

# HR Practices, Overall Satisfaction and Employee Loyalty: Does Corporate Social Responsibility Matter in Mining firms of Indonesia?

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**Abstract---***The main objective of the current study is to investigate the relationship between HR practices, overall satisfaction, employee loyalty, and Corporate Social Responsibility in the mining firms of Indonesia. The overall satisfaction has examined as the mediator and the Corporate Social Responsibility as a moderator. The purpose of this paper is to examine training & development, compensation and working environment as the independent variable leading to employee loyalty. In this relationship, employee satisfaction is acting as the mediator, and Corporate Social Responsibility activities are taken as the moderating variable between satisfaction and loyalty SEM-PLS is applied mostly because of its robustness to carry out simultaneous testing of multiple relationships. The data is collected from the employees working in the mining industry of Indonesia. The findings of the study have argued that the Human resource department of any organization treats training and development of employees as the function related to organizational activity with the aim of improving the performance of employee and teams within the organization. Basically, training and development is the try of the organization to improve the future or current performance by enhancing the ability of employees through learning by changing the attitude and improving the knowledge and skills. The findings of the study are among the pioneering studies on the issue.*

**Keywords---***HR practices, satisfaction, Mining firms, Indonesia*

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## I. Introduction

In the current era of business, the importance of Human resource management has increased as never before (Siriyanun, Mukem, & Jermsittiparsert, 2019). The priorities of the business are to find out, attract and retain the brains for a longer period of time from the market. There are a number of tools the organizations use to attract the new employees, including good working environment, compensation, and training. There lies the responsibility on HR department of any organization in terms of the decision taken, the work being done and the results as an outcome of these activities. Organizations and HR department working in these organizations should manage HR activities

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properly, so the employees can get motivated. Among these HR practices, the human resource department should focus on compensation, working environment and training(Nassazi, 2013).

Mining is an important industry around the globe, and Indonesia is the key player in this industry. The important products being produced in Indonesia related to Mining are nickel, bauxite, gold, copper and coal. Moreover, Indonesia is the largest producer of thermal Coal, globally. Mining firms at the global level ranks Indonesia high in terms of mineral and coal prospects. Indonesian mining industry contributed 199882.80 IDR Billion in 2018-19, showing the importance of this sector in the Indonesian economy. For this reason, it is key that employers should take care of their employees so they can remain satisfied and loyal to their firms(Warburton, 2018).

For all of the organizations, employees are the most important resource. It is because these employees constitute the significant amount of investment of the organization like bonuses, plans, healthcare, training, salaries, locating and training. The human resource department of the organization develops the work system, performance appraisal, benefits packages, training programs based on the policies of the company. The aim of these policies is to keep the employees loyal. The value of the employee increase as the passage of time of the employee increase in an organization. Loyalty is the type of trueness and faithfulness(Iqbal, Tufail, & Lodhi, 2015).

The loyalty of the employee signifies the sentiment, devotion of attachment towards a particular thing. Scholars have defined the loyalty of the employee as the EC to the organization's success and believe of employee that their working for the organization is the best available option for them. The employees who are loyal provides the best services to the organization and remain faithful as well. The loyal employees have a positive but significant impact on the performance of the organization. Loyalty shows itself in actions and thoughts of the employees. Moreover, a loyal person always consider the organization as one of his own and strive to achieve its objectives(Ndedi, Ngwa, & Njiondock, 2015).

The success of the organization is mainly dependent upon JS. A number of organizations take a number of actions and measures to satisfy their employees so they can make the employees committed in their roles of the job. Basically, satisfaction is the difference between the reward an employee actually received and should receive. Motivation and hygiene factors are identified by the scholars while looking for the satisfaction of the job and its factors. It's been concluded that satisfaction of employee can be achieved by work itself, growth, advancement, responsibility and recognition of achievement. Whereas, dissatisfaction may be caused due to lack of job security, personal life, status, salary, working conditions, relationship with subordinate and peers, relationship with supervisors, administration, policies and supervision (Sarker, Sultana, & Prodhan, 2017).

The purpose of this paper is to examine training & development, compensation and working environment as the independent variable leading to employee EL. In this relationship, employee satisfaction is acting as the mediator, and CSR activities are taken as the moderating variable between satisfaction and loyalty. Thus, the importance of independent variables under study is given as:

Training and development (T&D) process of the organization is the educational process in which the employees of the organization learn the information that is new to them. Moreover, they also reinforce and relearn the existing skills and knowledge. the most important aspects for the organization are to find the new ways by which they can train the employees and make them skillful so their effectiveness and efficiency can be enhanced. As a result, the organization gain a competitive advantage over other firms(Karia, Omari, Mwanaongoro, & Kimori, 2016).

Additionally, a few other instruments include compensation, which plays a critical role to bring the effectiveness of the organization. Moreover, compensation has a positive impact on the productivity and behavior of the employees as well. As mentioned by the scholars, skilled employees remain engaged in their jobs and with employers for a longer period of time due to good compensation. If the reward of the employee is good, it will lead to job commitment, satisfaction and loyalty as well (Mabaso & Dlamini, 2017). Furthermore, the organizations that do not understand the importance of working environment face difficulties with their employees and have difficulty in the market as well. It is important for the employees that they meet the criteria set by the organization in terms of performance. In order to do that, employees need an environment in which they can work freely without any restraints and problems (Raziq & Maulabakhsh, 2015).

