

Decent work to improve job satisfaction through employee engagement for operational and commercial employees at PT Aperindo Prima Mandiri, Indonesia

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Abstract

This study aims to test and analyze whether the decent work variable has an effect on employee engagement, and the employee engagement and decent work variables have a partial effect on the job satisfaction variable on operational and commercial employees at PT. Aperindo Prima Mandiri, Surabaya, Indonesia. This study was conducted with a quantitative approach using the help of Smart PLS software. The sampling technique applied was saturated sampling, which is a method where the entire population of 55 respondents was used as a research sample. The data analysis method used path analysis. The test results show that the decent work variable has a significant influence on the employee engagement variable, the employee engagement variable shows insignificant results on job satisfaction, while the decent work variable shows significant results on job satisfaction and the employee engagement variable mediates the relationship between the decent work variable and job satisfaction. This research enhances the empirical evidence backing Social Exchange Theory regarding decent work practices. It offers valuable perspectives for organizations aiming to boost job satisfaction by enhancing employee welfare and engagement programs.

Keywords: Decent Work; Employee Engagement; Job Satisfaction; Social Exchange Theory

1. Introduction

Job satisfaction is one of the most prominent dimensions to test relationships between employees and organizations. Job satisfaction represents the positive amount of comfort and happiness someone feels towards their job as it can involve the work environment, wages and benefits, relationships with co-workers, or promotions. High job satisfaction not only improves productivity and performance; it also aids in developing loyalty and reducing employee turnover.

In an environment of increasingly complex business competition, organizations are obligated to provide a work environment that is not only productive but also humane. The concept of decent work developed by the International Labor Organization (ILO), is a paradigm that springs efforts into the creation of decent work. Decent work is defined by being a series of constructed components that includes wages, occupational safety and security, social protections, core labor rights, and opportunities for work. Organizations, which are specifically concerned for their propriety and profits, should acknowledge a balanced relationship between their own aims and the group aims of their employees.

[1] argued that job satisfaction is very closely associated with an organization's climate being fair and ethical, where workers feel both psychologically and professionally valued. Furthermore, [2] determined that moderate job satisfaction and work turnover intentions were significantly influenced by decent work, which is contextualized to address real-world conditions especially operational sectors and commercial sectors where decent work standards challenge many workers such as high workloads, long working hours, and limited job security.

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A report from the Indonesian Ministry of Manpower in 2023 actually reported that only 45% of operational workers in Indonesia feel they have a decent working environment. This fact certainly suggests that workers have yet to fully reap the benefits of decent working principles affecting their job satisfaction and job performance. In light of this company wide workplace challenge, companies owe an obligation to ensure that all employees have rights and benefits sufficient for a consistent occupational satisfactory experience under decent work standards.

Social-exchange theory which according to [3] indicates the foundation of interaction among individuals and organizations by reciprocal social exchange has been a base of this study. Employees, after realizing that they are getting something from the organization like job security, recognition, trust, opportunities to self-develop, are therefore likely to commit more and put extra effort toward the goals of the company. On the contrary, there is a tendency for decreased loyalty, motivation, or even intent to leave the company if there is an imbalance in the relationship.

Employee engagement acts as a mediator to decent work-job satisfaction in employer-employee relationships. Employee engagement relates to the degree to which employees feel emotionally attached and committed to their work as well as to the organization for which they work. Employees, who tend to score high on engagement, may be expected to be enthusiastic and proactive, and will be able to continue performing at a high level even when he or she is under pressure of excessive work. Therefore, organizations must realize the need and manage effectively employee engagement for an effective workplace.

This research study is conducted on the operational and commercial employees works at PT Aperindo Prima Mandiri, a company working in an operational and commercial service business around Surabaya, East Java, Indonesia. The two divisions were chosen for this survey because they are prone to a lot of physical workloads as well as mental loads but very significant in sustaining the continuity of business activities. Therefore, the implementation of decent work in these employees is a relevant topic to study, seeing how it impacts their engagement and, thereby, job satisfaction.

