

THE ROLE OF TRANSFORMATIONAL LEADERSHIP, COMPENSATION, AND MOTIVATION IN JOB SATISFACTION OF GENERATION Z IN WEST JAKARTA

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ABSTRACT

Generation Z, known for its attachment to digital technology and preference for flexibility, possesses unique characteristics that influence their job satisfaction. This study aims to analyze the effects of transformational leadership, compensation, and motivation on the job satisfaction of Generation Z in West Jakarta. The study uses a quantitative method with a survey of 100 respondents selected through probability sampling with a simple random approach. Data were collected via questionnaires and analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The results indicate that compensation and motivation have a positive and significant effect on job satisfaction, whereas transformational leadership shows a positive but not significant effect. This study addresses the differing role of transformational leadership in enhancing job satisfaction among Generation Z compared to previous generations, suggesting that this leadership approach may be less effective for today's younger generation. This research provides valuable insights for companies in designing more effective management strategies to improve job satisfaction, retention, and productivity of Generation Z employees, particularly through compensation policies and motivation that align with their needs.

Keywords: *Transformational Leadership, compensation, motivation, job satisfaction*

1. INTRODUCTION

The study of job satisfaction among Generation Z employees is becoming increasingly relevant as this demographic enters the workforce with unique expectations. Generation Z, defined as those born between 1997 and 2012, is the first generation to have grown up with pervasive digital technology, which has shaped their work preferences for flexibility, technological integration, and a balanced lifestyle (Kompas, 2022). These traits influence their approach to job satisfaction, with an emphasis on factors like leadership style, compensation, and motivation that align with their digital nativity and value system (Aeni, 2022).

Job satisfaction has long been acknowledged as a critical element influencing employee retention, engagement, and productivity. Defined by Hoppock (1935) as the combination of psychological, physiological, and environmental factors that contribute to an individual's fulfillment at work, job satisfaction is pivotal to positive work behaviors, such as commitment, collaboration, and alignment with organizational goals (McBride, 2002). Understanding what drives job satisfaction among Generation Z is thus essential for organizations, given their growing representation in the workforce.

Leadership style, compensation, and motivation are frequently cited as key determinants of job satisfaction. Transformational leadership, known for inspiring and aligning employee and organizational goals, has been linked to higher job satisfaction (Robbins & Judge, 2016). Transformational leaders, characterized by high social concern and inspirational motivation,

cultivate environments that support employee morale and enhance job satisfaction (Northouse, 2013). Similarly, compensation, encompassing both monetary and non-monetary rewards, is critical for job satisfaction, as fair and competitive pay fosters a sense of financial security and recognition (Hasibuan & Afrizal, 2019). For Generation Z, who prioritize both stability and acknowledgment, comprehensive compensation packages may serve as significant satisfaction drivers.

Motivation also plays an essential role in job satisfaction, as it represents the internal or external forces that drive individuals towards goal fulfillment (Tanjung, 2017). Factors such as salary, job security, peer relationships, and recognition can enhance motivation, leading to higher job satisfaction (Sutrisno, 2016). Empirical studies suggest that a motivated workforce exhibits greater engagement and commitment, which are indicators of job satisfaction.

Research has also highlighted the influence of organizational culture and work environment on job satisfaction across generations. Studies by Pawirosumarto et al. (2017) and Dameria & Ekawati (2022) indicate that positive organizational culture and supportive work environments improve job satisfaction. This suggests that while factors like leadership, compensation, and motivation are fundamental, broader organizational characteristics also contribute to job satisfaction, supporting employees' holistic experience within the organization.

While extensive research has explored job satisfaction determinants for Baby Boomers, Generation X, and Millennials, the literature specific to Generation Z remains sparse. This gap is significant given Generation Z's unique characteristics, such as a strong preference for flexibility, mental health prioritization, and socially responsible organizations (Kompas, 2022). Traditional job satisfaction models may not fully capture the nuanced needs of this demographic, which highlights the importance of understanding how these factors apply uniquely to Generation Z.

