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The Effect of the Principles of Fairness and Transparency in Good Corporate Governance on Employee Loyalty Through Job Satisfaction as an Intervening Variable

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Abstract: This study aims to analyze the influence of the principles of fairness and transparency in the implementation of Good Corporate Governance (GCG) on employee loyalty, with job satisfaction as an intervening variable. The phenomenon of low employee loyalty in various organizations is often associated with the weak implementation of good corporate governance principles, especially in the dimensions of fairness in decision-making and information disclosure to employees. This study uses a quantitative approach with the explanatory research method, where data is collected through a questionnaire and analyzed using *the Partial Least Square Structural Equation Modeling* (PLSSEM) method using SmartPLS 4.0 software or Path Analysis. The conceptual framework is built based on a literature review on organizational justice theory, social exchange theory, and two-factor job satisfaction theory. The research sample is 64 employees of PT Central Proteina Prima Tbk who come from various organizational functions. The results of the theoretical study show that fairness (P-value = 0.000) and transparency (*P-value* = 0.000) have a positive and significant effect on job satisfaction. Job satisfaction (*P-value* = 0.004) also has a positive and significant effect on employee loyalty. However, directly fairness (*P-value* = 0.102) and transparency (P-value = 0.999) did not have a significant effect on employee loyalty. Job satisfaction was proven to mediate the full mediation effect of fairness on loyalty (*P-value* = 0.034) and the effect of transparency on loyalty (*P-value* = 0.014). The research model was able to explain the variance in job satisfaction of 71.0% (*R-Square* = 0.710) and employee loyalty of 68.2% (R-Square = 0.682). In conclusion, fairness and transparency do not directly increase loyalty, but must create job satisfaction first. Job satisfaction acts as a full mediation that bridges the two GCG principles to loyalty. It is suggested that management strengthen fairness in performance appraisals and compensation, increase transparency of policy information and career paths, and routinely measure job satisfaction to maintain employee loyalty in a timely manner. The application of this study is expected to provide input for organizational management in designing governance policies that are oriented towards the psychological well-being of employees to increase long-term retention and loyalty.

Keywords: Good Corporate Governance, Fairness, Transparency, Job Satisfaction, Employee Loyalty

INTRODUCTION

Human resources are strategic assets that determine the sustainability and competitiveness of the organization in the midst of the dynamics of an increasingly competitive business environment. One of the indicators of successful human resource management is the level of employee loyalty to the organization where they work. High employee loyalty contributes to a decrease in turnover rates, increased productivity, and the creation of a stable and conducive work environment. (Sutrisno, E., 2019)

Ningrum et al., 2023, One of the factors that is suspected to affect employee loyalty is the application of Good Corporate Governance (GCG) principles, especially the principles of fairness and transparency. The principle of fairness relates to equal treatment of all stakeholders, including employees, in the decision-making process, compensation, and career path. Meanwhile, the principle of transparency is related to the disclosure of information regarding the organization's policies, performance, and decision-making processes.

When employees feel they are treated fairly and gain access to transparent information, psychologically they tend to have higher levels of job satisfaction. Job satisfaction is then suspected to be an intervening variable that encourages the formation of employee loyalty to the organization. However, there is still a *research gap* in the literature on how this job satisfaction mediation mechanism works specifically in the context of GCG principles of fairness and transparency, so this research is important to conduct. (Sedarmayanti, 2017).

Problem Formulation

Based on the above background, the formulation of the problem in this study is as follows:

1. Does the principle of fairness in Good Corporate Governance have a significant effect on employee job satisfaction?
2. Does the principle of transparency in Good Corporate Governance have a significant effect on employee job satisfaction?
3. Does job satisfaction have a significant effect on employee loyalty?
4. Do the principles of fairness and transparency affect employee loyalty through job satisfaction as an intervening variable?

Research Objectives

This study aims to analyze the direct influence of the principles of fairness and transparency on job satisfaction, the effect of job satisfaction on employee loyalty, and examine the mediating role of job satisfaction in the relationship between the principles of fairness and transparency of GCG and employee loyalty. Theoretically, this research is expected to enrich the study of human resource management science, especially related to the relationship between corporate governance and organizational behavior. Practically, the results of this research are expected to be considered for management in formulating governance policies that support increasing employee satisfaction and loyalty. (Effendi, M. A., 2016).