This study aimed to explore and examine: (a) the impact of decent work on employee engagement; (b) the influence of employee engagement on job satisfaction; (c) the direct impact of decent work on job satisfaction; and (d) whether employee engagement can mediate the impact of decent work on job satisfaction. This study utilized a quantitative strategy and census technique that encompasses the entire population. The instrument used was close-ended questionnaire and the analysis of data was through Smart PLS using path analysis.

In theory, this research should enhance human resource management studies particularly concerning decent work, job engagement, and job satisfaction interrelations. With a Social Exchange Theory approach, this research strengthens the idea that fair and humane work practices not only affect employee morale but also can provide an efficient means of getting improved results across organizations as a whole.

On the practical side, the recommendations from this study are to guide PT Aperindo Prima Mandiri's management in drawing up employment policies much more oriented to employee welfare. Providing decent work and better promoting employee engagement would create a healthy work culture, in which employees feel more loyal and turnover is less likely.

As such, this research will be a milestone in the quest for synergy between the interests of the organization and the welfare of its employees through a more profound understanding of the role decent work and employee engagement play in determining optimum job satisfaction.

2. Literature review

This study revolves around decent work, employee engagement, and job satisfaction, examined in the context of Social Exchange Theory, see [3]. These three concepts are interchangeable and both employee well-being and performance are reliant on them. This review of literature will report on the definitions, dimensions, and prior research related to these three concepts.

2.1. Decent Work

The International Labor Organization (ILO) developed decent work as a response to worldwide struggles involving social disparities and worker exploitation alongside job insecurity. The International Labor Organization defines decent work through its standards as work that generates sufficient income while ensuring workplace security together with family social protection and workplace rights respect. It also provides the opportunity for personal and professional development and gives individuals the freedom to express themselves and associate freely (ILO, 1999).

The dimensions of decent work include (a) fair and safe working conditions, (b) social security access, (c) career development opportunities (d) respect for human rights at work. Decent work helps maintain an individual's psychological well-being and is an important component in creating a productive and healthy workplace according to ranges increased from [4]. Additionally, in the work of [5], decent work was also closely related to quality of work life, and the employee's experiences of value related to value from the organization.

2.2. Employee Engagement

Employee engagement is a positive employee mindset: employees feel inspired, committed, and fully engaged in their work. [6] described employee engagement as having three dimensions: physical, emotional, and cognitive. When employees consume work, they feel a connection to their work with high energy and use persistence and authenticity to carry out tasks.

[7] noted that job resources improve employee engagement, which include; support provided from supervisor staff, autonomy, and space for development. In regards to decent work, engagement occurs when employees feel their rights are protected and their work is meaningful. Furthermore, research from [1] supports that decent work has significant influence on work engagement, which consequently results in better performance from employees.

2.3. Job Satisfaction

Job satisfaction represents a positive or pleasant emotional state that results from your evaluation of your job or work experience [8]. Job satisfaction is influenced by several factors, but common factors include: salary, work context, relationships with colleagues, organizational context and policies, and opportunities for career development.

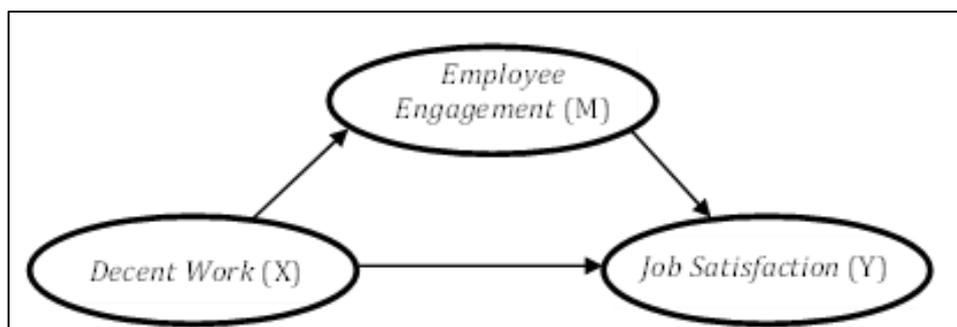
As researched by [9], higher job satisfaction is associated with increased productivity, increased loyalty, and less intention to turnover. Employee engagement is an important mediating factor in this relationship. When employees are emotionally engaged in their work, they are more likely to be satisfied with it.