CSR, also known as CSR, is acknowledged by in every type of organization and sector as well. A number of perspectives and issues are covered in CSR, including corporate citizenship, environmental sustainability, social contract and business ethics. The relation of CSR is to link the organization's nonprofit activities for the community's welfare without any financial interest. Whereas, it has an economic value which has an impact on the maximization of profit as well. For this reason, CSR activities have an impact on the profitability of the organization as well (Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015).

The current study envisages a plan to explore the impact of the working environment, compensation plan and T&D of employees working in the mining industry of Indonesia on Loyalty with mediation role of overall satisfaction. Moreover, the moderating impact of CSR activities by the firms will also be examined on the path of overall satisfaction and loyalty.

## **II. Literature Review**

### **Employee loyalty (EL)**

Scholars have defined the loyalty of employee termed as EL as the commitment of psychological attachment of employee with the organization as an outcome of JS. The JS of employee is the outcome of the evaluation of the internal process. The level of satisfaction of employee will grow if their expectation level exceeds or met. Later, EL is converted into an emotional attitude for the organization. In other words, if the level of satisfaction of employee is higher, it's more likely that he/ she will develop commitment and loyalty for the organization (Rajput, Singhal, & Tiwari, 2016; Singhal, Tiwari, Rajput, & Saxena, 2016).

As a result, the behavioral component known as loyalty comes to rise for the organization by the employee affection towards the organization is shown by the employee is more likely to show loyal behavior towards the organization. As a result, the overall goals of the organization are achieved, including high service quality, greater efficiency and productivity (Singhal et al., 2016).

### **Overall satisfaction (OS)**

JS of the employee is the attitude which is based on the experience of the job. The JS is dependent upon the satisfaction level of the employee and type of job. JS of employee shows the way employee feel regarding the job. It also defines the extent to which an employee is satisfied with his/ her job. The performance is one of the most important issue to be addressed by any organization, and OS is significant determinant of it (Anwar & Shukur, 2015). JS is an important factor for every organization is looking to achieve (Siriattakul & Jermisittiparsert, 2019). The turnover of the employees is also linked to the satisfaction level of the employee toward the job. So, the priority of

every organization is to keep the employees in their organization happy. Practices of HR try to assign and allocate the human capital in a number of ways so they can achieve the long term objectives (Tooksoon, 2011).

### **Training & development(T&D)**

Training of an individual is the systematic and formal improvisation in behavior through the process of learning that occurs as an outcome of planned exercise, development program, instructions and education. Development is basically any learning activity directed for the future, keeping in view future needs instead of present needs which are related to more and improved performance of individual and organization as well. Scholars have described it as the educational process which involved getting knowledge, change in attitude, concepts and skills to improve the employee performance. HR department of any organization treats the T &D of employees as the function related to organizational activity that improve learning teams within the organization and ultimately the organizational performance. Basically, T&D is the try of the organization to improve the future or current performance by enhancing the ability of employees through learning by changing the attitude and improving the skills. To improve the performance of employee, T&D is very important(Oluwaseun, 2018).

### **Compensation plan**

All kind of financial rewards given to employees is known as compensation. Compensation is arising from the employment of employees. In the life of an employee, the compensation plan occupies an important place. Moreover, the compensation plan is an important cost to the employer. If the employee is not satisfied with the compensation, it may lead to grievances, strikes, low performance, job dissatisfaction, turnover and absenteeism. Most of the disputes related to labor are based on compensation issues. Compensation is extrinsic, which is received by the employee as the exchange of work. It is based on the wage, incentives, benefits, bonuses and salary. To attract and keep the employees who are skilled, compensation is a key factor. By this way, organizations can get a competitive advantage over the competitive firms(Cudjoe, 2016).

### **Working environment**

Work environment is very important for JS. There are a number of properties of the work environment have toan impact on the mental and physical wellbeing of the employee. a good work environment keeps its employees work efficient and up to mark on various tasks. A quality workplace has a sensible workload for the employees, fairness and equity for everyone, the relationship of trust among employers and employee and competitive wages. When all these components are combined, it makes the environment as the best spot to work. The creation and establishment of an environment which facilitate the employees and increase their satisfaction is at the heart of the HR department of any organization (Agbozo, Owusu, Hoedoafia, & Atakorah, 2017).

### **CSR**

Scholars have defined CSR as the concept which deals with environmental and social concerns of the operations of the business. Moreover, the organization interacts with its stakeholders on an arbitrary and voluntary basis. CSR is regarding doing the right things at the right moment. CSR promises the stakeholders that business or company will beat the expectations of all of the stakeholders and their society will not be affected. Scholars have mentioned four dimensions of CSR, namely, social, legal, environmental and economical(Fontaine, 2013).