Literature Review

Good Corporate Governance (GCG) is defined as a system that regulates and controls the company to create added value for all stakeholders. GCG principles in general include transparency, accountability, responsibility, independence, and fairness. These five principles are the foundation for organizations to build healthy relationships with all stakeholders, including employees as internal stakeholders. (Parianti et al., 2023).

The principle of justice in GCG emphasizes equal and proportionate treatment of all stakeholders regardless of certain backgrounds. In the context of human resources, this principle is relevant to the concept of organizational justice which includes distributive justice, procedural justice, and interactional justice. Employees who perceive fairness in compensation, promotion, and performance appraisals tend to show a more positive work attitude. (Damayanti, S., Santoso, E., & Setiawan, F., 2022).

Transparency is the principle of openness in providing material and relevant information about the condition of the organization. For employees, transparency is reflected in management's openness in communicating policies, performance targets, organizational financial conditions, and decision-making basis that impacts employees. A high level of transparency can reduce uncertainty and increase employee trust in the organization. (Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y.. 2001).

Job satisfaction is a positive or negative feeling that a person has about his job, which is formed from the evaluation of the characteristics of the job. Job satisfaction is influenced by various factors, including the nature of the job itself, the compensation system, relationships with superiors and colleagues, career development opportunities, and the climate of fairness and openness of the organization. High job satisfaction generally correlates with a positive work attitude, including commitment and loyalty to the organization. Job satisfaction is a positive emotional state that results from an individual's assessment of his or her work. The foundation of the theory: Two-Factor Theory (Herzberg 1959; Alshmemri et al., 2017) Distinguishing between hygiene factors (salary, company policies, working conditions) and motivating factors (recognition, responsibility, growth). (Sinuhaji et al., 2025b) Strengthening the role of job satisfaction as the main foundation in forming a productive, stable, and highly competitive workforce

Employee loyalty is defined as an employee's loyalty, devotion, and compliance to the organization which is reflected in the willingness to stay put, work optimally, and maintain the good name of the organization. Loyalty can be built through various mechanisms, one of which is the creation of job satisfaction that comes from employees' positive perception of fairness and openness in organizational management. Employee loyalty is an employee's commitment and loyalty to the organization that is demonstrated through long-term positive behavior and attitude. Social Exchange Theory (Blau, 1964; (Cropanzano & Mitchell, 2005) dalam (Aji et al., 2026) explained that when companies implement fairness and transparency, employees respond to it with high loyalty. Loyalty indicators in this study include obedience, responsibility, devotion, honesty, and willingness to cooperate

Previous Research

Several previous studies have shown that the application of GCG principles is related to employee attitudes and work behaviors, including job satisfaction, organizational commitment, and loyalty. These studies generally place job satisfaction as a variable that mediates the relationship between organizational factors and employee behavior outcomes, in line with the framework of social exchange theory which explains that employees tend to reciprocate the organization's good treatment with a positive work attitude. The following is an in-depth presentation of the results of research relevant to the variables of *Good Corporate Governance* (GCG), Job Satisfaction, and Employee Loyalty: Research conducted by (Putra & Indrawati, 2018) titled ″The Influence of Organizational Justice on Job Satisfaction and Organizational Commitment at Hotel Rama Phala Ubud″. This study aims to empirically analyze the impact of organizational fairness on job satisfaction and organizational commitment by adopting a quantitative approach through the *Path Analysis* model of 51 respondents with a saturated sampling method. The results of the study show that organizational fairness has a positive and significant effect on job satisfaction. In addition, job satisfaction also has a positive and significant effect on organizational commitment, where a p-value of < 0.05 confirms this significance. Fundamentally, this study proves that Job Satisfaction is accepted as an intervening variable (mediation) in mediating the influence of organizational justice on organizational commitment. The relevance of this research for the researcher is the main foundation in positioning Job Satisfaction as a mediating variable in the proposed research model.

Research conducted by (Lestari Cindy Putri & Permatasari Berlintina, 2025) entitled "The Effect of Information Transparency and Involvement in Decision Making on Job Satisfaction of Generation Y Employees in Bandar Lampung". This study uses a quantitative approach to examine the impact of information disclosure on job satisfaction. Based on the results of data analysis, it was found that the variable of information transparency partially had a positive and significant effect on job satisfaction with a calculated t-value of 2.852 and a significance value of 0.005 < 0.05. Fundamentally, this study proves that information transparency is related to the openness of management in conveying relevant and clear information, so as to reduce work uncertainty and increase trust in the organization. Thus, the hypothesis that information transparency has a positive and significant effect on job satisfaction in the study is proven to be proven. The relevance of this study for the researcher is as the main supporter in positioning Transparency as an independent variable (X2) that has a significant influence on Job Satisfaction (Z).

