

# Digital Leadership, Work-Life Balance, Compensation, Job Satisfaction, and Employee Engagement

I Nyoman Sulistiana\* & Gede Sri Darma

Universitas Pendidikan Nasional, Denpasar, Indonesia

## Abstract

This study aims to analyze the relationship between digital leadership, work-life balance, compensation, and job satisfaction on employee engagement due to quiet quitting phenomenon of Rural Bank's employees in Denpasar who were affected by Covid-19 Pandemic. The population was 519 employees, with the proportionate stratified random sampling method, the questionnaire was filled in by 207 respondents. Data processing was carried out using Smart PLS 4. The results showed that digital leadership, work-life balance, and compensation had a positive and significant effect on job satisfaction; then digital leadership, work-life balance, and job satisfaction have a positive and significant effect on employee engagement; but compensation has no effect on employee engagement. Compensation does not guarantee employee engagement to the company. An interesting finding in this study is the dominant factor influencing employee engagement is digital leadership, followed by work-life balance, and finally compensation. Theoretically, this study contributes to the knowledge that to prevent quiet quitting, the most important aspect that can be the answer is enhance digital leadership.

*Keywords:* digital leadership, work-life balance, compensation, job satisfaction, employee engagement, quiet quitting.

Received: 8 August 2023

Revised: 30 September 2023

Accepted: 15 October 2023

## 1. Introduction

The COVID-19 pandemic has had an impact on economic and social conditions globally since the end of 2019 (Atalan, 2020). The pressure on economic conditions had a broad impact in each region, coupled with conditions that were worse than before. Because of this, governments in various countries immediately took steps to suppress the transmission rate as much as possible, such as reducing physical contact by implementing lockdowns and limiting community activities (Bonal, X. & González, S., 2020). The existence of lockdowns and restrictions on community activities caused many companies to suffer losses and took efficiency measures up to closing offices. Such a pandemic situation has created challenges for organizations and especially for human resource management (De-La-calle-durán & Rodríguez-Sánchez, 2021).

One of the sectors affected by the pandemic is the banking sector (Dayong Zhang et al., 2020). Banking has been affected by the pandemic due to a decrease in lending and a decrease in the quality of productive assets (Çolak & Öztekin, 2021). One of the types of banks affected is the rural banks, so they have to take efficiency measures (Mulyati et al., 2022). Meanwhile, the efficiency carried out by companies in order to survive the pandemic has the potential to cause quiet quitting for their employees (Harter, 2022).

The quiet quitting phenomenon began with the Covid-19 pandemic. The 2021 Gallup survey shows that the level of actively disengaged has started to increase since 2019 (Harter, 2022). When employees are reduced by the company for the sake of efficiency, the company then delegates the work of the employees who have left to the employees who are surviving, so that the employees who survive have to do more work.

Formica & Sfodera (2022) suggests that quiet quitting is a new path taken by employees by demonstrating low work involvement in workplace problems which include dissatisfaction with working conditions, decreased income, and leadership from management. Meanwhile, employee engagement is very important in a pandemic situation caused by

\* Corresponding author.

E-mail address: [insulistiana@gmail.com](mailto:insulistiana@gmail.com)

COVID-19. For organizations, employee engagement is the key to success during difficult times during a pandemic. That is why organizations should hope to keep their employees satisfied and motivated through employee engagement during a pandemic situation (Chanana, 2021).

The decrease in engagement as a whole is also related to employee dissatisfaction with work (job dissatisfied), which includes clarity of expectations and feeling less cared for which indicates that employees and employers are increasingly disconnected (Harter, 2022). Job satisfaction is a level of feeling and assessment of an employee's work towards fulfilling the wishes and needs of the employee (Arianti et al., 2020). Job satisfaction is characterized by satisfaction from employees with their jobs and leaders (Pongton & Suntrayuth, 2019).

Coinciding with the Covid-19 Pandemic, transformation towards digital has become a big momentum as well as a challenge for rural banks because digital transformation needs to be carried out by rural banks so that they are able to provide better services and also create efficiency during and after going through a pandemic. Given that the role of a leader is very important in digital transformation, banking leaders must make adjustments by encouraging the acceleration of the digital transformation process in the form of changes to all operational processes, implementing new machines and applications and improving the quality of human resources (Winasis et al., 2021).

Agustina et al. (2020) stated that the better the digital leadership, the higher employee engagement will be. This statement is supported by research from Purba (2021) and Winasis et al. (2021) which stated that during the digital transformation period the role of a leader had a good influence on increasing employee engagement. Different results were revealed in the research by Muniroh et al. (2022) which states that digital leadership has no effect on employee performance. In the JD-R theory, employee engagement has a positive correlation with employee performance.

The COVID-19 pandemic that hit in early 2020 also changed the way of life and work and affected job satisfaction and work-life balance of employees in a company (Dodi et al., 2021). Then Yikilmaz (2022) reveals that work-life balance is a strong reason for an employee to do quiet quitting or disengagement at work.

The results of the research by (Iddagoda et al., 2021; Jaharuddin & Zainol, 2019; Žnidaršič & Bernik, 2021) revealed that the better the work-life balance, the higher the employee engagement. Then, the results of the research by (Puspitasari & Darwin, 2021) also suggest that the better the work-life balance, the higher the employee engagement, but the absorption indicator in employee engagement cannot be used to measure influence in research. Different research results were put forward by (Lestari & Margaretha, 2021) who found that work-life balance had no effect on employee engagement.

## **2. Literature Review**

### *2.1. Job Demands- Resources (JD-R) Theory*

The JD-R theory consists of two assumptions. The first assumption of the JD-R theory is that the work environment or job characteristics are divided into two, namely job demands and job resources. Job demands are the physical, psychological, social and organizational aspects of a job that require effort to achieve and have an impact on certain physical or psychological aspects. Meanwhile, job resources refer to the physical, social or organizational aspects of work that can affect goal attainment, reduce job demand, and stimulate development and learning (Bakker et al., 2020).

The second assumption of the JD-R theory is that there are two processes that affect work pressure and motivation. Job demands can lead to work imbalance, stress and fatigue which can trigger health complaints. Conversely, job resources are related to something that is potentially able to motivate employees so that it has a positive impact on results, for example increasing job satisfaction and work engagement (Demerouti & Cropanzano, 2010).

### *2.2. Employee Engagement*

Robinson (2004) defines Employee Engagement as “a positive attitude held by employees towards the organization and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance on the job for the benefit of the organization. Organizations must work to develop and maintain engagement, which requires a two-way relationship between employer and employee.” Employee engagement is the appreciation of an employee in an organization in the form of initiative, effort, and persistence that leads to organizational goals (Macey et al., 2009). HR is one factor that cannot be imitated by competitors and is considered as the most valuable asset if properly managed and involved. Employee Engagement can help any organization that seeks to gain competitive advantage (Sanchez, 2012). Companies with high Employee Engagement have higher

employee retention as a result of reduced intention to leave the company, productivity, profitability, growth and customer satisfaction. Meanwhile, companies with Employee Disengagement will have lower commitment, face increased employee absenteeism and are less customer oriented, reduced productivity, and decreased profitability (Sridevi & Markos, 2010). Employee Engagement means that employees speak positively about belonging to their organization, will stay in the organization, and strive to do more than the minimum requirements for their organization (Pongton & Suntrayuth, 2019).