### **EL and Overall satisfaction**

Many notable studies have been conducted in the past regarding the influence of JS on the loyalty of the employee. they have found that JS impacts the loyalty of the employee. Moreover, scholars have tested a number of factors that have an impact on the satisfaction level of the employee. It has been suggested by the scholars that managers of the organization should focus on a factor than can enhance the satisfaction level of the employee and improve the performance and enhance the loyalty of employee as well(Rajput et al., 2016).

Therefore, it's been argued that to achieve the loyalty of the employees, organizations should focus on developing satisfaction of the employees. By this way, the work environment will be improved, and teamwork will get better as well. Past studies have also identified that job satisfaction of the employees is also influenced by the reward system of the organization. it makes the employee satisfy and turn them to be loyal to the organization(Singhal et al., 2016).

### **Training & development plan relationship with EL and Overall satisfaction**

The organization gets a number of benefits as a result of the T&D of employees. Furthermore, T&D also plays critical role to satisfy the employees with their demands like creating good relationships among the employees and employer, developing professionalism among the employees, developing adaptability among the employees for the work of future, meeting personal development and learning needs of the employees; enforcing the vision of the company over the employees and promotion loyalty among the employees. The findings of the past studies revealed that the employees who get the opportunity of enhancing their competencies by equipping themselves with the new and advanced skills. This development opportunity also place significant impacts on one's loyalty to his her organization.(Costen & Salazar, 2011).

There exists a low level of turnover and a high level of employee satisfaction among the organizations providing an opportunity to develop and training for the employees. T&D program provides a lot of benefit to the employees. The training program is one of the important factors that keep employees satisfy. It helps the employee to be more productive and, in return, want an increase in the wage. Past studies have reported a significant relationship among job satisfaction and training programs offered to employees. Most important components of training at the job include the content of the training, the methodology of the training, and time spent in training. All of these components have a significant impact on job satisfaction. Therefore, training of the employee is one of the important factors which leads to overall satisfaction(Chaudhary & Bhaskar, 2016).

### **Compensation plan relationship with EL and OS**

Compensation portrays payment of the employees by the organization for the service rendered. The issue of compensation is one of the fundamental parts of the business that an organization must settle before getting the employees. Compensation ought to be outlined remembering the way of the occupation and all that is included so that sufficient arrangements can be made. Employees regularly rely on wages, pay rates to give a vast offer of their salary and advantages to give pay and health security. Clearly, the outline of the pay decides the work state of mind of the employees, which has a considerable measure to do with loyalty. At the point when the remuneration is not great, it results in a poor work state of mind and works turn over. The compensation, which being a financial reward has strong intrinsic motivation attached with it. It not only help an employee in managing his or her financial issue but also make him more loyal to the organization by increasing his satisfaction (Akhigbe & Ifeyinwa, 2017).

It's been revealed that competitive and attractive compensation package is ranked as one of the important factors that have an impact on the job satisfaction of employees. It is because compensation packages fulfil the material and financial desires. A few of the important issues related to compensation of employees are job security, retirement benefits and salary of the employees. Work satisfaction is a mind-boggling state of mind which includes certain suspicions and convictions about the occupation (a psychological part), sentiments towards work (a full of the feeling segment) and the work appraisal, (an assessment segment). At the point when a company receives an arrangement of reward that is useful to the workers, the impact is that the employee ends up noticeably faithful and furthermore builds their level of duty consequently guaranteeing high efficiency and satisfaction. It is because it is believed by the employees that if they remain to attach to the organization, they will get the financial rewards that can satisfy their needs. If employees are dissatisfied with the financial rewards of their job, it will impact the loyalty and satisfaction of employees as well(Mabaso & Dlamini, 2017).

#### **Working environment relationship with Employee loyalty and Overall satisfaction**

The workplace environment has an impact on the satisfaction and loyalty toward the organization, which in turn impact the performance of the employee as well. As the outcomes of the work environment are positive, most of the organizations face new challenges in terms of keeping the employees motivated. For this reason, it is important that the workplace made by employers should be enjoying for the employees, and it should create loyalty among employees towards their organization. It's been revealed in the findings of the past studies that the work environment has a significant impact on the loyalty of the organization. Therefore, it is important to mention that the workplace environment plays a critical role in creating satisfaction and loyalty among the employees(Khuong & Tien, 2013).

It is also critical for employers to take the exit interviews from the employees leaving the organization so they can correct the root cause of the problem, which caused the turnover of the employee. scholars have found that factors of the work environment including communication among employer and employee, the structure of the organization, autonomy, working hours and wages play a critical role to make an employee satisfy(Raziq & Maulabakhsh, 2015).

#### **CSR and Overall satisfaction relationship**

It is critical for organizations to make the sure smooth relationship among employees and employers so their CSR are can prevail. If the organization is not taking care of its employee, it is not possible that they will care about their customers and the environment in which they are operating. Whereas, there exists very little research in past that tried to explore the relationship between CSR and Job satisfaction(Fontaine, 2013).

Past studies have reported that employees like them to be identified with the companies that have a good reputation. The image of the organization involved in CSR is boosted in the eyes of stakeholders. Employees are an important stakeholder of the organization and CSR results in their satisfaction. Therefore, the significant impact of CSR activities is reported in employees satisfaction(Asrar-ul-Haq et al., 1, 2017).