Digital technology also plays a critical role in Generation Z's job satisfaction, as this generation is accustomed to digital tools and social media as primary modes of communication (Aurellia, 2022). The influence of digital environments on job satisfaction is an underexplored area that could provide insights into effectively engaging this cohort. Additionally, Generation Z's preference for informal and open communication challenges conventional workplace hierarchies, suggesting that leadership expectations may differ significantly from those of previous generations. Aeni (2022) suggests that collaborative and inclusive leadership styles may resonate more with Generation Z, raising questions about the applicability of traditional hierarchical models.

Work-life balance is another critical aspect, as Generation Z emphasizes personal life as much as professional success. Unlike prior generations, they are more inclined to seek flexible working arrangements, such as remote work, reflecting a shift in workplace expectations. This change underscores the need for further research on how work-life balance affects their job satisfaction, as flexible arrangements may play a vital role in meeting their expectations (Kompas, 2022).

This study addresses these research gaps by examining the impact of transformational leadership, compensation, and motivation on job satisfaction among Generation Z employees. Transformational leadership, with its focus on inspiration, individualized consideration, and intellectual stimulation, has been associated with creating a positive work environment

(Northouse, 2013). The study aims to assess whether this leadership style aligns with Generation Z's preference for autonomy and purpose-driven work.

The research also investigates the effect of compensation beyond financial rewards. Given Generation Z's emphasis on meaningful work and recognition, understanding the role of non-monetary compensation—such as career advancement opportunities, mentorship, and social responsibility programs—in job satisfaction is crucial (Hasibuan & Afrizal, 2019). Motivation is similarly examined, with a focus on understanding whether factors like social impact, personal growth, and project significance serve as motivators that enhance job satisfaction for Generation Z employees (Sutrisno, 2016).

The theoretical foundation of this study rests on Herzberg's Two-Factor Theory, which categorizes job satisfaction drivers as intrinsic and extrinsic. Herzberg et al. (1959) posited that intrinsic factors, such as achievement and recognition, are fundamental to job satisfaction, whereas extrinsic factors, like compensation and policies, prevent dissatisfaction. This distinction is crucial for understanding how organizations can fulfill Generation Z's intrinsic needs for purpose and growth while ensuring their extrinsic needs are met to prevent dissatisfaction.

Social Exchange Theory (Blau, 1964) also provides a framework for interpreting the impact of leadership and compensation on job satisfaction. The theory proposes that reciprocal relationships between employers and employees—characterized by fairness, respect, and rewards—can foster satisfaction, as employees feel valued and respected. This reciprocal exchange underscores the importance of fair compensation and supportive leadership in generating loyalty and satisfaction.

In exploring transformational leadership, this study acknowledges its significance in fostering a satisfying work environment through inspiration and motivation. Transformational leaders are known to create a vision-driven workplace that aligns personal aspirations with organizational goals, which has been shown to enhance job satisfaction (Bass & Riggio, 2006; Northouse, 2013). For Generation Z, leaders who provide intellectual stimulation and vision could foster a stronger sense of purpose, contributing to job satisfaction.

Compensation remains a cornerstone of job satisfaction, encompassing salary, benefits, and rewards that reflect employees' value to the organization. Dessler (2011) noted that compensation reinforces employees' sense of worth and financial security. Hasibuan & Afrizal (2019) highlighted the importance of fair compensation in enhancing job satisfaction, as competitive compensation policies affirm employees' contributions. For Generation Z, comprehensive compensation that goes beyond salary, including development opportunities and recognition, could be instrumental in achieving job satisfaction.