Research conducted by (Juanita et al., 2025) entitled "The Influence of Organizational Justice, Awards, and Work-Life Balance on Employee Loyalty with Job Satisfaction as a Variable at the Brebes Regency Land Office". This study aims to analyze the impact of organizational fairness on loyalty through job satisfaction with the SEM-PLS model for 82 employees. Based on the results of data analysis, it was found that organizational fairness had a strong relationship with job satisfaction of 0.586 and employee loyalty of 0.521. Furthermore, job satisfaction also showed a strong relationship with loyalty of 0.637. The results of the indirect pathway test confirm that organizational fairness has a significant effect on employee loyalty through job satisfaction, so that the role of job satisfaction is empirically proven as a mediator (intervening) variable. The relevance of this research for the researcher is as the main foundation in positioning Job Satisfaction as a mediating variable that connects Organizational Justice to Employee Loyalty in the proposed research model.

Conceptual Framework and Hypothesis

Based on the literature review above, the conceptual framework of this study places the principle of fairness (X_1) and the principle of transparency (X_2) as exogenous variables, job satisfaction (Y_1) as intervening variables, and employee loyalty (Y_2) as endogenous variables. The research hypothesis is formulated as follows:

H1: The principle of fairness has a positive and significant effect on job satisfaction.

H2: The principle of transparency has a positive and significant effect on job satisfaction.

H3: Job satisfaction has a positive and significant effect on employee loyalty.

H4: The principle of fairness has a positive and significant effect on employee loyalty through job satisfaction.

H5: The principle of transparency has a positive and significant effect on employee loyalty through job satisfaction.

METHOD

This study uses a quantitative approach with the type of *explanatory research* to test the causal relationship between variables. The research population is employees in the organization that is the object of the study, with sampling techniques using *proportionate random sampling*.

Primary data were collected through a 1–5 Likert scale questionnaire that has been tested for validity and reliability. The data analysis technique uses Structural Equation Modeling (SEM) or Path Analysis with the help of statistical software to test for direct and indirect influences (mediation).

RESULTS AND DISCUSSION

Conceptually, the principle of fairness that is consistently applied in organizational decision-making, including in terms of compensation and promotion, is thought to increase employees' positive perception of the organization thereby contributing to increased job satisfaction. Similarly, transparency of information about organizational policies and conditions can reduce information *asymmetry* between management and employees, thereby fostering trust that has an impact on job satisfaction.

Respondent Characteristics

Table 1

Characteristics of Respondents by Gender, Last Education, and Length of Service

Features	Category	Frequency (n)	Percentage (%)
Gender	Women	33	51,6
	Male	31	48,4
Final Education	SMA/K Sederajat	2	3,1
	D3	2	3,1
	S1	51	79,7
	S2/S3	9	14,1
Tenure	< 1 year	2	3,1
	1–5 Year	38	59,4
	6–10 Year	10	15,6
	> 10 Year	14	21,9
Total		64	100,0

Source: Primary data (2026)

Based on Table 1, the respondents of this study consisted of 33 women (51.6%) and 31 men (48.4%), showing a relatively balanced composition. In terms of education, the majority of respondents were educated in S1 (79.7%), followed by S2/S3 (14.1%), while only 3.1% were in high school/equivalent and D3 respectively. Judging from the working period, the 1-5year group dominated (59.4%), then >10 years (21.9%), 6-10 years (15.6%), and <1 year (3.1%).

