environment can be said good if employees can work optimally, calm and high productivity (Sedarmayati, 2001).

Companies can also experience a period of collapse if the company does not pay attention to developments and changes in the surrounding environment. The work environment is a place where employees carry out their daily activities. A conducive work environment provides a sense of security and allows employees to work optimally. The work environment can affect employees' emotions. If an employee likes the work environment, the employee will be loyal at work, and carry out activities properly, so that working time is used effectively. Productivity will be high and employee performance will be high.

The work environment affects employee loyalty, this is in line with research conducted by: (Mochamad Fauzi Hasanuding, 2021), (Dewi Adnyani, 2019), and (Niko Sudibjo, 2022), (Desman, et al, 2017), (Lis Iskandar, 2019), and (Yulina Eva Riany, 2021)

4. The Effect of Leadership Style on Employee Loyalty

Leadership style influences employee loyalty, where the dimensions or indicators of leadership style (authoritarian, delegative, participative) affect the dimensions or indicators of employee loyalty. Leadership style with coaching or mentorship style has the most positive influence on employee performance and morale. Company leaders who train employees to recognize their abilities, what works for them and what doesn't, which helps them to grow in their jobs and build on their strengths to increase productivity. Such leaders try to get the best from their employees, show empathy towards them, understand their strengths and weaknesses, and work together to increase productivity and morale.

Leaders who help their employees to focus on their positive qualities by working on their weaknesses, improve skills to help them perform better, which keeps them motivated as well. When so much attention is paid by leaders to their performance, employees feel valued and motivated that the company is investing in their success and providing them with effective means to upgrade their skills and grow professionally. With this form of pride, employees will be more enthusiastic about increasing their potential by being guided by their leaders and making employees more loyal and enduring to work for the company.

According to (Siagian, 2014) that loyalty is a tendency for employees to do not move to another company because loyalty can affect the convenience of employees to work for a company. According to (Nitisemito, 2011) that loyalty is a mental attitude of employees that is shown to the existence of the company so that employees will remain in the company, even though the company is moving forward or backwards.

Leadership style influences employee loyalty, this is in line with research conducted by: (Ulva Ardhiyanti; Ade Irma Susanty, 2020), (Heri Yanti, 2020), and (Lola Melino Citra, 2019) (Desman, et al, 2017), (Lis Iskandar, 2019), and (Yulina Eva Riany, 2021).

5. The Effect of Job Satisfaction on Employee Loyalty

Job satisfaction affects employee loyalty, where dimensions or indicators of job satisfaction (nature of work, supervision, payment, promotion opportunities, relationship between facts) affect dimensions or indicators of employee loyalty (safety, reality, challenges).

To increase job satisfaction by paying attention to leadership style, what must be done by management is that company leaders must be able to retain employees who have good performance and competence by fostering loyalty in employees. According to Hasibuan (2011; 210) Loyalty is reflected by the willingness of employees to protect and defend the company inside and outside of work from people who are not responsible. Based on this definition, it can be explained that employees will do anything to maintain the integrity of a company organization from threats that come from within or outside the company. Many factors can make an employee loyal to the company, one of which is job satisfaction. As stated by Jawahar (2012; 29) found that salary.

Job satisfaction affects employee loyalty if job satisfaction is perceived well by employees, then this will increase work loyalty. This is confirmed (Mochamad Fauzi Hasanuding, 2021), (Dewi Adnyani, 2019), and (Niko Sudibjo, 2022), (Desman, et al, 2017), (Lis Iskandar, 2019), and (Yulina Eva Riany, 2021).

Conceptual Framework

Based on the formulation of the problem, theoretical studies, relevant previous research and discussion of the influence between variables, the framework for thinking of this article is processed as below.

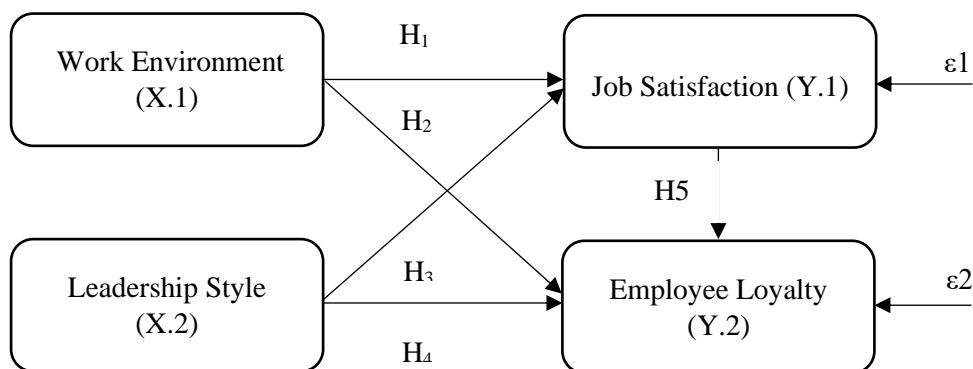


Figure 1: Framework

Based on the conceptual framework picture above, then: work environment and leadership style affect job satisfaction and employee loyalty both directly and indirectly.

Apart from these two exogenous variables that affect job satisfaction, there are many other variables that affect job satisfaction including:

- 1) Leader Behavior: (Hussein Fattah et al, 2021), (Charles J. Keating et al, 2018),
- 2) HR Management: (Umar Nimran et al., 2021), (Ali, 1926), (Yoyo, Agus, Nunung et al., 2018) and (Sedarmayanti et al., 2011), and (Edy Sutrisno et al., 2011),
- 3) Satisfaction Management: (Darmin Ahmad Pella, et al., 2020), and (Kuswadi, et al., 2022), and (Meithiana Indrasari, et al., 2017), and (Istijanto et al., 2011)
- 4) Measuring Satisfaction: (Ansori & Ali, 2017), (No et al., 2017), (Agussalim et al., 2020), (Widodo et al., 2020), (Limakrisna et al., 2016) and (Anwar et al., 2020).

CONCLUSIONS AND SUGGESTION

Conclusion

Based on the theory, relevant articles and discussion, hypotheses can be formulated for further research:

1. Work Environment influences Job Satisfaction.
2. Leadership Style influences Job Satisfaction.
3. Work Environment influences Employee Loyalty.
4. Leadership Style influences Employee Loyalty
5. Job Satisfaction affects Employee Loyalty

Suggestion

Based on the conclusions above, the suggestion in this article is that there are many other factors that affect Job Satisfaction and Employee Loyalty, apart from Job Satisfaction and Employee Loyalty at all types and levels of organizations or companies, therefore further studies are needed to look for other factors that can influence job satisfaction and employee

loyalty besides those examined in this article, such as: Salary/Wage, Rewards and Job Security.

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