[10], in their research, supported that decent work is a meaningful contributor to job satisfaction because decent work provides a fair, supportive, and decent work context. Employees who felt valued and secure on their job reported higher levels of job satisfaction than employees whose work context was unsuitable.

2.4. Social Exchange Theory

This study will be anchored in Social Exchange Theory [3], which specifies that relationships between individuals (employees or managers) in an organization are based on the norm of reciprocity. Employees will demonstrate loyalty, commitment, and optimal performance when they feel they are treated fairly and beneficiaries of the work organization.

In employment relations, decent work represents fair treatment from the organization, which employees will reciprocate with increased work engagement and job satisfaction. Decent work is characterized as equitable treatment and support from the organization, associated with the work organization building fair and effective employment relationships [11]. When employees perceive the organization is equitable and appreciative, they indicate affirmative work behaviors and experiences toward the organization through increased commitment and job satisfaction.



Source: designed by Authors

Figure 1 Conceptual Framework

3. Methodology

This research employs a quantitative method with a causal associative perspective, seeking to investigate how decent work influences job satisfaction via employee engagement. The research design is a survey with a closed-ended questionnaire instrument using a 5-point Likert scale.

3.1. Population and Sample

The study population consisted of all 55 operational and commercial staff members of PT Aperindo Prima Mandiri. Because of the relatively limited quantity, the sampling method employed was saturation sampling (census), resulting in the entire population being sampled.

3.2. Data Collection

Data was collected through in-person and online questionnaires (Google Forms). The data used was primary data obtained directly from respondents.

3.3. Operational Definition of Variables

- Decent Work (X): Fair, safe, and dignified work, measured through four indicators from [12]: rights at work, full and productive employment, social protection, and social dialogue.
- Employee Engagement (M): Employee physical, emotional, and cognitive involvement in their work, measured through indicators of vigour, dedication, and absorption [13].
- Job Satisfaction (Y): Satisfaction with work based on the work itself, work environment, pay and promotion, and social relations [14].

3.4. Data Analysis Techniques

Data were analyzed using Partial Least Squares (PLS) with the help of Smart PLS software. This analysis included

- Testing of the outer model to assess the validity and reliability of metrics (convergent validity, discriminant validity, composite reliability).
- Inner Model Testing to assess the relationship between latent variables and test hypotheses using path coefficients, R^2 values, and t-statistics.
- Mediation Testing was conducted to determine the role of employee engagement as a mediator between decent work and job satisfaction.

4. Results

4.1. Outer Model

4.1.1. Convergent Validity

Convergent Validity Assessment This assessment employs Outer Loading; an indicator is considered to achieve convergent validity in the favorable category if the outer loading value exceeds 0.7. Values under 0.7 have been removed. The other factor values satisfy the criteria exceeding 0.7 and are displayed in Table 1 below.

Table 1 Result of Convergent Validity Test

Indicator	Decent Work (X)	Job Satisfaction (Y)	Employee Engagement (M)
X.3	0.795		
X.4	0.741		
X.5	0.796		
X.6	0.790		
X.7	0.701		
Y.1		0.735	

Y.2		0.894	
Y.3		0.757	
Y.5		0.893	
M.1			0.717
M.2			0.722
M.3			0.785
M.4			0.818
M.5			0.849
M.6			0.804

Source: processed field data with Smart PLS

Based on Table 1. all outer loading values are > 0.7 . so, all indicators are declared reliable. The final model of this study consists of: Decent Work (X) with 5 indicators. Job Satisfaction (Y) with 4 indicators. and Employee Engagement (M) with 6 indicators.