Table 2 Characteristics of Respondents by Position

Category of Departments	Frequency (n)	Percentage (%)
Legal & Compliance (non-manajemen)	13	20,3
Management (Head of Division/Head of Department) Department/Manager/GM, etc.)	10	15,6
Administration / General Staff	10	15,6
Finance & Accounting	7	10,9
Category of Departments	**Frequency (n)**	**Percentage (%)**
Specialist / Analyst	6	9,4
Human Resources (HR/GA)	5	7,8

Procurement & Logistics	5	7,8
Information Technology (IT/ICT)	3	4,7
Corporate Communication/Marketing	3	4,7
Others (Graphic Design, Data Evaluation, etc.)	2	3,1
Total	**64**	**100,0**

Source: Primary data (2026)

Based on Table 2, respondents came from various categories of positions. The most are the non-management Legal & Compliance section (20.3%), followed by the Management (15.6%) and Administration/General Staff (15.6%) groups. Finance & Accounting (10.9%), Specialists/Analysts (9.4%), HR/GA and Procurement & Logistics (7.8% each) were also represented. The rest are spread across IT/ICT, Corporate Communication, and others. This diversity of positions reflects that research does not focus only on one specific department, but covers almost all organizational functions. Thus, the data obtained can provide a more representative picture of the influence of the principles of fairness and transparency in GCG on employee loyalty through job satisfaction as an intervening variable.

Data Analysis Using SmartPLS

The data analysis in this study was carried out using *the Partial Least Square Structural Equation Modeling* (PLS-SEM) method with the help of SmartPLS software. This analysis aims to determine the influence of the principles of fairness and transparency in *Good Corporate Governance* (GCG) on employee loyalty through job satisfaction as an intervening variable at PT Central Proteina Prima Tbk. The analysis stages include external model evaluation, internal model evaluation, and direct or indirect hypothesis testing.

Evaluation of the Outer Model (Measurement Model)

The evaluation of the outer model was carried out to test the validity and reliability of the research construct. The tests include convergent validity tests, discriminant validity tests, and construct reliability tests

Convergent Validity and Construct Reliability Test Results

Table 3
Results of Convergent Validity and Construct Reliability Test

Variabel	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability (rho_c)	AVE	Remarks
Justice (X_1)	X1.1	0,843	0,894	0,919	0,655	Reliabel & Valid
	X1.2	0,823				
	X1.3	0,779				
	X1.4	0,720				
	X1.5	0,851				
	X1.6	0,833				
Transparency (X_2)	X2.1	0,843	0,920	0,938	0,716	Reliabel & Valid
	X2.2	0,891				
	X2.3	0,802				
	X2.4	0,795				
	X2.5	0,870				
	X2.6	0,872				
Job Satisfaction (Z)	Z1	0,807	0,895	0,920	0,657	Reliabel & Valid
	Z2	0,806				
	Z3	0,852				
	Z4	0,843				
	Z5	0,769				
	Z6	0,783				
Employee Loyalty (Y)	Y1	0,798	0,895	0,916	0,578	Reliabel & Valid
	Y2	0,773				
	Y3	0,802				
	Y4	0,730				
	Y5	0,738				
	Y6	0,812				
	Y7	0,702				
	Y8	0,719				

Based on Table 3, the results of the convergent validity test showed that all indicators of the four research variables had an outer loading value of ≥ 0.70. In the Equity variable (X1), the highest outer loading value was found in the X1.5 indicator of 0.851, while the lowest in the X1.4 indicator was 0.720. The Transparency variable (X2) has the highest value on the X2.2 indicator of 0.891 and the lowest on X2.4 of 0.795. The Job Satisfaction (Z) variable showed the highest value on the Z3 indicator of 0.852 and the lowest on Z5 of 0.769. The Employee Loyalty variable (Y) had the highest value on the Y6 indicator of 0.812 and the lowest on Y7 of 0.702. Thus, all indicators are declared valid because they are able to reflect their respective constructs well.

Based on Cronbach's Alpha and Composite Reliability (rho_c) values, the results of the construct reliability test show that all variables have Cronbach's Alpha values ranging from 0.894 to 0.920, and Composite Reliability values between 0.916 to 0.938. All of these values have exceeded the required threshold of > 0.70. Thus, all research constructs are declared reliable or have high internal consistency.

The results of the convergent validity test measured through the Average Variance Extracted (AVE) value showed that the AVE value of all variables was above 0.50, which ranged from 0.578 (on the Employee Loyalty variable) to 0.716 (on the Transparency variable). This achievement indicates that more than 50 percent of the variance of the indicator can be explained by the construct it formed, so that all variables meet the criteria of good convergent validity.

Based on the results of the convergent validity test, discriminant validity (which is reflected in the adequate AVE value), and the construct reliability test, it can be concluded that the measurement model in this study has met all the required criteria. Therefore, the measurement model is declared valid and reliable, so it is feasible to proceed to the structural model analysis stage (*inner model*) to test the research hypothesis.