### 2.3. *Job Satisfaction*

Jabri (2017) define Job Satisfaction as a collection of feelings and beliefs that employees have about their current job. Job Satisfaction is one of the most important work attitudes in organizational behavior because it influences various employee behaviors in the organization and contributes to the level of employee welfare. Pongton & Suntrayuth (2019) say that "Job satisfaction is the satisfaction of employees with their jobs and leaders. This is the level where both parties are satisfied with each other. When workers are satisfied, they commit to a long-term relationship with the company." Job satisfaction is considered a positive behavior that reflects the evaluation results of employees' expectations and the reality of their work in relation to their remuneration (Ngwenya & Pelsler, 2020).

### 2.4. *Digital Leadership*

Karippur & Balaramachandran (2022) say that the increasing awareness of digital transformation casts a strong spotlight on the way companies think about leadership and the key practices associated with it. Leadership in digital transformation processes is becoming a growing research area, evidence that top-level managers with lower digital leadership skills are more likely to have low psychological well-being (Zeike et al., 2019). Currently, digitization is very important for every organization, which includes how to communicate with clients, marketing, product delivery, to business processes (Agustina et al., 2020). Rudito & Sinaga (2017) define Digital Leadership as the ability of organizational leaders to identify strategic digital technologies for the organization and bring all employees to make it happen so as to produce strategic digital capabilities for the organization, which are characterized by dimensions of digital attitudes and leadership skills. Agustina et al. (2020) stated that Digital Leadership is leadership that can determine direction, influence others, initiate sustainable change through access to information, and build relationships to anticipate changes that are important for organizational success in the future.

### 2.5. *Work-life Balance*

Sirgy & Lee (2018) define work-life balance as a high level of involvement in work life and non-work life with minimal conflict between social roles at work and life outside work. Meanwhile, according to Iddagoda et al. (2021) the definition of work-life balance is the level of balance between fulfilling obligations for family members, both in the nuclear family or extended family and fulfilling obligations for employers. Work-life balance plays a role in the psychological, emotional and cognitive stability of employees, which can contribute to organizational effectiveness. Organizations have developed by implementing a strategy of providing long working hours, which results in work-life conflict which is defined as the inability of employees to divide time between personal or family life and work life which causes fatigue and stress among employees (Jaharuddin & Zainol, 2019). Ashraf (2020) said that organizations must focus on work-life balance as an important aspect of work, so it is necessary to implement a work-life balance policy in order to create a family-friendly climate within the organization because it can help increase employee engagement and thereby increase productivity. Work-life balance policies can be regulated systematically by the state through laws and there needs to be effective state control to carry out the practice, thereby enabling employees to successfully balance work and family life.

### 2.6. *Compensation*

Compensation is all income in the form of money or goods directly or indirectly received by employees as compensation for services provided to the company, Ashraf (2020) states that compensation received by employees for work results is in the form of main benefits such as salary, or a combination of other benefits such as retirement benefits, insurance, leave allowances, holiday allowances, educational assistance, and other indirect benefits. The concept of compensation is known in two general forms, namely financial compensation and non-financial compensation. Financial compensation consists of direct compensation and indirect compensation, while non-financial compensation is in the form of the environment and available work facilities (Saban et al., 2020). Compensation is an element of work relations that often causes problems in industrial relations (Permana et al., 2021). If individual productivity bonuses are removed during the pandemic then it can demotivate employees. Each employee estimates what they consider a fair wage depending on their abilities, experience and risks (De-La-calle-durán & Rodríguez-Sánchez, 2021).

### 2.7. Digital Leadership and Job Satisfaction

When leaders have the competence to lead and model in the digital age, their subordinates will become more satisfied with their jobs. Therefore, it is important to improve digital leadership capabilities, especially because technology plays an important role in various organizational activities. The results of research by (Ahyat et al., 2022; Sunaryo et al., 2023; Tanucan et al., 2022; Topcuoglu et al., 2023) shows that the higher the digital leadership, the higher the job satisfaction of employees. (Muniroh et al., 2022) who said that digital leadership has no effect on employee performance. In the JD-R theory, job resources are related to something that can potentially motivate employees which has an impact on increasing job satisfaction and job involvement resulting in increased employee performance (Demerouti & Cropanzano, 2010). Based on the theory and results of previous research, the first hypothesis is proposed that the higher digital leadership, the higher job satisfaction.

### 2.8. Digital Leadership and Employee Engagement

Research from (Agustina et al., 2020) and (Restu et al., 2022) states, the higher Digital Leadership, the higher Employee Engagement, employees will feel motivated and excited to reflect on work by leaders who have digital characters. In line with research from (Purba, 2021) and (Winasis et al., 2021) stated that during the digital transformation period the role of a leader can increase Employee Engagement. Different results were obtained from research by (Muniroh et al., 2022) which states that digital leadership has no effect on employee performance. In JD-R theory, employee engagement has a positive correlation with employee performance, which means that high employee engagement can improve employee performance (Bakker et al., 2020). Based on the theory and results of previous research, the second hypothesis is proposed that the higher digital leadership, the higher employee engagement.

### 2.9. Work-life Balance and Job Satisfaction

The research results from (Kasbuntoro, et al, 2020) and (Dodi et al., 2021), stated that the better the work-life balance of employees, the higher job satisfaction would be. The same research results were also revealed by (Haar & Brougham, 2022; Stefanovska-petkovska et al., 2019) which states that work-life balance is beneficial for work quality and will provide job satisfaction. Different research results revealed by (Cahill et al., 2015) who stated that when economic conditions strengthen, the work-life balance will decrease, but job satisfaction increases. Work-life balance decreases as employees tend to become more focused on the career opportunities ahead of them when economic conditions strengthen. Based on the theory and results of previous research, the third hypothesis is proposed that the higher employee's work-life balance, the higher job satisfaction.

### 2.10. Work-life Balance and Employee Engagement

Employees and their work approach are important elements of organizational functioning. Therefore, work-life balance is the driving force behind employee engagement. The results of the research by (Iddagoda et al., 2021; Jaharuddin & Zainol, 2019; Žnidaršic & Bernik, 2021) revealed that the better the balance of work and family life, the higher the employee engagement. Then, the results of research by (Puspitasari & Darwin, 2021) also suggest that the better the work-life balance, the higher employee engagement, but the absorption indicator in employee engagement cannot be used to measure influence in research. Different research results were put forward by (Puspitasari & Darwin, 2021) who found that work-life balance had no effect on employee engagement. This is due to the respondents' tenure of around 1-5 years, which indicates that work-life balance is not the only factor that shapes work engagement, but length of service and conditions of employees who have adapted to their work environment are considered as other factors. Based on the theory and results of previous research, the fourth hypothesis is proposed that the higher employee's work-life balance, the higher employee Engagement.