4.1.2. Discriminant Validity

Discriminant validity guarantees that every construct is differentiated from the others. In this research, cross-loading was utilized to assess discriminant validity. An indicator is considered valid if its cross-loading value for its specific construct exceeds that for alternative constructs. The following table displays the test results.

Table 2 Result of Discriminant Validity Test

Statement	<i>Decent Work</i>	<i>Employee Engagement</i>	<i>Job Satisfaction</i>
X.3	0.795	0.737	0.562
X.4	0.741	0.541	0.737
X.5	0.796	0.614	0.878
X.6	0.790	0.562	0.644
X.7	0.701	0.666	0.489
Y.1	0.718	0.570	0.735
Y.2	0.762	0.594	0.894
Y.3	0.661	0.630	0.757
Y.5	0.740	0.562	0.893
M.1	0.632	0.717	0.600
M.2	0.716	0.722	0.489
M.3	0.576	0.785	0.587
M.4	0.661	0.818	0.557
M.5	0.636	0.849	0.621
M.6	0.589	0.804	0.491

Source: processed field data with Smart PLS

The results presented in Table 2 regarding cross-loading estimation reveal that the loading value for every indicator on its associated construct exceeds the values of other cross-loadings. Consequently, it can be concluded that all constructs or latent variables exhibit strong discriminant validity, suggesting that the indicators in each construct block are more relevant than those in the other blocks.

4.1.3. Composite Reliability

Composite reliability measures how consistently indicators reflect a variable. A construct is deemed reliable when the composite reliability value is greater than 0.70. The outcomes of the reliability assessment are shown below.

Table 3 Result of Composite Reliability Test

Variable	Cronbach's alpha	Composite reliability (hoc)	Average variance extracted (AVE)
Decent Work (X)	0.823	0.876	0.586
Employee Engagement (M)	0.873	0.891	0.615
Job Satisfaction (Y)	0.838	0.893	0.670

Source: processed field data with Smart PLS

According to Table 3, the composite reliability values for Decent Work, Employee Engagement, and Job Satisfaction are all greater than 0.70, and the AVE value surpasses 0.50 as well. This suggests that Employee Engagement may serve as a mediating factor that enhances the connection between Decent Work and Job Satisfaction, offering a deeper insight into how Decent Work can help boost Job Satisfaction. Therefore, every variable in this research meets the standards for strong reliability and can be considered dependable.

4.2. Inner Model

4.2.1. Path Coefficients

Path coefficients evaluate the importance and intensity of the connection among variables. A relationship is deemed important if the T-statistic exceeds 1.96 at the 5% significance threshold or the P-value falls below 0.05.

Table 4 Result of Path Coefficients

	Original sample (O)	T Statistic (O/STDEV)	P values
Decent Work (X) → Employee Engagement (M)	0.813	14.015	0.000
Decent Work (X) → Job Satisfaction (Y)	0.876	7.820	0.000
Employee Engagement (M) → Job Satisfaction (Y)	0.002	0.018	0.985
Decent Work (X) → Employee Engagement (M) → Job Satisfaction (Y)	0.448	4.718	0.000

Source: processed field data with Smart PLS

- Table 4 shows that the Decent Work variable on Employee Engagement has an Original Sample (O) score of 0.813, with a T-Statistic of 14.015 > 1.96, and a P-Value of 0.000 < 0.05, making it significant.
- The Decent Work variable on Job Satisfaction has an Original Sample (O) score of 0.876, with a T-Statistic of 7.820 > 1.96 and a P-Value of 0.000 < 0.05, making it significant.
- The Employee Engagement variable on Job Satisfaction has an Original Sample (O) score of 0.002, with a T-Statistic of 0.018 < 1.96 and a P-Value of 0.985 > 0.05, making it insignificant.
- The Employee Engagement variable mediates Decent Work on Job Satisfaction by having an Original Sample (O) value of 0.448, with a T-Statistic of 4.718 > 1.96 and a P-Value of 0.000 < 0.05 so that it can be declared significant.