Discriminant Validity Test (Fornell-Larcker Criterion)

The discriminant validity test is carried out to ensure that each construct has a clear difference from the others. The test was performed using the Fornell-Larcker Criterion method, where the value of the square root of AVE (√AVE) of each construct must be greater than the correlation of that construct with the other construct.

Table 4 *Fornell-Larcker Criterion*

Variabel	Justice (X_1)	Job Satisfaction (Z)	Loyalty (Y)	Transparency (X_2)
Justice (X_1)	**0,810**			
Job Satisfaction (Z)	0,566	**0,811**		
Employee Loyalty (Y)	0,543	0,520	**0,760**	
Transparency (X_2)	0,572	0,585	0,580	**0,846**

Source: *Output* SmartPLS 4 (2026)

Based on Table 4, the √AVE value of each variable is greater than the correlation between other constructs. The √AVE value of Fairness (0.810) was greater than the correlation with Job Satisfaction (0.566), Loyalty (0.543), and Transparency (0.572). The √AVE value of Job Satisfaction (0.811) is greater than the correlation with Loyalty (0.520) and Transparency (0.585). The √AVE value of Employee Loyalty (0.760) is greater than the correlation with Transparency (0.580). The value of √AVE Transparency (0.846) is greater than all correlations between constructs. Therefore, the entire construct has met the discriminant validity based on the Fornell-Larcker criterion.

Discriminant Validity Test (HTMT)

In addition to using the Fornell-Larcker Criterion, the validity of the discriminant was also tested using the HTMT (Heterotrait-Monotrait Ratio) method. The construct is declared to meet the discriminant validity if the HTMT value < 0.90 (Henseler et al., 2015).

Table 5 Discriminating Validity Test – HTMT

Variable Relationships	HTMT Value	Remarks
Justice (X_1) → Job Satisfaction (Z)	0,626	< 0,90 Valid
Justice (X_1) → Loyalty (Y)	0,590	< 0,90 Valid
Job Satisfaction (Z) → Loyalty (Y)	0,562	< 0,90 Valid
Transparency (X_2) → Justice (X_1)	0,624	< 0,90 Valid
Transparency (X_2) → Job Satisfaction (Z)	0,645	< 0,90 Valid
Transparency (X_2) → Loyalty (Y)	0,634	< 0,90 Valid

Source: *Output* SmartPLS 4 (2026)

Based on Table 5.5, the entire HTMT value is below 0.90, which ranges from 0.562 to 0.645. The lowest HTMT value was found in the Job Satisfaction and Loyalty pair of 0.562, while the highest value was found in the Transparency and Job Satisfaction pair of 0.645. Thus, all research constructs have met the discriminatory validity based on the HTMT criteria.

Evaluation of Inner Model (Structural Model)

Internal model evaluation was carried out to determine the relationship between latent variables in the study. Evaluation was carried out through multicollinearity testing, determination coefficient (R-Square), effect size (F-Square), and hypothesis testing.

Multicollinearity Test (VIF)

The multicollinearity test was performed to find out if there was too high a relationship between independent variables in the model. The test was carried out using the Variance Inflation Factor (VIF) value. The model is declared free of multicollinearity problems if the VIF value < 5.

Table 6 Multicollinearity Test (VIF)

Variable Relationships	VIF	Remarks
Justice (X_1) → Job Satisfaction (Z)	1,487	< 5 Free
Justice (X_1) → Employee Loyalty (Y)	1,692	< 5 Free
Job Satisfaction (Z) → Employee Loyalty (Y)	1,730	< 5 Free
TRansparansi (X_2) → Job Satisfaction (Z)	1,487	< 5 Free
Transparency (X_2) → Employee Loyalty (Y)	1,748	< 5 Free

Sources: *Output* SmartPLS 4 (2026)

Based on Table 6, the entire VIF value is below 5, which ranges from 1.487 to 1.748. This shows that there are no multicollinearity problems in the research model, so the model is feasible to proceed to the hypothesis testing stage.

Coefficient of Determination (R-Square)

The coefficient of determination (R-Square) is used to measure the ability of independent variables to explain the variation of dependent variables. The value of R-Square ranges from 0 to 1, where the higher the value, the greater the model's ability to explain dependent variables.