### 2.11. Compensation and Job Satisfaction

Compensation provides motivation to employees to put their best efforts towards success in the workplace so as to be able to help achieve the goals of an organization. The research results from (Prasetio et al., 2019), (Ashraf, 2020), and (Permana et al., 2021) stated that the higher the compensation given, both financial and non-financial compensation, the employee's job satisfaction would increase. In line with the three studies, (Sahid & Abadi, 2023) said compensation is one of the feedback factors provided by the organization for employee contributions, thus providing fair compensation can increase job satisfaction. Different results occurred in the study from (Idris et al., 2020) who found that compensation has no effect on job satisfaction. Based on the theory and results of previous research, the fifth hypothesis is proposed that the higher compensation, the higher job satisfaction.

### 2.12. Compensation and Employee Engagement

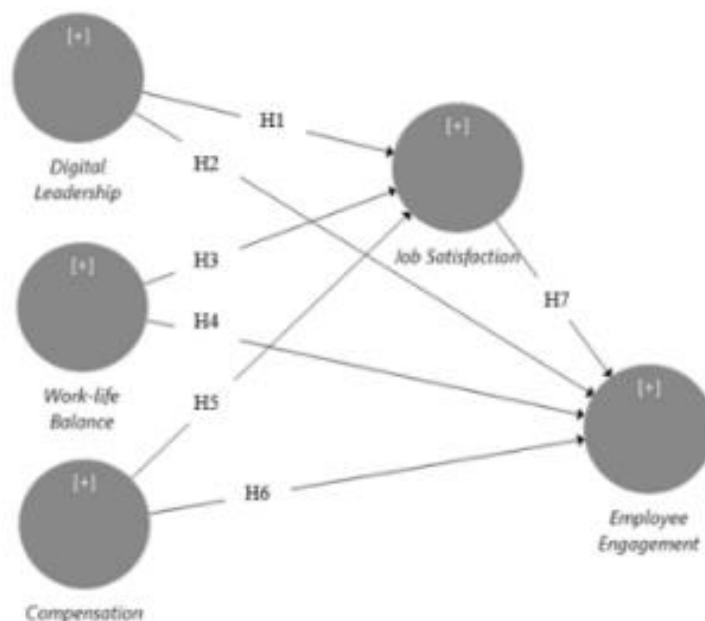
Fair compensation encourages employees to make their best efforts towards success at work so that the goals of the organization can be achieved. The results of research from (Sahid & Abadi, 2023) state that the higher the compensation received by employees, the employee's work engagement also increases. This statement is in line with the results of research from (Azmy, 2019; Chaudhary et al., 2021) which states that employees with higher salaries tend to have higher engagement scores. Unlike the research from (Kulikowski & Sedlak, 2020) and (Ali Ababneh et al., 2021), compensation has no effect on employee engagement. Based on the theory and results of previous research, the sixth hypothesis is proposed that the higher compensation, the higher employee engagement.

### 2.13. Job Satisfaction and Employee Engagement

Several studies examine the effect of job satisfaction on work engagement. Research results from (Pongton & Suntrayuth, 2019), (Pradhan et al., 2019), and (Sudibjo & Sutarji, 2020) state that the higher employee job satisfaction, the higher their job engagement. Satisfaction is related to happiness towards the company and the benefits provided to employees. Engagement occurs after employees feel a deep connection with their company. This is also supported by the research of (Djoemadi et al., 2019) who said that employee engagement is primarily driven by employee satisfaction with their working conditions, employment relationships, and promotions. However, in a study by (Arianti et al., 2020) actually found that job satisfaction has no effect on employee engagement. Based on the theory and results of previous research, the seventh hypothesis is proposed that the higher Job Satisfaction, the higher Employee Engagement.

### 2.14. Research Concept Framework

Based on the theoretical review and the results of previous research, the research model can be described in figure 1. This research is a study with a hypothetical approach to examine digital leadership, work-life balance, compensation, job satisfaction, and employee engagement which will be explained in an empirical testing model.



**Figure 1.** Research Concept Framework

## 3. Research Method and Materials

### 3.1. Population and Sample

This research is a quantitative research. Primary data collection was carried out using a questionnaire based on the online google form. Questionnaires were distributed through the whatsapp group facility which were forwarded to employees and given a target of filling out for 10 working days. This research was conducted at rural banks that have implemented digitalization and efficiency in Denpasar. The population in this study are all employees who work in

rural banks that have been digitalized and are doing efficiency in Denpasar. The total population of all employees in this study were 519 employees. From the total population, the sample is determined using the slovin formula.

With a total population of 519 employees and an error rate of 5.5%, the number of samples can be calculated by 202 respondents. This study uses a probability sampling method with proportionate stratified random sampling because the members of the population are homogeneous so that they can represent the entire population. Strata is divided into four categories, namely top managers, middle managers, first-line managers, and staff. The distribution of questionnaires was carried out through the employee WhatsApp group, which filled out 217 respondents and 10 respondents indicated invalid filling, resulting in a total of 207 respondents.

Hypothesis testing in this study used the PLS-SEM multivariate technique with the help of the Smart PLS 4 program. The PLS-SEM multivariate technique is used because this technique can test the causal relationship between exogenous variables and endogenous variables, and is able to test the validity and reliability of indicators on latent variables. Hypothesis testing was carried out using 5000 bootstrap samples, two-tailed testing, and with a significance level of 0.05.

### 3.2. Measurement

This study uses five latent variables: digital leadership, work-life balance, compensation, job satisfaction, and employee engagement. Each answer to the question posed to the respondent uses a semantic differential scale. The answer choices are to choose a number from 1 to 10. The definitions and indicators in this study are as follows:

Employee engagement is the appreciation of an employee in an organization in the form of initiative, effort, and persistence that leads to organizational goals (Macey et al., 2009). Employee engagement can be measured by indicators adapted from the Utrecht Work Engagement Scale–9 (UWES-9) (Schaufeli et al., 2006) and (Jaharuddin & Zainol, 2019), (1) Full of energy at work, (2) Strong and passionate about work, (3) Enthusiastic, (4) Inspiring, (5) Enjoy working intensely, (6) Proud, and (7) Carried away.

Job Satisfaction is a collection of feelings and beliefs that employees have about their current job (George & Jones, 2012). Job satisfaction can be measured by indicators (Aziri, Brikend, 2011) and (Dodi et al., 2021), namely as follows: (1) Satisfaction with work, (2) Satisfaction with compensation, (3) Satisfaction with supervision, (4) Satisfaction with colleagues, and (5) Satisfaction with promotions.