4.2.2. Test of coefficient of determination (R2)

The coefficient of determination is a metric used to assess how well a model can account for variations in dependent variables.

Table 5 Result of coefficient of determination

	R-Square	R-Square adjusted
Employee Engagement	0.662	0.655
Job Satisfaction	0.770	0.762

Source: processed field data with Smart PLS

According to the findings in Table 5, the R-Square value for the Employee Engagement variable is 0.662. This result indicates that around 66.2% of the variation in the Employee Engagement variable can be attributed to other factors in the model, such as Decent Work. The R-Square score for Job Satisfaction is 0.770, indicating that 77.0% of the variation in Job Satisfaction is affected by Employee Engagement and Decent Work. Thus, it can be clarified that the Employee Engagement and Job Satisfaction factors are described as positive.

5. Discussion

The research findings indicate that Decent Work positively and significantly influences Employee Engagement. Therefore, when employees perceive decent quality jobs such as security of employment, fair pay and wage, and the opportunity for growth they will, in turn, be more engaged emotionally and psychologically. This finding affirms Social Exchange Theory, essentially whereby when employees feel appreciated and valued within an organization, a reciprocal relationship develops.

Nevertheless, the influence of Employee Engagement on Job Satisfaction was found to be not statistically significant as expected, so employee engagement may not equate to job satisfaction. Even though the workers may be engaged in their work, aspects of job uncertainty at PT Aperindo Prima Mandira - the annual contract system, may create feelings of insecurity that could diminish job satisfaction, even with high engagement dimensions. Ultimately, job security, and support within the organization ultimately allow for positive job satisfaction.

In the meantime, Decent Work was found to have an influence on Job Satisfaction, which means that decent work cultivates perceptions of work favorably. For material and psychological purposes - a fair and safe work environment will eventually lead to a source of job satisfaction.

Moreover, Employee Engagement has been shown to mediate the relationship between Decent Work and Job Satisfaction. In stark terms, providing decent work for employees not only has a direct impact but has an indirect impact through increased Employee Engagement. Importantly, this suggests that fair work practices are double edged swords concurrently generating employee commitment and employee satisfaction

5.1. Implication

In theory, this research expands our understanding of the relationship of decent work, employee engagement, and job satisfaction as well as adds context to the Social Exchange Theory applied to contract work. In practice, organizations must consider the implementation of decent work principles to establish engagement and job satisfaction including job security, opportunities for employee participation, and the recognition of performance as a form of fair exchange.

6. Conclusion

In summary, decent work greatly influences employee engagement and job satisfaction. First, decent work has shown significant positive effect on employee engagement. This means that the more decent work conditions that workers perceive, the higher their engagement level in their professional work.

Second, employee engagement did not have significant effect on job satisfaction, meaning that employee engagement is warranting an emotional and cognitive involvement involved in their work which does not increase employee satisfaction if there is no adequate job security and organizational support. In the PT Aperindo Prima Mandiri context, the short-term contract work system is therefore one factor adding to uncertainty, which weakens engagement effect on satisfaction.

Third, decent work has a direct, positive and a significant influence on job satisfaction, which means if an entity can establish a fair, safe and supporting environment for personal development, an employee will have greater job satisfaction.

Fourth, employee engagement plays the role of a mediator whose function suggests that employee engagement can act as a conduit to further strengthen the direct influence of decent work on job satisfaction, given policies and systematic organizational environments that mitigate well-being and job security.

In short, this work provides useful insights into adopting the principle of decent work as a basis for creating a healthy, productive and well-being organization for employees. Moving forward, organizations need to really begin to manage the employee engagement process more strategically and contemplate organizational psychological, contractual and structure in order to obtain sustainable job satisfaction.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors wish to declare that none has any interest to disclose.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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