Table 7 Coefficient of Determination (R-Square)

Variable endogenous	R-Square	R-Square Adjusted
Job Satisfaction (Z)	0,710	0,697
Employee Loyalty (Y)	0,682	0,659

Sources: *Output* SmartPLS 4 (2026)

Based on Table 7, the R-Square value of the Job Satisfaction variable (Z) is 0.710. This shows that the variables Fairness (X_1) and Transparency (X_2) together are able to explain the variation in Job Satisfaction by 71.0%, while the remaining 29.0% is explained by other variables outside the research model.

Furthermore, the R-Square value of the Employee Loyalty variable (Y) is 0.682. This means that the variables Fairness (X_1), Transparency (X_2), and Job Satisfaction (Z) together were able to explain the variation in Employee Loyalty by 68.2%, while the remaining 31.8% were influenced by other variables outside the model. The adjusted R-Square values for Job Satisfaction and Employee Loyalty were 0.697 and 0.659, respectively, which confirmed that the model has substantial predictive capabilities.

Effect Size (F-Square)

The F-Square *test* was carried out to determine the magnitude of the influence of each exogenous variable on the endogenous variable. The *value of F-Square* is classified as: small (0.02), medium (0.15), and large (0.35) (Cohen, 1988).

Table 8 Effect Size (F-Square)

Variable Relationships	F-Square	Remarks
Justice (X_1) → Job Satisfaction (Z)	0,150	Medium
Justice (X_1) → Employee Loyalty (Y)	0,073	Small
Job Satisfaction (Z) → Employee Loyalty (Y)	0,292	moderate
Transparency (X_2) → Job Satisfaction (Z)	0,253	moderate
Transparency (X_2) → Employee Loyalty (Y)	0,000	Not Influential

Source: *Output* SmartPLS 4 (2026)

Based on Table 8, the variable Transparency (X2) has a moderate influence on Job Satisfaction (Z) with an F-Square value of 0.253. The Job Satisfaction variable (Z) also had a moderate influence on Employee Loyalty (Y) with an F-Square value of 0.292. Meanwhile, Fairness (X1) had a moderate effect on Job Satisfaction (F-Square = 0.150) and a small effect on Employee Loyalty (F-Square = 0.073). Interestingly, Transparency had no direct effect on Employee Loyalty (F-Square = 0.000), indicating that the effect of Transparency on Loyalty worked entirely through the Job Satisfaction mediation variable.

Hypothesis Testing

Hypothesis testing was carried out using the bootstrapping method with a total of 5,000 subsamples. The hypothesis is stated to be accepted if it has a T-Statistic value of > 1.96 and a P-Value of < 0.05 (at a significance level of 5%).