Motivation's link to job satisfaction is well-documented, with motivation seen as the internal drive that compels employees to perform effectively (Tanjung, 2017). Motivational factors, including meaningful work, recognition, and relationships with colleagues, contribute to job satisfaction by fulfilling psychological and social needs (Sutrisno, 2016). Motivated employees are more likely to experience fulfillment in their roles, enhancing overall satisfaction.

This study seeks to integrate these insights to examine the interrelationships between transformational leadership, compensation, motivation, and job satisfaction specifically

within Generation Z. Addressing these relationships can inform organizations on how to align their practices with Generation Z's expectations, promoting higher engagement and retention. The findings are anticipated to provide organizations with actionable strategies to foster a workplace environment that resonates with Generation Z's values and enhances their job satisfaction, thus contributing to a sustainable workforce.

Theoretical Framework and Hypotheses

The study of job satisfaction, motivation, leadership, and compensation has strong theoretical underpinnings within organizational behavior and human resource management. One foundational theory relevant to job satisfaction is Herzberg's Two-Factor Theory, which categorizes the determinants of job satisfaction into intrinsic and extrinsic motivators (Herzberg, Mausner, & Snyderman, 1959). According to this theory, intrinsic factors, such as achievement and recognition, contribute positively to job satisfaction, while extrinsic factors, including salary and company policies, are crucial in preventing dissatisfaction. Herzberg's model thus highlights that fulfilling employees' intrinsic needs can enhance job satisfaction, while neglecting extrinsic factors may result in dissatisfaction that negatively impacts productivity and organizational commitment.

Another significant theoretical framework is Social Exchange Theory, introduced by Blau (1964). This theory suggests that reciprocal relationships between employees and employers, characterized by fair treatment, recognition, and rewards, foster positive attitudes and higher job satisfaction. Social Exchange Theory posits that employees who feel valued and respected in their workplace are likely to reciprocate with loyalty, improved performance, and higher satisfaction. This approach underscores the importance of organizational justice and mutual respect as vital elements of job satisfaction.

Among the various predictors of job satisfaction, transformational leadership has emerged as a key influence. Transformational leadership is defined as a style in which leaders inspire and motivate employees to exceed expectations by aligning personal goals with the organization's mission (Bass & Riggio, 2006). Northouse (2013) describes transformational leaders as those who provide inspirational motivation, intellectual stimulation, and individualized support, creating a workplace environment that promotes higher satisfaction. Leaders who communicate a compelling vision and foster supportive relationships contribute significantly to employee engagement and satisfaction. Based on this theory and evidence, the following hypothesis is proposed:

H1: Transformational leadership positively affects job satisfaction among employees.

Compensation is another critical factor that influences job satisfaction. Defined as all forms of financial returns and tangible services employees receive in exchange for their work (Dessler, 2011), compensation includes salary, bonuses, benefits, and other financial rewards. Hasibuan and Afrizal (2019) emphasize that fair and competitive compensation policies significantly enhance job satisfaction, as they fulfill employees' needs for financial security and recognize their contributions. In today's competitive job market, compensation that reflects the organization's commitment to employee well-being is increasingly valued, particularly among younger workers. Therefore, we hypothesize:

H2: Compensation positively affects job satisfaction among employees.

Motivation also plays a vital role in job satisfaction, as it serves as the internal drive that encourages employees to perform their roles enthusiastically and effectively. Motivation, according to Tanjung (2017), is the inner force that compels individuals toward specific

actions. Factors influencing motivation include salary, job security, relationships with peers, recognition, and the meaningfulness of work. Motivated employees are more likely to experience job satisfaction, as they find personal fulfillment and purpose in their roles (Sutrisno, 2016). Motivation can also act as a mediator that channels the effects of leadership and compensation into job satisfaction, as employees who feel recognized and fairly compensated tend to be more motivated and, consequently, more satisfied. This leads to the hypothesis:

H3: Motivation positively affects job satisfaction among employees.