Digital leadership is the ability of organizational leaders to identify strategic digital technologies for the organization and bring all employees to make it happen so as to produce strategic digital capabilities for the organization, which are characterized by dimensions of digital attitudes and leadership skills (Rudito & Sinaga, 2017). Digital leadership can be measured by indicators (Karippur & Balaramachandran, 2022), which are as follows: (1) Clear digital vision, (2) Proficient in aligning business and IT strategy, (3) Greater focus on innovation and growth, (4) Aggressive investment in sustainable and disruptive technologies, (5) Building stable and secure infrastructure, (6) Building partnership strategies, and (7) Nurturing talent to acquire and deliver digital strategies.

Work-life balance is a high level of involvement in work life and non-work life with minimal conflict between social roles at work and life outside work (Sirgy & Lee, 2018). Work-life balance can be measured by indicators (Hayman, 2005) and (Jaharuddin & Zainol, 2019), which are as follows: (1) The struggle to separate work and non-work, (2) Happy with the amount of time for non-work activities, (3) Personal life drains energy to work, (4) Too tired to be effective at work, and (5) Improvement in personal life.

Compensation is all income in the form of money or goods directly or indirectly received by employees as compensation for services provided to the company. Compensation can be measured by indicators (Permana et al., 2021) and (Saluy & Kemalasari, 2017), which are as follows: (1) Salary, (2) Incentives, (3) Insurance, (4) Bonuses, (5) Training, (6) Office Facilities, (7) Colleagues, and (8) Promotions.

## 4. Results and Discussion

The data that has been collected from the distributed questionnaires is tabulated for the purpose of being a data analysis tool. The tabulation results were processed using the Smart PLS 4 program which produced a statistical description of the research variables, as shown in Table 2. Employee engagement's variable, the respondent's highest rating is in the statement item "I am enthusiastic about my work" of 7.304, show that employees have high dedication to the company. Job satisfaction's variable, the respondent's highest rating is in the statement item "I am satisfied with colleagues in the company environment where I work" of 7.232, results show that employees feel happy with their co-workers, team cohesiveness which causes them to feel satisfied with their work. Digital leadership's variable, the

highest rating of respondents is in the statement item "Company leaders foster talent to acquire and deliver the company's digital strategy" of 7.918, show that the digital leadership in the companies where they work has fostered digital talent and especially those in the Y and Z generations who are known to be very adaptable to technology. Work=life balance's variable, the respondent's highest rating is in the statement item "Work gives me enthusiasm to pursue personal activities" of 7.280, show that employees carry out work wholeheartedly which makes them more enthusiastic about doing the things they like. Compensation's variable, the respondent's highest rating is in the statement item "I have received training from the company" of 7.560, show that employees feel that the training programs provided by the company have been intense and consistently carried out by the HR development department.

#### 4.1. Outer Model Measurement

The results of the validity test show that all variables have a loading factor value with a score of all statement items greater than 0.7. This shows that the questions in the research instrument are valid and that all the variables in the tested model meet the discriminant validity criteria, with the square root value of AVE (marked \*) greater than the correlation value between latent variables.

Cronbach's alpha is sensitive to the number of indicators, so it needs to be equipped with composite reliability. Based on Table 5, the output results of Cronbach's alpha and composite reliability of all research variables are all above 0.7. Thus, it can be explained that all variables are reliable.

#### 4.2. Inner Model Measurement

Structural model testing is carried out to determine the accuracy of the overall research model which is formed from several variables and indicators.

R<sup>2</sup> values range from 0 – 1 with a larger value indicating a higher level of predictive accuracy. Based on Table 6, it can be seen that changes in job satisfaction are influenced by digital leadership, work-life balance, and compensation of 62.1% or moderate. Meanwhile changes in employee engagement are influenced by digital leadership, work-life balance, compensation, and job satisfaction, which is 75.1% or strong.

Stone-Geiser (Q<sup>2</sup>) shows evidence that the observed values have been well reconstructed, thus the model has high predictive relevance. When a PLS path model exhibits predictive relevance, it can accurately predict data that is not used in model estimation. The following is a calculation from Stone-Geiser (Q<sup>2</sup>):

$$Q^2 = 1 - \{(1 - R_1^2)(1 - R_2^2)\}$$

$$Q^2 = 1 - \{(1 - 0.621)(1 - 0.751)\}$$

$$Q^2 = 0.905629$$

The value of Q<sup>2</sup> = 0.905629 > 0 shows evidence that the observed values have been reconstructed properly, so that the model has high predictive relevance. The SRMR value is 0.055 or less than 0.08 so that it meets the good criteria, while the NFI value is 0.846 or less than 0.90 but is still included in the marginal fit category. Thus the model shows good criteria.

#### 4.3. Hypothesis Testing

Hypothesis testing was carried out with 5000 bootstrap samples, two-tailed testing, and with a significance level of 0.05. Path coefficients can be known and their significance based on the t-statistic and p-value values of each path. The structural model of this research can be seen in the Figure 2.

Digital leadership has proven to have a positive and significant effect on job satisfaction. This result is shown by the path coefficient which has a positive value of 0.258 with a t-statistic of 3.938 (t-statistic > 1.65) and a p-value of 0.000 (p-value < 0.05), thus, the first hypothesis (H1) can be proven. The results obtained can be interpreted that the higher the digital leadership in the company, the employee job satisfaction will increase. These results are in accordance with research conducted by (Ahyat et al., 2022; Sunaryo et al., 2023; Tanucan et al., 2022; Topcuoglu et al., 2023) which states that the better digital leadership in a company or organization can increase employee job satisfaction. When leaders have the ability to lead and can be role models in the digital era, the employees under their supervision will be more satisfied with their jobs. thus, it is necessary to improve digital leadership competencies, especially because currently technology plays an important role in the operations and business activities of an organization.

Digital leadership is proven to have a positive and significant effect on employee engagement. This result is shown by the path coefficient which has a positive value of 0.380 with a t-statistic of 6.662 (t-statistic > 1.65) and a p-value of 0.000 (p-value <0.05), thus, the second hypothesis (H2) can be proven. The results obtained can be interpreted that the higher the digital leadership in the company, the employee engagement will be increasing. These results are in accordance with research conducted by (Agustina et al., 2020), (Restu et al., 2022), (Purba, 2021), and (Winasis et al., 2021) which states that the better the digital leadership in a company or organization, the better employee engagement can be. During the rural bank digitalization period, a leader can increase employee engagement so that they will feel motivated and excited to work because there are leaders who have digital characters.