#### **CSR and Employee loyalty relationship**

A number of researchers from the past have examined the impact of CSR activities on the behavior and attitude of employees. It's been reported that loyalty of employee is improved as a result of CSR. A number of firms have adopted CSR activities to improve the loyalty of the employees. CSR activities play a significant role in improving the loyalty and satisfaction of employees. All four dimensions of CSR, including social, legal, environmental and economic, have a direct impact on the loyalty of employee(Khah, Moosa, & Maesomian, 2014).

### Hypothesis:

Following hypothesis are developed on the basis of the above literature

H1: T&D plans have a significant impact on Satisfaction

H2: T&D plans have a significant impact on Employee loyalty

H3: Compensation plans have a significant impact on Satisfaction

H4: Compensation plans have a significant impact on Loyalty

H5: Working conditions have a significant impact on Satisfaction

H6: Working conditions have a significant impact on Loyalty

H7: Overall satisfaction (OS) will have a significant impact on loyalty

H8: Overall satisfaction (OS) mediates the relationship between T&D plans and employee loyalty

H9: Overall satisfaction (OS) mediates the relationship of the compensation plan and employee loyalty

H10: Overall satisfaction (OS) mediates the relationship between working condition and employee loyalty

H11: CSR activities moderates the relationship of loyalty and overall satisfaction

### Theoretical framework

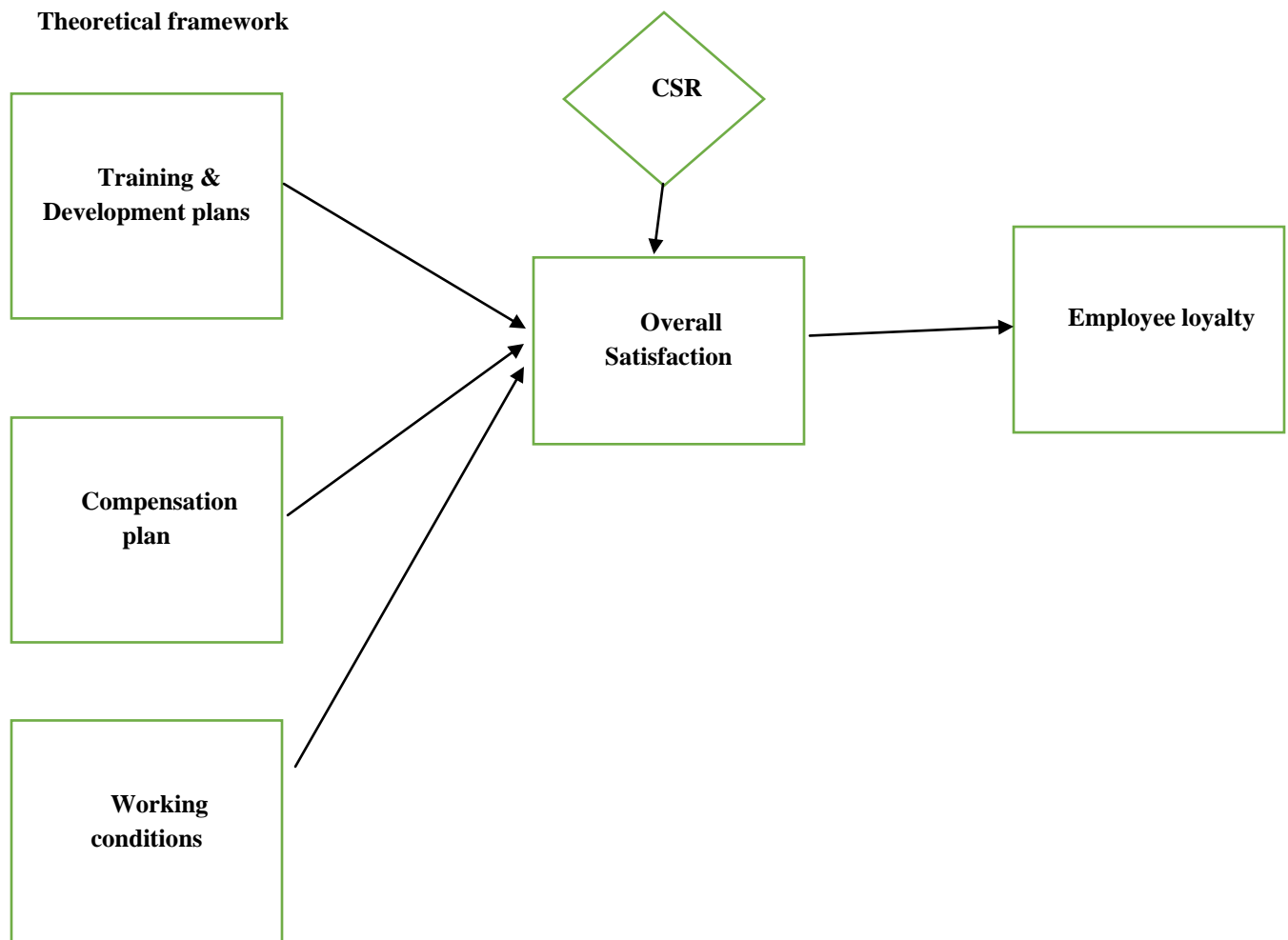


Figure 1

### III. Methodology

The following section involves a discussion regarding the nature of the study and the employed statistical methodology, followed by the discussion regarding the research findings. The present research is a cross-sectional study and employed a hypothetic-deductive approach, involving problem identification and statement, hypotheses formulation, determining measures, data gathering, empirical analysis, and interpreting the research findings. However, it is the deductive approach, which is the main research constituent that accounts for the development and implementation of a theoretical framework.