These variables are interrelated in complex ways, and existing research supports their interconnectedness. Studies indicate that transformational leadership can enhance job satisfaction by fostering an environment of inspiration and support (Northouse, 2013). Similarly, compensation has been shown to have a direct positive impact on job satisfaction, as financial rewards reinforce employees' sense of value within the organization (Hasibuan & Afrizal, 2019). Motivation serves as a critical mediating variable, bridging the impact of leadership and compensation on job satisfaction (Tanjung, 2017). This interaction of variables emphasizes the need for a multi-dimensional approach to studying job satisfaction. For empirical analysis, these variables are operationalized through specific indicators. Job satisfaction is commonly measured by evaluating satisfaction with work nature, promotion opportunities, financial rewards, supervisory relationships, and collegial relationships (Locke, 1976). Transformational leadership is assessed based on indicators such as inspirational motivation, intellectual stimulation, and individualized support (Bass & Riggio, 2006). Compensation includes salary, bonuses, benefits, and other tangible rewards (Dessler, 2011), while motivation is evaluated by indicators like aspirations for growth, self-actualization, responsibility, and recognition (Tanjung, 2017).

This study seeks to contribute by examining the interrelations among transformational leadership, compensation, motivation, and job satisfaction within a modern organizational context. By addressing these relationships, the study will not only validate the hypotheses but also provide insights for organizations aiming to enhance job satisfaction through effective leadership, equitable compensation, and motivation strategies aligned with employees' needs.

2. RESEARCH METHOD

This study uses a quantitative approach with a descriptive design aimed at examining the impact of transformational leadership, compensation, and motivation on job satisfaction among Generation Z employees in West Jakarta. The population targeted in this study includes Generation Z employees working in West Jakarta, within the age range of 18 to 27 years. To gather data, the study utilized non-probability sampling, specifically convenience sampling, allowing the selection of respondents who are accessible and willing to participate. The total sample consists of 100 respondents, as determined by established sampling guidelines and adjusted to the study's scope.

Data collection was conducted through a structured questionnaire using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing respondents to indicate their level of agreement with statements about transformational leadership, compensation, motivation, and job satisfaction. The questionnaire was distributed both online and offline to reach the diverse population of Generation Z workers in West Jakarta.

The study measures several variables using specific indicators to capture their dimensions effectively. Transformational leadership is assessed through indicators such as collaboration ability, motivation in work, conveying company vision, providing rewards, problem-solving, autonomy in work, employee attention, risk-taking in decision-making, and guidance to subordinates (Priyatmo, 2018). For compensation, the measurements include salary, wages, incentives, benefits, and facility provisions (Saputra, 2022). Work motivation is measured using indicators like the desire for advancement, status, self-actualization, and responsibility (Gijoh, 2013). Lastly, job satisfaction is captured through indicators such as satisfaction with the nature of work, promotion opportunities, financial rewards, supervision, and coworker relationships (Priyatmo, 2018).

The data analysis in this study utilizes Structural Equation Modeling (SEM) with the help of SmartPLS software version 4.0.9.4, which allows for the simultaneous assessment of multiple relationships between variables. The analysis includes validity and reliability testing through convergent and discriminant validity, as well as reliability testing using Cronbach's Alpha and Composite Reliability values. Following the validation process, the inner model analysis is performed to evaluate the hypotheses through path coefficients and significance testing. The research hypotheses, which propose significant relationships between transformational leadership, compensation, motivation, and job satisfaction, are tested at a 5% significance level. The SEM approach allows for a comprehensive understanding of both direct and mediated relationships among the variables.

3. RESULTS AND DISCUSSIONS

Based on the collected data from the document provided, the majority of respondents in this study are Generation Z individuals residing in West Jakarta, aged between 18 and 27 years. The highest level of education among respondents varies, but many are currently employed in entry-level or junior positions. Additionally, a significant portion of respondents have been employed in their current positions for less than a year. Factors influencing job satisfaction for these respondents include transformational leadership, compensation, and motivation, with motivation frequently cited as a key driver for work engagement and satisfaction within this demographic.