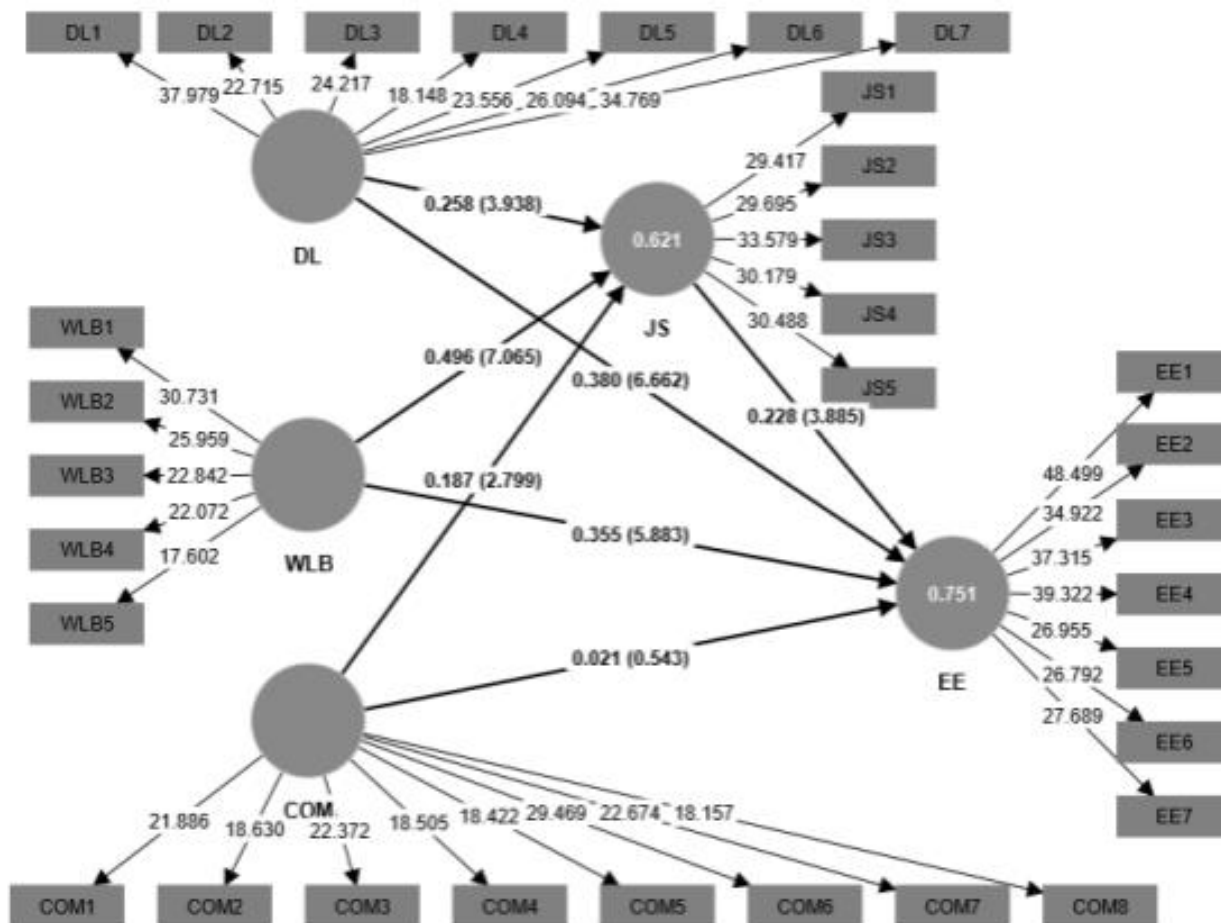


Figure 2. Bootstrapping Model SmartPLS

Work-life balance is proven to have a positive and significant effect on job satisfaction. This result is shown by the path coefficient which has a positive value of 0.496 with a t-statistic of 7.065 (t-statistic > 1.65) and a p-value of 0.000 (p-value <0.05), thus, the third hypothesis (H3) can be proven. The results obtained can be interpreted that the higher the work-life balance of employees, the higher the job satisfaction of employees. These results are in accordance with research conducted by (Kasbuntoro, et al, 2020), (Dodi et al., 2021), (Haar & Brougham, 2022; Stefanovska–petkovska et al., 2019) which states that the better the work-life balance of employees, the more job satisfaction they can increase. work-life balance is beneficial for the quality of work and will provide job satisfaction.

Work-life balance is proven to have a positive and significant effect on employee engagement. This result is shown by the path coefficient which has a positive value of 0.355 with a t-statistic of 5.883 (t-statistic > 1.65) and a p-value of 0.000 (p-value <0.05), thus, the fourth hypothesis (H4) can be proven. The results obtained can be interpreted that the higher the work-life balance of the employees, the higher the employee engagement. These results are in accordance with research conducted by (Iddagoda et al., 2021; Jaharuddin & Zainol, 2019; Žnidaršič & Bernik, 2021) which revealed that the better the balance of work and family life, the higher the employee engagement. Employees and their work approach are important elements of organizational functioning. Therefore, the results of this study show that work-life balance is the driving force behind employee engagement.

Compensation is proven to have a positive and significant effect on job satisfaction. This result is shown by the path coefficient which has a positive value of 0.187 with a t-statistic of 2.799 (t-statistic > 1.65) and a p-value of 0.005 (p-value < 0.05), thus, the fifth hypothesis (H5) can be proven. The results obtained can be interpreted that the higher the employee compensation, the employee job satisfaction is increasing. These results are in accordance with research conducted by (Prasetio et al., 2019), (Ashraf, 2020), (Permana et al., 2021), and (Sahid & Abadi, 2023) which state that the higher the compensation given, both financial and non-financial compensation, will increase employee job satisfaction. Compensation is one of the feedback factors provided by the organization for employee contributions, thus providing fair compensation can increase job satisfaction. Compensation provides motivation to employees to put their best efforts towards success in the workplace so as to be able to help achieve the goals of an organization.

Compensation has a positive but not significant effect on employee engagement. This result is shown by the path coefficient which has a positive value of 0.021 with a t-statistic of 0.543 (t-statistic < 1.65) and a p-value of 0.587 (p-value > 0.05), thus, the sixth hypothesis (H6) is not proven. The results obtained can be interpreted that the higher the employee compensation, the less it affects employee engagement. These results are in accordance with research conducted by (Ali Ababneh et al., 2021; Kulikowski & Sedlak, 2020), which states that compensation has no effect on employee engagement. This research does not support the relationship between compensation and employee engagement. Salaries, benefits and bonuses do not guarantee the level of employee engagement. A possible explanation of this finding could be that monetary rewards belong to job resources, reflecting the extrinsic dimension of job satisfaction.