Therefore, a theoretical framework has been developed based on previous researches. Afterwards, a quantitative survey was developed. The quantitative survey approach identifies the research objectives, establishes a research design, selection of the reliable and valid research instruments, carrying out survey, data gathering process, statistical analysis, and finally interpretation of the research findings. The questionnaire was developed to obtain desirable responses and to achieve the research objectives. A 5-point Likert scale was employed. The account managers and operational managers of Kazakhstani retail firms were chosen using cluster sampling technique.

In addition, for the purpose of data collection an email questionnaire was developed, and the data was obtained, which further went through the process of statistical testing. Thus, the proposed hypotheses were tested using statistical procedures. Since it is a cross-sectional study which requires less cost and time to collect data from wide regions. Thus, the study conducted survey for generalizing the research outcomes. Since the questionnaire items were relevant and appropriately addressed the items, therefore all the items were already expected to be valid. The population and sample size for this research were determined by following the table by (Krejcie & Morgan, 1970). Thus, the obtained sample size based on the total population was 310. In social sciences researches, SEM-PLS is applied mostly because of its robustness to carry out simultaneous testing of multiple relationships (Hair Jr, Hult, Ringle, & Sarstedt, 2016). In past, researchers generally used to apply a co-variance-based approach, however, PLS-SEM is a potential alternative of CB-SEM approach. Thus, based on the received surveys, the response rate came out to be 63.2%.

For the quantitative questionnaire, the items were selected from variable studies. The items for employee loyalty was adopted from Matzler and Renzl (2006). While the items for CSR Activities were taken from E. M. Lee, Park, and Lee (2013), items for compensation and employee training are taken from Shahzad, Bashir, and Ramay (2008) and Shahzadi, Javed, Pirzada, Nasreen, and Khanam (2014) respectively. The items for work environment was adopted from S. Y. Lee and Brand (2005).

### IV. Results

There are a number of reasons for PLS-SEM being the popular approach among the scholars and researchers. A study attempted to discuss that for what reasons researchers are in favor of PLS-SEM approach (Urbach & Ahlemann, 2010). It is also argued that applying PLS-SEM is beneficial if the study aims to explain and assess the constructs' predictive relevance. Thus, present study chose PLS-SEM as it is a flexible technique, having no sample size requirement and can effectively handle the regressions functions involving multiple relationships. Besides, PLS-SEM involves reflective and formative constructs. Such arguments were also supported by (Hair Jr et al., 2016).

SEM-PLS analysis accounts for the inner and outer model estimation, where the outer model accounts for determining the model components and items, determining the extent of indicators' theoretical loadings, and their



correlations among the corresponding constructs. Outer-model estimation confirms that whether items of the survey measured the variables as expected. Afterwards, the study observed the model validity as well as thereliability, to examine the measurement model, these measures are the most common criteria for assessing the outer model (Ramayah, Lee, & In, 2011). These measures also confirm the existing nature of association among model constructs. Thus, the appropriateness of measurement model can be assessed through observing the individual item reliabilities, discriminant validity and convergent validity, where individual item reliabilities can be observed by observing internal consistency and composite reliability, whereas, the discriminant validity is measured by observing the criterion by Fornell and Larckerand the outer-loadings, and the convergent validity for the indicators is observed through assessing the value of AVE(Fornell & Larcker, 1981). The measurement model also explains the nature of association among observed and latent constructs. The model items also exhibit changes during its estimation. The study also performed CFA using first and second order constructs, for reconfirming the model validity. Thus, each element was separately determined using formative, reflective and structural modeling.