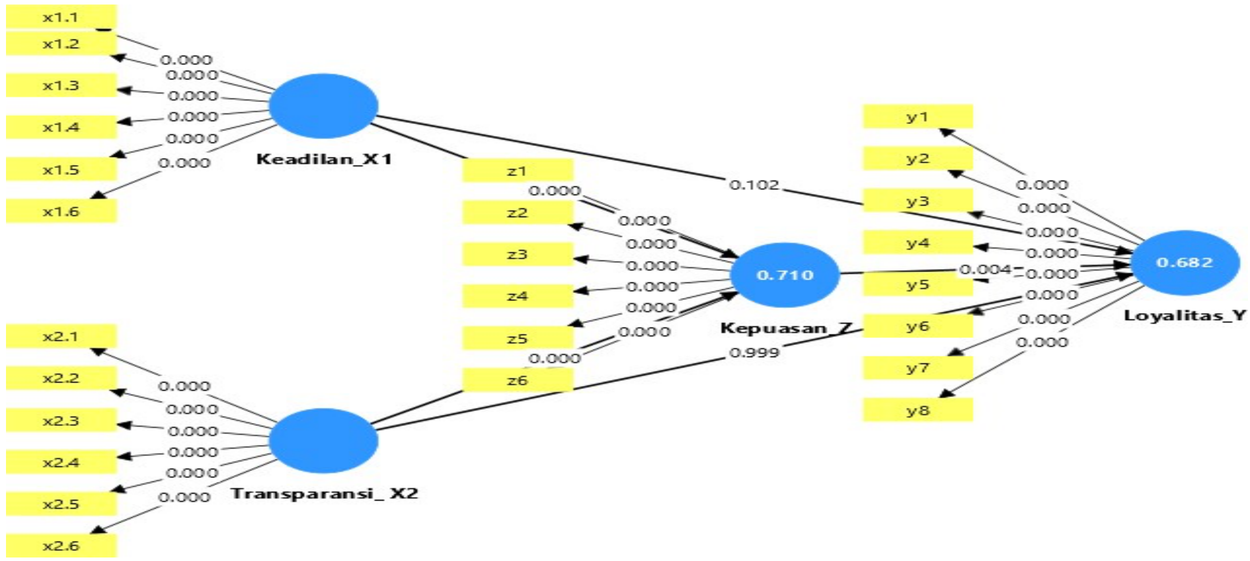

Chart 1 SmartPLS 4.0 Bootstrapping Output (P-Values on Structural Models)
Source: *Output* SmartPLS 4 (2026)

Based on Chart 1 of the SmartPLS 4.0 data processing results presented, the structural model path diagram illustrates the causal relationship between the variables Fairness (X_1), Transparency (X_2), Job Satisfaction (Z), and Employee Loyalty (Y). In each arrow that connects the variables, a *P-Value* is displayed which indicates the level of significance of the direct influence, while in the endogenous variable (Job Satisfaction and Employee Loyalty) there is an *R-Square value* which indicates the large contribution of independent variables in explaining the variance of dependent variables.

Direct Impact Testing (Direct Effect)

Table 9 Direct Effect Test Results

Variable Relationships	Original Sample	T-Statistic	P-Value	Remarks	Verdict
Justice (X_1) → Satisfaction (Z)	0,382	3,497	0,000	Signifikan	H1 Accepted
Transparency (X_2) → Satisfaction (Z)	0,496	4,168	0,000	Signifikan	H2 Accepted
Fairness (X_1) → Loyalty (Y)	0,300	1,634	0,102	Insignificant	H3 Rejected
Transparency (X_2) → Loyalty (Y)	0,000	0,001	0,999	Insignificant	H4 Rejected
Satisfaction (Z) → Loyalty (Y)	0,566	2,917	0,004	Signifikan	H5 Accepted

Sources: *Output* SmartPLS 4 (2026)

H1: The Influence of the Principle of Justice on Job Satisfaction

The test results showed that the Principle of Justice (X_1) had a positive and significant effect on Job Satisfaction (Z) with an original sample value of 0.382, T-Statistic of 3.497 (> 1.96), and P-Value of 0.000 (< 0.05). Thus, Hypothesis 1 is accepted. These results indicate that the better the application of the principle of fairness at PT Central Proteina Prima Tbk, the more employee job satisfaction will increase. These findings are in line with the theory of organizational justice (Adams, 1965) which states that the perception of fairness in the distribution of resources and organizational procedures has a direct effect on the level of employee satisfaction.

H2: The Effect of Transparency on Job Satisfaction

The test results showed that Transparency (X_2) had a positive and significant effect on Job Satisfaction (Z) with an original sample value of 0.496, T-Statistic of 4.168 (> 1.96), and P-Value of 0.000 (< 0.05). Thus, Hypothesis 2 is accepted. These results show that information disclosure and company transparency are able to increase employee job satisfaction. The value of the Transparency to Job Satisfaction coefficient (0.496) is greater than that of Justice (0.382), indicating that transparency makes a stronger contribution in shaping employee job satisfaction at PT Central Proteina Prima Tbk.

H3: The Effect of the Fairness Principle on Employee Loyalty

The test results showed that the Principle of Fairness (X_1) had no significant effect on Employee Loyalty (Y) with a T-Statistic value of 1.634 (< 1.96) and a P-Value of 0.102 (> 0.05). Thus, Hypothesis 3 is rejected. These findings indicate that the application of the principle of fairness has not been able to directly increase employee loyalty. This can be caused by the need for employees to first feel job satisfaction as a result of fairness, before finally their loyalty is formed. In other words, the influence of Justice on Loyalty is indirect and mediated by Job Satisfaction.

H4: The Effect of Transparency on Employee Loyalty

The test results showed that Transparency (X_2) had no significant effect on Employee Loyalty (Y) with a T-Statistic value of 0.001 (< 1.96) and a P-Value of 0.999 (> 0.05). Thus, Hypothesis 4 is rejected. F-Square's very low value (0.000) confirms that transparency has no direct contribution to employee loyalty. This shows that the Transparency mechanism works indirectly, namely through increasing job satisfaction which ultimately encourages the formation of employee loyalty.