Job satisfaction is proven to have a positive and significant effect on employee engagement. This result is shown by the path coefficient which has a positive value of 0.228 with a t-statistic of 3.885 (t-statistic > 1.65) and a p-value of 0.000 (p-value < 0.05), thus, the seventh hypothesis (H7) can be proven. The results obtained can be interpreted that the higher the employee job satisfaction, the higher the employee engagement. These results are in accordance with research conducted by (Pongton & Suntrayuth, 2019), (Djoemadi et al., 2019; Pradhan et al., 2019; Sudibjo & Sutarji, 2020) which states that the higher the job satisfaction of employees, the greater their engagement with work. Satisfaction is related to happiness towards the company and the benefits provided to employees. Engagement occurs after employees feel a deep connection with their company. Moreover, employee engagement is primaril

## 5. Conclusion

This study aims to analyze the relationship between digital leadership, work-life balance, compensation, and job satisfaction on employee engagement. The results show that: first, digital leadership has a positive and significant influence on job satisfaction. This shows that the higher digital leadership felt by employees towards their leaders, the more employee job satisfaction will increase. Second, digital leadership has a positive and significant impact on employee engagement. This shows that the higher the digital leadership felt by employees towards their leaders, the more employee engagement will increase. Third, work-life balance has a positive and significant impact on job satisfaction. This shows that the higher work-life balance felt by employees, the higher employee job satisfaction. Fourth, work-life balance has a positive and significant impact on employee engagement. This shows that the higher work-life balance perceived by employees, the higher employee engagement. Fifth, Compensation has a positive and significant impact on job satisfaction. This shows that the higher the compensation received by employees, the higher employee job satisfaction. Sixth, Compensation has a positive but not significant effect on employee engagement. This shows that the amount of compensation received by employees does not have a major effect on increasing employee engagement. Then finally, job satisfaction has a positive and significant impact on employee engagement. This shows that the higher job satisfaction felt by the employees, the higher employee engagement.

The theoretical contribution of the research results mostly supports the theory used as the basis for making the hypothesis except for the relationship between compensation and employee engagement. When rural banks are transforming towards digital to be able to provide better services and create efficiency after going through a pandemic, the role of an organizational leader with a digital character is very important because it can increase employee engagement in the workplace. The increase in workload on employees after the Covid-19 Pandemic has had an impact on employee work-life balance, but the ability of an employee to maintain a work-life balance can actually make the employee satisfied with his job so that engagement with the company also increases. On the other hand, it turns out that compensation is only able to make employees satisfied at work, compensation does not guarantee an employee will continue to love the company where they work, but by increasing job satisfaction to employees it turns out to be able to increase their engagement with the company. If sorted by the magnitude of the factors that influence employee engagement, then the dominant factor that influences is digital leadership, followed

by work-life balance, job satisfaction, and finally compensation. Thus, to prevent the phenomenon of quiet quitting, the most important aspect that can be the answer is to increase digital leadership.

The practical contribution of the research results is: in the digital leadership variable, employees assess that this variable will play a role in job satisfaction and work engagement. This is because employees feel a leader with various digital characteristics such as having a clear digital vision, fostering digital talent, focusing on company growth, investing in technology can make them more enthusiastic about carrying out their work, more proud of their company because it has been digitized, and love the company where the employee works more. In the work-life balance variable, employees judge that this will increase job satisfaction and work engagement. Companies that have good employee policies, such as providing time off opportunities for employees to rest or implementing balanced working hours can make their employees able to maintain a balance between work life and personal life. This work-life balance factor is one of the important factor that can affect employee engagement in the workplace, so to prevent the phenomenon of quiet quitting, companies should implement a good work-life balance policy. In the compensation variable, employees consider that this variable does not have a major impact on their engagement at work. Compensation does not guarantee them to be bound to the company. However, employees can be more engaged if the company is able to provide good compensation to them, because by increasing their job satisfaction, it can increase employee engagement. In the job satisfaction variable, employees perceive that this variable increases employee engagement. This is because employees feel that if they are more satisfied with their work, compensation, supervision, co-workers, and the company's promotion policies can make them more enthusiastic about working, more proud of the company, and of course, more happy with their work.

There are limitations in this study that still need to be corrected in future research, even though researchers have tried to design and develop this research in such a way. The limitation is that the results of research using three exogenous variables do not fully explain the factors that influence job satisfaction and employee engagement. Therefore, for future research it is suggested to add other variables besides the variables in this study.

## References

- Agustina, R., Kamdi, W., Hadi, S., Muladi, & Nurhadi, D. (2020). Influence of the principal's digital leadership on the reflective practices of vocational teachers mediated by trust, self efficacy, and work engagement. *International Journal of Learning, Teaching and Educational Research*, 19(11), 24–40. <https://doi.org/10.26803/ijlter.19.11.2>
- Ahyat, M., Afriwan, O., Saniah, E. Y., & Saputra, A. M. (2022). Digital Transformational Leadership A Village Head On Organizational Citizenship Behavior Through Work Climate And Job Satisfaction Village Officials In Lombok Island. *Jurnal Manajemen Industri Dan Logistik*, 6(2), 242–255.
- Ali Ababneh, O. M., Awwad, A. S., & Abu-Haija, A. (2021). The association between green human resources practices and employee engagement with environmental initiatives in hotels: The moderation effect of perceived transformational leadership. *Journal of Human Resources in Hospitality and Tourism*, 20(3), 390–416. <https://doi.org/10.1080/15332845.2021.1923918>
- Arianti, W. P., Hubeis, M., & Puspitawati, H. (2020). Pengaruh Faktor Kepuasan Kerja terhadap Employee Engagement di Perwiratama Group. *Jurnal Manajemen Teori Dan Terapan | Journal of Theory and Applied Management*, 13(1), 31. <https://doi.org/10.20473/jmtt.v13i1.14889>
- Ashraf, M. A. (2020). Demographic factors, compensation, job satisfaction and organizational commitment in private university: an analysis using SEM. *Journal of Global Responsibility*, 11(4), 407–436. <https://doi.org/10.1108/JGR-01-2020-0010>
- Atalan, A. (2020). Erratum: “Is the lockdown important to prevent the COVID-19 pandemic? Effects on psychology, environment and economy-perspective” (Annals of Medicine and Surgery (2020) 56 (38–42), (S2049080120301485), (10.1016/j.amsu.2020.06.010)). *Annals of Medicine and Surgery*, 56, 217. <https://doi.org/10.1016/j.amsu.2020.07.001>
- Aziri, Brikend. (2011). Job Satisfaction: a Literature Review. *Management Research and Practice*, 3(4), 77–86.
- Azmy, A. (2019). Employee Engagement Factors in A Higher Education Institution. *Binus Business Review*, 10(3), 187–200. <https://doi.org/10.21512/bbr.v10i3.5857>
- Bakker, A., guide, E. D.-W. A. complete reference, & 2014, undefined. (2020). Job demands–resources theory.