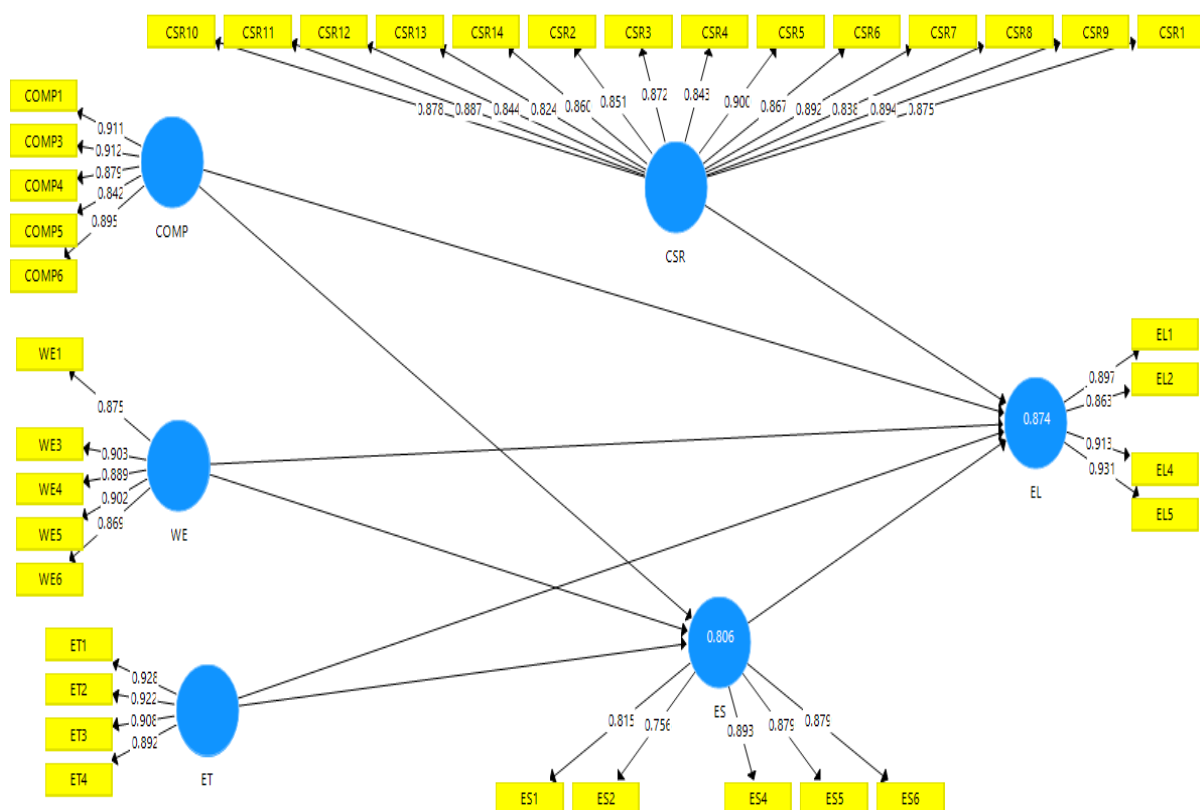


Figure 2: Measurement Model

Table 1: Outer loading

	COMP	CSR	EL	ES	ET	WE
COMP1	0.911					
COMP3	0.912					
COMP4	0.879					
COMP5	0.842					

<b>COMP6</b>	<b>0.895</b>					
<b>CSR10</b>		<b>0.878</b>				
<b>CSR11</b>		<b>0.887</b>				
<b>CSR12</b>		<b>0.844</b>				
<b>CSR13</b>		<b>0.824</b>				
<b>CSR14</b>		<b>0.860</b>				
<b>CSR2</b>		<b>0.851</b>				
<b>CSR3</b>		<b>0.872</b>				
<b>CSR4</b>		<b>0.843</b>				
<b>CSR5</b>		<b>0.900</b>				
<b>CSR6</b>		<b>0.867</b>				
<b>CSR7</b>		<b>0.892</b>				
<b>CSR8</b>		<b>0.838</b>				
<b>CSR9</b>		<b>0.894</b>				
<b>EL1</b>			<b>0.897</b>			
<b>EL2</b>			<b>0.863</b>			
<b>EL4</b>			<b>0.913</b>			
<b>EL5</b>			<b>0.931</b>			
<b>ES1</b>				<b>0.815</b>		
<b>ES2</b>				<b>0.756</b>		
<b>ES4</b>				<b>0.893</b>		
<b>ES5</b>				<b>0.879</b>		
<b>ES6</b>				<b>0.879</b>		
<b>ET1</b>					<b>0.928</b>	
<b>ET2</b>					<b>0.922</b>	
<b>ET3</b>					<b>0.908</b>	
<b>ET4</b>					<b>0.892</b>	
<b>WE1</b>						<b>0.875</b>
<b>WE3</b>						<b>0.903</b>
<b>WE4</b>						<b>0.889</b>
<b>WE5</b>						<b>0.902</b>
<b>WE6</b>						<b>0.869</b>
<b>CSR1</b>		<b>0.875</b>				

Reliability of an indicator refers that how much variance in indicator can be explained by latent constructs. It ranges from 0-1. For each measuring construct, the outer loadings are observed to assess the reliability of the indicators. While standardizing the latent variables and indicators, the indicator reliability tends to equalize the square of the