The measurement model analysis as seen on Table 1, demonstrates that all constructs in this study meet the criteria for convergent validity and discriminant validity. Convergent validity was evaluated using loading factors and Average Variance Extracted (AVE). All indicators had loading factors exceeding 0.7, confirming strong correlations with their respective constructs. Additionally, the AVE values for all constructs were above the recommended threshold of 0.5, with compensation scoring 0.803, job satisfaction 0.643, transformational leadership 0.727, and work motivation 0.856. These results indicate that a significant portion of variance in each construct is explained by its indicators, ensuring that the indicators reliably measure their intended constructs.

Discriminant validity was assessed using the Fornell-Larcker Criterion (Table 2) and cross-loadings. The square root of each construct's AVE was higher than its correlations with other constructs, confirming that each construct is distinct and more strongly related to its own indicators. Furthermore, the cross-loading analysis showed that each indicator had a higher loading on its assigned construct compared to other constructs. These results validate the distinctiveness and reliability of the constructs, providing a robust measurement model for further analysis.

Table 1. Average Variance Extracted Analysis

Variables	AVE	Cronbach's Alpha
Compensation	0.803	0.918
Job Satisfaction	0.643	0.819
Transformational Leadership	0.727	0.941
Work Motivation	0.856	0.801

Table 2. Fornell-Larcker Analysis

	Compensation	Job Satisfaction	Transformational Leadership	Work Motivation
Compensation	0.896			
Job Satisfaction	0.512	0.802		
Transformational Leadership	-0.131	-0.164	0.853	
Work Motivation	0.215	0.543	-0.251	0.925

Table 3. Loading Factor Analysis

	Compensation	Job Satisfaction	Transformational Leadership	Work Motivation
C1	0.863			
C2	0.870			
C3	0.938			
C4	0.912			
JS1		0.844		
JS2		0.783		
JS3		0.783		
JS4		0.796		
TL10			0.935	
TL11			0.847	
TL12			0.792	
TL6			0.759	
TL7			0.791	
TL8			0.917	
TL9			0.911	
WM1				0.939
WM2				0.926
WM3				0.910

Furthermore, the inner- model measurement analysis is conducted using R-Square (R^2) test, effect size (f^2) test, Goodness of Fit (GoF) test, path coefficient analysis, and hypothesis testing.

Table 4. shows the R-Square (R^2) value for job satisfaction is 0.459, indicating that 45.9% of the variance in Job Satisfaction among Generation Z employees in Jakarta is explained by the combined effects of Compensation, Transformational Leadership, and Work Motivation. This suggests a moderately strong model, as nearly half of the variability in Job Satisfaction can be attributed to these predictor variables. The Adjusted R-Square value of 0.442 further confirms this strength, adjusting for the number of predictors to provide a more conservative estimate of the model's explanatory power. These values imply that while the model explains a

substantial portion of Job Satisfaction, other factors not included in this analysis may also play a significant role in influencing job satisfaction for this demographic.

Table 4. Coefficient of Determination (R^2) for Job Satisfaction

	R Square	R Square Adjusted
Job Satisfaction	0.459	0.442

The f^2 effect size analysis (**Table 5**) provides insights into the individual contribution of each predictor variable—Compensation, Transformational Leadership, and Work Motivation—on Job Satisfaction. Compensation has an f^2 value of 0.301, indicating a medium effect size, meaning that it contributes moderately to explaining variations in Job Satisfaction. Work Motivation shows an f^2 value of 0.346, which represents a large effect size, highlighting its strong influence on Job Satisfaction among Generation Z employees. In contrast, Transformational Leadership has an f^2 value of 0.000, signifying no meaningful effect on Job Satisfaction in this model. These results suggest that, within this demographic, Work Motivation and Compensation play substantial roles in determining Job Satisfaction, whereas Transformational Leadership does not significantly impact it.