*Qqamano.Com*, 75(10), 1364–1371.  
<https://qqamano.com/oh/JDRTheory/JobDemandsResourcesTheory2014original.pdf>

- Bonal, X., & González, S. (2020). The impact of lockdown on the learning gap: family and school divisions in times of crisis. *International Review of Education*, 66(5).
- Cahill, K. E., McNamara, T. K., Pitt-Catsouphes, M., & Valcour, M. (2015). Linking shifts in the national economy with changes in job satisfaction, employee engagement and work-life balance. *Journal of Behavioral and Experimental Economics*, 56, 40–54. <https://doi.org/10.1016/j.soec.2015.03.002>
- Chaudhary, V., Mohanty, S., Malik, P., Apsara Saleth Mary, A., Pai Maroor, J., & Nomani, M. Z. M. (2021). Factors affecting virtual employee engagement in India during Covid-19. *Materials Today: Proceedings*, 51, 571–575. <https://doi.org/10.1016/j.matpr.2021.05.685>
- Çolak, G., & Öztekin, Ö. (2021). The impact of COVID-19 pandemic on bank lending around the world. *Journal of Banking and Finance*, 133. <https://doi.org/10.1016/j.jbankfin.2021.106207>
- Dayong Zhang, Min Hu, & Qiang Ji. (2020). Financial markets under the global pandemic of COVID-19. *Finance Research Letters*, 36.
- De-La-calle-durán, M. C., & Rodríguez-Sánchez, J. L. (2021). Employee engagement and wellbeing in times of covid-19: A proposal of the 5cs model. *International Journal of Environmental Research and Public Health*, 18(10). <https://doi.org/10.3390/ijerph18105470>
- Demerouti, E., & Cropanzano, R. (2010). Work Engagement: A Handbook of Essential Theory and Research. *Work Engagement: A Handbook of Essential Theory and Research*, 147–163.
- Djoemadi, F. R., Setiawan, M., Noermijati, N., & Irawanto, D. W. (2019). The effect of work satisfaction on employee engagement. *Polish Journal of Management Studies*, 19(2), 101–111. <https://doi.org/10.17512/pjms.2019.19.2.08>
- Dodi, W., Khusnul, R., & Kenny, R. (2021). Work from Home : Measuring Satisfaction between Work – Life Balance and Work Stress during the COVID-19 Pandemic in Indonesia. *Economies*, 9(3), 96.
- Formica, S., & Sfodera, F. (2022). The Great Resignation and Quiet Quitting paradigm shifts: An overview of current situation and future research directions. *Journal of Hospitality Marketing and Management*, 31(8), 899–907. <https://doi.org/10.1080/19368623.2022.2136601>
- Haar, J., & Brougham, D. (2022). Work antecedents and consequences of work-life balance: A two sample study within New Zealand. *International Journal of Human Resource Management*, 33(4), 784–807. <https://doi.org/10.1080/09585192.2020.1751238>
- Harter, Jim. (2022). Is Quiet Quitting Real? *Gallup*. <https://www.gallup.com/workplace/398306/quiet-quitting-real.aspx>
- Hayman, J. (2005). Psychometric Assessment of an Instrument Designed to Measure Work Life Balance. *Research and Practice in Human Resource Management*, 13(1), 85–91.
- Iddagoda, A., Hysa, E., Bulińska-Stangrecka, H., & Manta, O. (2021). Green work-life balance and greenwashing the construct of work-life balance: myth and reality. *Energies*, 14(15). <https://doi.org/10.3390/en14154556>
- Idris, Adi, K. R., Soetjipto, B. E., & Supriyanto, A. S. (2020). The mediating role of job satisfaction on compensation, work environment, and employee performance: Evidence from Indonesia. *Entrepreneurship and Sustainability Issues*, 8(2), 735–750. [https://doi.org/10.9770/jesi.2020.8.2\(44\)](https://doi.org/10.9770/jesi.2020.8.2(44))
- Jabri, M. (2017). Understanding and Managing Organizational Resistance. *Managing Organizational Change*, 241–258. [https://doi.org/10.1057/978-1-137-46858-1\\_10](https://doi.org/10.1057/978-1-137-46858-1_10)
- Jaharuddin, N. S., & Zainol, L. N. (2019). The Impact of Work-Life Balance on Job Engagement and Turnover Intention. *The South East Asian Journal of Management*, 13(1). <https://doi.org/10.21002/seam.v13i1.10912>
- Karippur, N. K., & Balaramachandran, P. R. (2022). Antecedents of Effective Digital Leadership of Enterprises in Asia Pacific. *Australasian Journal of Information Systems*, 26. <https://doi.org/10.3127/ajis.v26i0.2525>
- Kasbuntoro, Irma, D., Maemunah, S., Mahfud, I., Fahlevi, M., Parashakti, R, D. (2020). Work-Life Balance and Job

Satisfaction: A Case Study of Employees on Banking Companies in Jakarta. *Independent Journal of Management & Production*, 13(4), 439–451.