indicator loadings. Any reflective indicators having less than 0.40 loadings are recommended to be excluded from the model (Hair Jr et al., 2014). Although, no item of the measurement model is excluded, since all items exhibited loadings within the recommended range. After carrying out indicator's unidimensional test, the internal consistency reliability of the model was analyzed. Instead of using Cronbach alpha, the PLS-SEM incorporates composite reliability test to estimate the reliability of variables, on the basis of the indicators' inter-correlations. Prioritizing items based on their individual reliability in PLS-SEM, accompanying with Cronbach alpha's limitations, therefore assuming equal indicator loadings for all indicators. The Cronbach alpha shows sensitivity for number of indicators, and also underestimates the internal consistency of the constructs, making it essential to introduce alternative measure for assessing the reliability. Thus, composite reliability ( $\rho_c$ ) is the appropriate alternative to this. Composite reliability estimates the degree of each indicator to share greater variance and coincide with the indicators of other variables. The convergent validity shows whether an item of the construct estimates what it is actually assumed to estimate. It is measured through Fornell and Larcker criterion which is the sum of each construct's square loadings divided by the total number of indicators (Fornell & Larcker, 1981). Therefore, when the value of AVE is equal to 0.50 or above, convergent validity is established, thus indicating that on average, more than half of indicators' variance is explained by the construct. However, if the value lies below 0.5, it indicates that on average, the indicators' variance cannot be explained by the constructs, because of errors (F. Hair Jr et al., 2014). The convergent validity values are presented in Table 2 below which shows the adequate convergent validity, since the range of AVE turned out to be 0.610-0.814, thereby satisfying the threshold level, i.e.  $AVE > 0.50$  (Bagozzi & Yi, 1988).

**Table 2: Reliability**

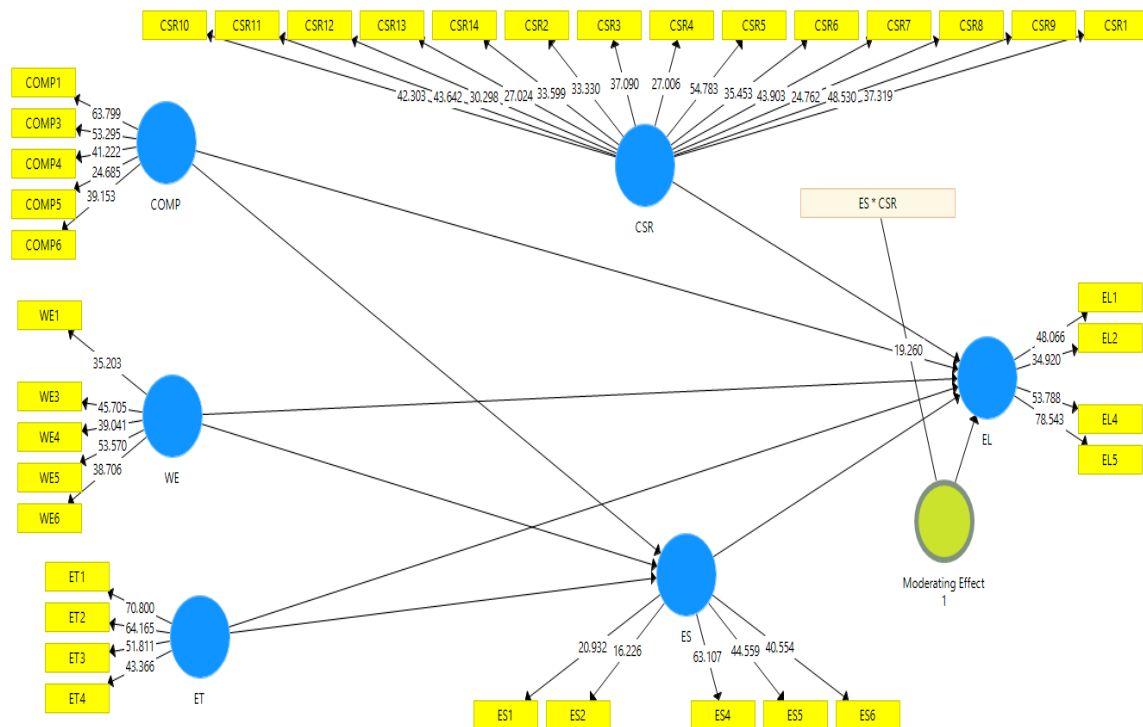
	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>CR</b>	<b>(AVE)</b>
<b>COMP</b>	<b>0.933</b>	<b>0.935</b>	<b>0.949</b>	<b>0.789</b>
<b>CSR</b>	<b>0.974</b>	<b>0.975</b>	<b>0.977</b>	<b>0.751</b>
<b>EL</b>	<b>0.923</b>	<b>0.924</b>	<b>0.945</b>	<b>0.813</b>
<b>ES</b>	<b>0.900</b>	<b>0.911</b>	<b>0.926</b>	<b>0.716</b>
<b>ET</b>	<b>0.933</b>	<b>0.934</b>	<b>0.952</b>	<b>0.833</b>
<b>WE</b>	<b>0.933</b>	<b>0.935</b>	<b>0.949</b>	<b>0.788</b>

Discriminant validity is the extent that the measurement concepts are unrelated or different from other measurement concept, following the empirical standards. However, an established discriminant validity indicates that a construct is recognizably different as compared to the other model constructs. In a reflective measurement model, discriminant validity is measured using two methods, namely cross-loading method, and Fornell-Larcker criterion. According to the cross-loadings method, for a particular construct, the indicators' loading must be higher than its cross-loadings for the other constructs of the same model. However, if the cross-loadings for any construct is greater as compared to the loadings of the actual construct, then it shown that discriminant validity is not achieved and is violated for that construct. Whereas, the criterion proposed by Fornell and Larcker refers as a conservative technique for analyzing discriminant validity, which compares and examines the AVE's square roots for each latent construct against the correlations of latent constructs with other constructs. The AVE's square root values must be higher in comparison with its correlations among other variables, otherwise the discriminant validity will not be achieved for reflective models (F. Hair Jr et al., 2014).