Table 5. Effect Size Analysis

	f square	Result
Transformational Leadership → Job Satisfaction	0.000	No effect
Compensation → Job Satisfaction	0.301	Medium effect
Motivation → Job Satisfaction	0.346	Large effect

Next, Goodness of Fit (GOF) valued as much as 0.6318. This value is derived from combining the average variance extracted (AVE) and the R-Square (R^2) of the dependent variable, job satisfaction. A GOF value of 0.6318, which is above the commonly accepted threshold of 0.5, indicates that the model has a high degree of fit and successfully represents the data. This suggests that the constructs used in this study—compensation, transformational leadership, and work motivation—adequately explain the variability in job satisfaction among Generation Z employees in Jakarta, with the model capturing both the measurement validity and the structural relationships effectively. Therefore, the GOF score reinforces the robustness and validity of the model in explaining the factors contributing to job satisfaction.

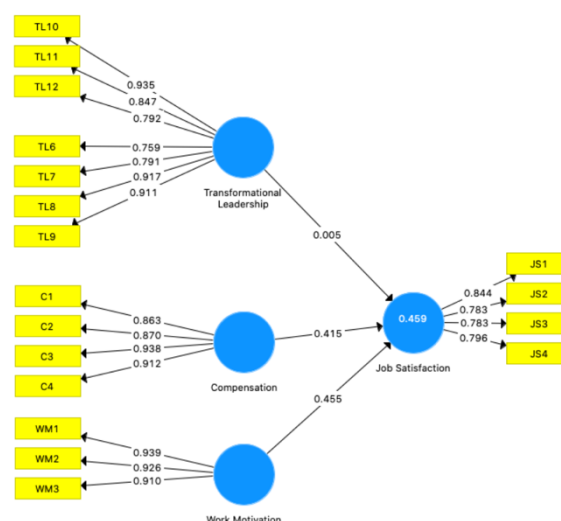


Figure 1. Path Coefficient

Table 6. Hypotheses Testing

	Original Sample	t-statistics	p-values
Compensation → Job Satisfaction	0.415	5.174	0.000
Transformational Leadership → Job Satisfaction	0.005	0.056	0.956
Work Motivation → Job Satisfaction	0.455	4.364	0.000

As seen in **Figure 1.** and **Table 6.,** the path coefficient and hypothesis testing results indicate varying levels of influence among the variables on job satisfaction. The path coefficient for compensation to job satisfaction is 0.415, with a t-statistic of 5.174 and a p-value of 0.000, confirming a statistically significant positive effect of Compensation on Job Satisfaction. This supports the hypothesis that higher compensation leads to greater job satisfaction. In contrast, the path coefficient for transformational leadership to job satisfaction is 0.005, with a t-statistic of 0.056 and a p-value of 0.956, indicating a non-significant effect. This result fails to support the hypothesis that transformational leadership impacts job satisfaction. Finally, the path coefficient for work motivation to job satisfaction is 0.455, with a t-statistic of 4.364 and a p-value of 0.000, showing a statistically significant positive effect and supporting the hypothesis that work motivation enhances job satisfaction. These findings highlight that, statistically, compensation and work motivation significantly contribute to job satisfaction, while transformational leadership does not.

This study investigates the relationships between compensation, transformational leadership, and work motivation on job satisfaction among Generation Z employees in Jakarta. The results indicate that compensation and work motivation have significant positive effects on job satisfaction, while transformational leadership does not exhibit a meaningful impact. These findings provide insights into what motivates job satisfaction in this demographic, reflecting their distinct workplace expectations and needs.

The significant positive impact of compensation on job satisfaction aligns with a long-standing body of literature that identifies financial rewards as a crucial determinant of employee satisfaction. Compensation fulfils both basic financial needs and intrinsic needs related to feeling valued and recognized within an organization. This outcome supports earlier findings by Judge et al. (2010), who argued that competitive compensation is among the most consistent predictors of job satisfaction. For Generation Z employees, who are generally in the early stages of their careers, compensation likely holds added importance due to financial independence goals.