- Kulikowski, K., & Sedlak, P. (2020). Can you buy work engagement? The relationship between pay, fringe benefits, financial bonuses and work engagement. *Current Psychology*, 39(1), 343–353. <https://doi.org/10.1007/s12144-017-9768-4>
- Lestari, D., & Margaretha, M. (2021). Work life balance, job engagement and turnover intention: Experience from Y generation employees. *Management Science Letters*, 165–170. <https://doi.org/10.5267/j.msl.2020.8.019>
- Macey, W. H., Schneider, B., Barbera, K. M., & Young, S. A. (2009). Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage. *Employee Engagement: Tools for Analysis, Practice, and Competitive Advantage*, 189–203. <https://doi.org/10.1002/9781444306538.indsub>
- Mulyati, S., Fauziah, N., Singapurwoko, A., & Kartini, K. (2022). The performance of rural banks in Indonesia during the Covid-19 pandemic. *International Journal of Research in Business and Social Science* (2147- 4478), 11(6), 300–306. <https://doi.org/10.20525/ijrbs.v11i6.1938>
- Muniroh, M., Hamidah, H., & Abdullah, T. (2022). Managerial implications on the relation of digital leadership, digital culture, organizational learning, and innovation of the employee performance (case study of pt. telkom digital and next business department). *Management and Entrepreneurship: Trends of Development*, 1(19), 58–75. <https://doi.org/10.26661/2522-1566/2022-1/19-05>
- N., C., & n., S. (2021). Employee engagement practices during COVID-19 lockdown. *Journal of Public Affairs*.
- Ngwenya, B., & Pelser, T. (2020). Impact of psychological capital on employee engagement, job satisfaction and employee performance in the manufacturing sector in Zimbabwe. *SA Journal of Industrial Psychology*, 46, 1–12. <https://doi.org/10.4102/sajip.v46i0.1781>
- Permana, A., Aima, M. H., Ariyanto, E., Nurmahdi, A., Sutawidjaya, A. H., & Endri, E. (2021). The effect of compensation and career development on lecturer job satisfaction. *Accounting*, 7(6), 1287–1292. <https://doi.org/10.5267/j.ac.2021.4.011>
- Pongton, P., & Suntrayuth, S. (2019). Communication satisfaction, employee engagement, job satisfaction, and job performance in higher education instituti. *ABAC Journal*, 39(3), 90–110.
- Pradhan, R. K., Dash, S., & Jena, L. K. (2019). Do HR Practices Influence Job Satisfaction? Examining the Mediating Role of Employee Engagement in Indian Public Sector Undertakings. *Global Business Review*, 20(1), 119–132. <https://doi.org/10.1177/0972150917713895>
- Prasetyo, A. P., Agathanisa, C., & Luturlean, B. S. (2019). Examining Employee's Compensation Satisfaction and Work Stress in A Retail Company and Its Effect to Increase Employee Job Satisfaction. *International Journal of Human Resource Studies*, 9(2), 239. <https://doi.org/10.5296/ijhrs.v9i2.14791>
- Purba, C. B. (2021). Digital transformation in the indonesia manufacturing industry: The effect of e- learning, e-task and leadership style on employee engagement. *International Journal of Data and Network Science*, 5(3), 361–368. <https://doi.org/10.5267/j.ijdns.2021.5.007>
- Puspitasari, A. S., & Darwin, M. (2021). Effect of Work-Life Balance and Welfare Level on Millennial Employee Performance Through Work Engagement. *International Journal of Science and Society*, 3(1), 334–344. <https://doi.org/10.54783/ijssoc.v3i1.299>
- Restu, R., Wibowo, A. E., & Tanuwijaya, J. (2022). Impact of Coping Stress, Digital Leadership and Learning Culture on Employee Engagement of Millennial Generation in Ditpolair Polda Metro Jaya. ... *International Research and ...*, 1, 12181–12190. <https://www.bircu-journal.com/index.php/birci/article/view/5057>
- Robinson D., P. S. (2004). *The Drivers of Employee Engagement, Report 408*.
- Rudito, P., & Sinaga, M. F. N. (2017). *Digital Mastery: Membangun Kepemimpinan Digital untuk Memenangkan Era Disrupsi*. 244. [https://books.google.com/books?hl=en&lr=&id=\\_948DwAAQBAJ&oi=fnd&pg=PR1&dq=era+disrupsi&ots=S mjTTu0Ysw&sig=d\\_uM8Dyx1nwx0jPI4mpEAuYMezg](https://books.google.com/books?hl=en&lr=&id=_948DwAAQBAJ&oi=fnd&pg=PR1&dq=era+disrupsi&ots=S mjTTu0Ysw&sig=d_uM8Dyx1nwx0jPI4mpEAuYMezg)
- Saban, D., Basalamah, S., Gani, A., & Rahman, Z. (2020). Impact Of Islamic Work Ethics, Competencies,

- Compensation, Work Culture On Job Satisfaction And Employee Performance: The Case Of Four Star Hotels. *European Journal of Business and Management Research*, 5(1). <https://doi.org/10.24018/ejbmr.2020.5.1.181>
- Sahid, W., & Abadi, F. (2023). Ethic Leadership, Compensation for Work Engagement with Satisfaction as a Mediating Variable. *Influence: International Journal of Science Review*, 5(1), 296–313. <https://doi.org/10.54783/influencejournal.v5i1.126>
- Saluy, A. B., & Kemalasari, N. (2017). The Impact of Compensation , Career Development and Employee Engagement towards Employee Performance. *Saudi Journal of Business and Management Studies (SJBMS)*, 3(5), 515–522.
- Sanchez, P. M. (2012). Determinants of employee engagement and their impact on employee performance. *International Journal of Productivity and Performance Management*, 28(2), 308–323. <https://doi.org/10.1108/02756660710732657271%3Cahref=%22https://doi.org/10.1108/14754391211248675%22%3Ehttps://doi.org/10.1108/14754391211248675%3C/a%3E>
- Schaufeli, W. B., Bakker, A. B., & Salanova, M. (2006). The measurement of work engagement with a short questionnaire: A cross-national study. *Educational and Psychological Measurement*, 66(4), 701–716. <https://doi.org/10.1177/0013164405282471>
- Sirgy, M. J., & Lee, D. J. (2018). Work-Life Balance: an Integrative Review. *Applied Research in Quality of Life*, 13(1), 229–254. <https://doi.org/10.1007/s11482-017-9509-8>
- Sridevi, M. S., & Markos, S. (2010). Employee engagement: the key to improving performance. *International Journal of Business and Management*, 5(12), 89–96.
- Stefanovska–petkovska, M., Petrovska, I., Bojadziev, M., & Schaeffer, I. (2019). The effects of organizational culture and dimensions on job satisfaction and work-life balance. *Montenegrin Journal of Economics*, 15(1), 99–112. <https://doi.org/10.14254/1800-5845/2019.15-1.8>
- Sudibjo, N., & Sutarji, T. (2020). The roles of job satisfaction, well-being, and emotional intelligence in enhancing the teachers’ employee engagements. *Management Science Letters*, 10(11), 2477–2482. <https://doi.org/10.5267/j.msl.2020.4.002>
- Sunaryo, W., Yusnita, N., Herfina, H., Wulandari, D., & Suhendra, S. (2023). The effects of digital transformational leadership, work environment and motivation on reinforcing job satisfaction: Evidence from vocational schools. *International Journal of Data and Network Science*, 7(2), 883–890. <https://doi.org/10.5267/j.ijdns.2022.12.023>
- Tanucan, J. C. M., Negrido, C. V., & Malaga, G. N. (2022). Digital Leadership of School Heads and Job Satisfaction of Teachers in the Philippines during the Pandemic. *International Journal of Learning, Teaching and Educational Research*, 21(10), 1–18. <https://doi.org/10.26803/ijlter.21.10.1>
- Topcuoglu, E., Oktaysoy, O., Erdogan, S. U., Kaygin, E., & Karafakioglu, E. (2023). The Mediating Role of Job Security in The Impact of Digital Leadership on Job Satisfaction and Life Satisfaction. *Marketing and Management of Innovations*, 14(1), 122–132. <https://doi.org/10.21272/mmi.2023.1-11>
- Winasis, S., Djumarno, Riyanto, S., & Ariyanto, E. (2021). The effect of transformational leadership climate on employee engagement during digital transformation in Indonesian banking industry. *International Journal of Data and Network Science*, 5(2), 91–96. <https://doi.org/10.5267/j.ijdns.2021.3.001>
- Yikilmaz, İ. (2022). Quiet Quitting: a Conceptual Investigation. *Anadolu 10th International Conference n Social Science*, 978–605. [www.anadolukongre.org](http://www.anadolukongre.org)
- Zeike, S., Bradbury, K., Lindert, L., & Pfaff, H. (2019). Digital leadership skills and associations with psychological well-being. *International Journal of Environmental Research and Public Health*, 16(14). <https://doi.org/10.3390/ijerph16142628>
- Žnidaršic, J., & Bernik, M. (2021). Impact of work-family balance results on employee work engagement within the organization: The case of Slovenia. *PLoS ONE*, 16(1 January). <https://doi.org/10.1371/journal.pone.0245078>