**Table 3: Validity**

	COMP	CSR	EL	ES	ET	WE
COMP	0.938					
CSR	0.713	0.866				
EL	0.910	0.709	0.921			
ES	0.881	0.829	0.898	0.846		
ET	0.701	0.721	0.707	0.741	0.943	
WE	0.658	0.643	0.675	0.694	0.934	0.888

According to scholars, the structural model estimates the relationship between the constructs involved in a proposed model. It provides a useful interdependence between the constructs, such as the structural model shows the nature of association among the latent constructs( Hairet al., 2014). The existing relation among the constructs of the proposed model was then tested using structural equation modeling. However, the structural model involves the exogenous and a set of endogenous variables. The study estimated this model by observing the significance and the relevance of the structural relationships in the proposed model, the collinearity issues, as well as the  $R^2$  value.



**Figure 3: Structural model**

A bootstrapping technique was used to obtain standard errors and t-statistics, since this technique provides non-parametric approach to check the validity of PLS estimates, thereby allowing to examine the significance of the models' path coefficients(Chin, 1998).

**Table 4:** Regression results

	(O)	(M)	STDEV)	O/STDEV  )	P Values
<b>COMP -&gt; EL</b>	0.856	0.846	0.059	14.514	<b>0.000</b>
<b>COMP -&gt; ES</b>	0.711	0.709	0.051	13.962	<b>0.000</b>
<b>CSR -&gt; EL</b>	-0.090	-0.080	0.055	1.622	<b>0.000</b>
<b>ES -&gt; EL</b>	0.493	0.481	0.098	5.023	<b>0.000</b>
<b>ET -&gt; EL</b>	0.116	0.112	0.116	0.999	<b>0.000</b>
<b>ET -&gt; ES</b>	0.246	0.244	0.107	2.307	<b>0.000</b>
<b>Moderating Effect 1 -&gt; EL</b>	0.016	0.016	0.018	0.890	<b>0.000</b>
<b>WE -&gt; EL</b>	0.067	0.073	0.100	0.671	<b>0.000</b>
<b>WE -&gt; ES</b>	-0.004	0.001	0.100	0.042	<b>0.000</b>

In view of several scholars, PLS-SEM can predict well and most studies use  $R^2$  value for model estimation to assess the model's predictability to explain the variance in endogenous variable(Sarstedt et al., 2014). The coefficient of determination which is represented as  $R^2$  shows the combined effects of a set of exogenous variables on the model's endogenous variable. In addition, it also measures the regression function or goodness of fit by using items obtained through empirical analysis, ranging from 0-1. The  $R^2$  value is usually assessed as 0.19, 0.35, and 0.68 as weak, moderate, and substantial variation in endogenous variables, respectively. However, the acceptance and rejection of  $R^2$  differs, based on the nature of the study. Thus, the higher  $R^2$  represents that greater proportion of endogenous variance is explained by one or more exogenous variables (Sarstedt et al., 2014).

**Table 5:** R-Square

	R Square
<b>EL</b>	0.874
<b>ES</b>	0.806

## V. Conclusion

The objective of this paper is to examine training & development, compensation and working environment as the independent variable leading to employee loyalty. In this relationship, employee satisfaction is acting as the mediator and CSR activities are taken as the moderating variable between satisfaction and loyalty SEM-PLS is applied mostly because of its robustness to carry out simultaneous testing of multiple relationships. Training program is one of the important factors that keep the employees satisfy. Past studies have reported significant relationship among job satisfaction and training programs offered to employees. Meanwhile, The compensation, which being a financial reward has strong intrinsic motivation attached with it. It not only help an employee in managing his or her financial issue but also make him more loyal to the organization by increasing hi satisfaction. At the point when a company receives an arrangement of reward that is useful to the workers, the impact is that the employee end up

noticeably faithful and furthermore builds their level of duty consequently guaranteeing high efficiency and satisfaction. It's been revealed in the findings of the past studies that the work environment has the significant impact on the loyalty of the organization. Therefore, it is important to mention that workplace environment plays critical role in creating satisfaction and loyalty among the employees. The data is collected from the employees working in the mining industry of the Indonesia. The findings of the study have argued that the Human resource department of any organization treat T&D of employees as the function related to organizational activity with the aim of improving the performance of employee and teams within organization. Basically, T&D is the try of organization to improve the future or current performance by enhancing the ability of employees through learning by changing the attitude and improving the knowledge and skills. The findings of the study are among the pioneering studies on the issue. The findings of the have clearly outlined of the pay decides the work state of mind of the employees which has a considerable measure to do with loyalty. At the point when the remuneration is not great, it results to poor work state of mind and work turn over. The findings of the study revealed the fact that If the organization is not taking care of its employee, it is not possible that they will care about their customers and the environment in which they are operating. However, there exists very little research in past that tried to explore the relationship between CSR and Job satisfaction The findings of the study will be helpful for the future studies in understanding the issue and author knowledge it is among the pioneering studies on the issue.

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