Hasibuan and Afrizal (2019) further corroborated these findings in an Indonesian context, where they highlighted that fair compensation policies significantly improve job satisfaction levels. The high path coefficient (0.415) observed for compensation in this study demonstrates a similar medium effect size, reinforcing the importance of financial rewards in a cultural context where economic stability is prioritized. This consistency with previous research suggests that Compensation remains a universal factor for job satisfaction across various demographics.

Moreover, the influence of compensation on job satisfaction resonates with the Self-Determination Theory (Deci & Ryan, 2000), which posits that extrinsic rewards play an essential role in fulfilling individuals' psychological needs for competence and autonomy. In the context of Generation Z, who are in the initial stages of career development, financial compensation provides a clear indication of organizational appreciation, thus fulfilling intrinsic needs for recognition and self-worth, which directly impact job satisfaction.

In contrast, work motivation emerges as a stronger predictor of Job Satisfaction with a larger effect size than compensation. The substantial path coefficient for work motivation (0.455) aligns with Herzberg's Two-Factor Theory (Herzberg, Mausner, & Snyderman, 1959), which argues that motivation is a primary driver of satisfaction. According to Herzberg, motivational factors such as achievement, recognition, and personal growth are intrinsic satisfiers that lead to higher engagement and satisfaction. This study's findings underscore the relevance of Herzberg's theory for Generation Z employees, who place significant importance on opportunities for professional development and meaningful work.

the strong positive relationship between work motivation and job satisfaction aligns with contemporary findings in generational studies. Schullery (2013) observed that Generation Z employees are particularly motivated by work that aligns with their personal values and provides opportunities for skill development. The emphasis on motivation in this study supports the notion that Generation Z seeks purpose and alignment with organizational goals, rather than purely financial or extrinsic rewards, to achieve job satisfaction.

Additionally, recent research by van Zoonen and Treem (2019) suggests that motivation for meaningful work is amplified in digital-native generations like Generation Z, who often value growth and self-actualization as central to their career goals. This could explain why Work Motivation exhibits a larger effect size than Compensation in this study. Generation Z employees likely see their work as an extension of their personal identity and, as such, value intrinsic motivators that contribute to their long-term aspirations.

Interestingly, transformational leadership does not significantly impact job satisfaction in this study, with a path coefficient of only 0.005. This is a surprising finding, as transformational leadership has traditionally been linked to higher job satisfaction due to its focus on inspiring employees, fostering a shared vision, and providing intellectual stimulation (Bass & Riggio, 2006). However, the non-significant result here suggests that Generation Z employees may hold different expectations from their leaders compared to previous generations.

One potential explanation for this result is Generation Z's preference for autonomy and informal leadership. Studies, such as those by Wiedmer (2015), have highlighted that Generation Z tends to favor environments that allow them to work independently, rather than relying on inspirational figures. As digital natives, Generation Z employees are accustomed to self-direction and may feel less influenced by traditional leadership styles, which could explain the minimal impact of transformational leadership on their job satisfaction in this study.

The lack of significance in the relationship between transformational leadership and job satisfaction also aligns with Twenge's (2017) work on generational personality differences. Twenge found that Generation Z often values individualism and flexibility over hierarchical structures, which may lead them to perceive transformational leaders' motivational approaches as unnecessary or even intrusive. These generational preferences suggest that organizations may need to reconsider traditional leadership styles when aiming to increase job satisfaction for Generation Z.

Further evidence from Knight and Rosa (2021) suggests that Generation Z places a stronger emphasis on collaborative and inclusive work environments rather than top-down leadership approaches. This generational characteristic aligns with the findings in this study, where transformational leadership does not significantly impact job satisfaction, possibly due to a

mismatch between the typical expectations of transformational leaders and Generation Z's preferences for a more flexible, team-oriented approach.