H5: The Effect of Job Satisfaction on Employee Loyalty

The test results showed that Job Satisfaction (Z) had a positive and significant effect on Employee Loyalty (Y) with an original sample value of 0.566, T-Statistic of 2.917 (> 1.96), and P-Value of 0.004 (< 0.05). Thus, Hypothesis 5 is accepted. The path coefficient of 0.566 indicates that Job Satisfaction is the strongest predictor in the model for influencing Employee Loyalty. This result is in line with Herzberg's theory which states that job satisfaction is a major determinant in shaping employee commitment and loyalty to the organization.

Indirect Effect Testing

Indirect influence testing (mediating effect) was carried out to determine the role of Job Satisfaction as an intervening variable in the relationship between Fairness and Transparency and Employee Loyalty.

Table 10 Indirect Influence Test Results (*Indirect Effect*)

Variable Relationships	Original Sample	T-Statistic	P-Value	Remarks	Verdict
Justice (X1) → Z → Loyalty (Y)	0,216	2,123	0,034	Signifikan	H6 Accepted
Transparency (X2) → Z → Loyalty (Y)	0,281	2,470	0,014	Signifikan	H7 Accepted

Source: *Output* SmartPLS 4 (2026)

H6: The Role of Job Satisfaction in Mediating the Influence of Justice on Loyalty

The results of the indirect influence test showed that Job Satisfaction was able to mediate the influence of the Principle of Justice on Employee Loyalty with an original sample value of 0.216, T-Statistic of 2.123 (> 1.96), and P-Value of 0.034 (< 0.05). Thus, Hypothesis (H6 is accepted). The results of the confidence interval showed a range of values between 0.044 to 0.447 and did not go beyond zero, so the mediation effect was declared significant. Given that the direct influence of Justice on Loyalty is not significant (H3 is rejected), but the indirect influence is significant, Job Satisfaction plays the role of full mediation in the relationship between Justice and Employee Loyalty.

H7: The Role of Job Satisfaction in Mediating the Influence of Transparency on Loyalty

The results of the indirect influence test showed that Job Satisfaction was able to mediate the influence of Transparency on Employee Loyalty with an original sample value of 0.281, T-Statistic of 2.470 (> 1.96), and P-Value of 0.014 (< 0.05). Thus, Hypothesis (H7 is accepted). The confidence interval results showed a range of values between 0.073 to 0.518 and did not go beyond zero, so the mediation effect was declared significant. Similar to the previous findings, because the direct effect of Transparency on Loyalty is not significant (H4 is rejected), Job Satisfaction also plays a role as full mediation in the relationship between Transparency and Employee Loyalty.

Furthermore, job satisfaction formed from the perception of fairness and transparency is suspected to be the main driver of the formation of employee loyalty. This is in line with the principle of social exchange, where employees who feel they are treated fairly and obtain open information will reciprocate with a loyal work attitude, such as staying in the organization in the long term, working optimally, and maintaining the organization's good name. Thus, job satisfaction acts as a connecting mechanism that explains how GCG principles of fairness and transparency can affect employee loyalty indirectly.

CONCLUSION

Based on the theoretical studies that have been described, it can be concluded that the principles of fairness and transparency in *Good Corporate Governance* have a strong conceptual relationship with job satisfaction and employee loyalty. Job satisfaction is thought to play a role as an intervening variable that bridges the influence of the two principles on employee loyalty. This study shows that fairness (P-value = 0.000) and transparency (*P-value* = 0.000) have a positive and significant effect on job satisfaction. Job satisfaction (*P-value* = 0.004) also has a positive and significant effect on employee loyalty.

However, directly fairness (*P-value* = 0.102) and transparency (P-value = 0.999) did not have a significant effect on employee loyalty. Job satisfaction was proven to mediate the full mediation effect of fairness on loyalty (*P-value* = 0.034) and the effect of transparency on loyalty (*P-value* = 0.014). The research model was able to explain the variance in job satisfaction of 71.0% (*R-Square* = 0.710) and employee loyalty of 68.2% (R-Square = 0.682). In conclusion, fairness and transparency do not directly increase loyalty, but must create job satisfaction first. Job satisfaction acts as a full mediation that bridges the two GCG principles to loyalty. It is recommended that management strengthen fairness in performance appraisals and compensation, increase transparency of policy information and career paths, and routinely measure job satisfaction to maintain employee loyalty on an ongoing basis.

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