The prominence of compensation and work motivation as key factors over transformational leadership suggests that organizations aiming to enhance job satisfaction among Generation Z employees should prioritize competitive compensation structures and create environments that support intrinsic motivation. Such an approach aligns with research by Lyons and Schweitzer (2017), who argued that Generation Z values transparency in compensation and opportunities for self-improvement more than traditional leadership qualities.

The importance of compensation and work motivation over transformational leadership also has practical implications for organizational strategies. As the workforce becomes increasingly composed of Generation Z employees, organizations may need to reassess their compensation policies and motivational frameworks to align with these younger employees' preferences. This shift would support higher retention and engagement rates, which are essential in today's competitive labour market (Twenge, 2020).

The findings of this study reinforce the perspective that Generation Z employees prioritize financial stability and growth opportunities over leadership qualities. This insight supports Allen et al. (2019), who emphasized that organizations should focus on policies that resonate with younger employees' financial and developmental needs. By aligning organizational strategies with these priorities, companies can enhance job satisfaction and reduce turnover among their Generation Z workforce.

While transformational leadership remains relevant for many organizational contexts, this study's findings suggest that its influence may be less impactful for younger employees, particularly Generation Z. As supported by recent findings from Meister and Willyerd (2021), Generation Z tends to value transparent, collaborative work environments over the vision-driven approach that defines transformational leadership. This insight suggests that organizations might benefit from adopting more flexible, collaborative leadership styles that align with Generation Z's expectations.

In light of the findings, the emphasis on compensation and work motivation reflects Generation Z's distinct approach to career development. Unlike previous generations, Generation Z does not appear to rely on hierarchical guidance as a primary source of job satisfaction. Instead, they seem more responsive to tangible rewards and personal growth opportunities, which support their financial and self-development goals (Schroth, 2019). This trend signifies a shift in the motivators for job satisfaction across generational lines.

The findings of this study provides valuable insights into the factors influencing job satisfaction for Generation Z employees. While compensation and work motivation emerged as significant predictors, Transformational leadership did not significantly impact Job Satisfaction. These findings suggest that Generation Z values direct, tangible rewards and intrinsic motivators over traditional leadership qualities, highlighting the need for organizations to adapt their strategies to meet the evolving preferences of the workforce.

4. CONCLUSIONS AND SUGESTIONS

This study reveals that compensation and work motivation significantly influence job satisfaction among Generation Z employees in Jakarta, whereas transformational leadership

does not have a notable impact. Generation Z places a high priority on fair compensation and opportunities for personal growth, reflecting their desire for financial security and career development in the early stages of their professional lives. The lack of significance in the relationship between transformational leadership and job satisfaction suggests a preference for autonomy, flexibility, and collaboration over traditional leadership styles. To enhance job satisfaction among Generation Z, organizations should focus on transparent and competitive compensation structures, foster environments that support intrinsic motivation through skill development and meaningful work, and adopt flexible leadership approaches that emphasize autonomy and inclusivity. Additionally, implementing regular feedback and recognition systems, as well as offering flexible work arrangements, can further support Generation Z's desire for a balanced work-life dynamic.

However, this study has several limitations that should be considered. The geographic focus on Jakarta may limit the generalizability of the findings to other regions or cultural contexts, and the study only considers three variables—compensation, transformational leadership, and work motivation—without accounting for other potential factors that might influence job satisfaction. Future research should explore the impact of additional variables such as work-life balance, digital engagement, and organizational culture to develop a more comprehensive understanding of Generation Z's job satisfaction. The implications of this study suggest that organizations looking to attract and retain Generation Z employees should align their practices with the specific needs of this demographic. By doing so, companies can enhance engagement, satisfaction, and long-term retention, ultimately fostering a more committed and productive workforce.

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