

Management Transparency, Achievement Recognition, and Development Opportunities on Job Satisfaction: Role of Psychological Empowerment

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Abstract

Purpose: This study examines the influence of management transparency, achievement recognition, and development opportunities on the job satisfaction of MSME employees in Surabaya, with psychological empowerment as a mediating variable.

Methodology: A quantitative explanatory approach was employed using an online survey of 100 Micro, Small, and Medium Enterprises (MSME) owners and managers in Surabaya, selected through purposive sampling. Data were analyzed using SEM-PLS with SmartPLS software.

Results: Development opportunities significantly affect job satisfaction, both directly and indirectly, through psychological empowerment. Psychological empowerment also has a significant and positive effect on job satisfaction. Management transparency influences job satisfaction indirectly through psychological empowerment, while achievement recognition has no significant direct or indirect effect.

Conclusions: Psychological empowerment is an important mechanism linking management practices to job satisfaction. Development opportunities emerged as the strongest factor in enhancing employee satisfaction within MSMEs.

Limitations: The cross-sectional design limits the observation of changes over time, and the findings are restricted to the context of Surabaya.

Contributions: This study extends the application of Psychological Empowerment Theory and Maslow Hierarchy of Needs in the MSME setting and provides practical insights for improving employee satisfaction through empowerment-oriented management practices.

Novelty: This study highlights psychological empowerment as a mediator between key managerial factors and job satisfaction in Indonesian MSMEs.

Keywords: *Development Opportunities, Job Satisfaction, Management Practices, Management Transparency, Performance Recognition*

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1. Introduction

In today's modern work era, characterized by global competition and rapid technological change, employee job satisfaction has become a crucial factor in maintaining organizational stability and productivity by [Elrehail, Harazneh, Abuhjeeleh, Alzghoul, Alnajdawi, and Ibrahim \(2020\)](#), including in the Micro, Small, and Medium Enterprises (MSMEs) sector ([Saptaria, Setyawan, Erwanto, Buniarto, & Limantara, 2026](#)). Job satisfaction not only reflects employees' emotional well-being but also influences organizational commitment, retention, and performance ([Darmadi, Prasetyani, Pratama, & Suwanto, 2026](#)). Therefore, organizations are encouraged to adopt more participatory management practices, including transparency in decision-making, recognition of employee achievements, and opportunities for professional development ([Sopiansyah, Ruliana, & Indrawati, 2026](#)). However, the effectiveness of these practices often depends on how employees psychologically interpret and experience them ([Fitri, Putra, & Muhlisah, 2026](#)). In this regard, psychological empowerment may serve as a key mechanism that transforms managerial practices into positive employee results.

Globally, leading companies such as Google, Zappos and Salesforce have incorporated transparency and employee recognition into their organizational cultures. These practices are associated with higher employee engagement and satisfaction. According to the 2023 Gallup Global Workplace Report, only 23% of employees worldwide are actively engaged in their work, with limited empowerment and recognition identified as important contributing factors ([Rodríguez, 2024](#)). This suggests that managerial practices alone may not be sufficient to improve employee attitudes. Employees must also feel competent, autonomous, meaningful, and capable of influencing organizational outcomes, which are core dimensions of psychological empowerment ([Spreitzer, 1995](#)).

A study conducted by SAP Indonesia reported that 91% of Indonesian MSMEs face workforce instability, including the loss of skilled employees seeking better career opportunities ([Victoria, 2022](#)). Job dissatisfaction is often linked to limited participation in decision-making and inadequate recognition of employee contributions ([Lestari, Nurhakim, & Tri, 2024](#)). These challenges are particularly important in MSMEs because they typically operate with informal management systems and limited human resource practices. Consequently, employees' psychological experiences may play a greater role in shaping job satisfaction in smaller organizations than in larger organizations with more structured systems.

In East Java Province, although human resource development has become a policy priority, formal career development and reward systems remain limited in many MSMEs. Existing practices are often characterized by top-down decision-making and low levels of employee participation. Consequently, employees may have a limited understanding of organizational goals and fewer opportunities to influence business development ([Yonavilbia, 2025](#)). Such conditions can weaken psychological empowerment by reducing employees' sense of meaning, competence, self-determination, and impact, which are essential drivers of work satisfaction. This issue is particularly relevant in Surabaya, one of East Java major economic hubs. Evidence from local MSMEs indicates that employees are often excluded from decision-making processes, receive limited formal recognition, and have restricted access to training and development opportunities ([Puspitasari, 2024](#); [Saputra, 2025](#)). These conditions highlight the need to understand not only whether management practices affect job satisfaction but also how employees psychologically respond to those practices.

Previous studies have examined the effects of transparency, recognition, and development opportunities on employees' job satisfaction. However, most studies have focused on direct relationships and have paid limited attention to the psychological processes underlying these effects. For example, [Qing, Asif, Hussain, and Jameel \(2020\)](#) found that organizational transparency positively affects job satisfaction, while [Brun and Dugas \(2008\)](#) demonstrated the importance of recognition for employee well-being. [Karatepe and Olugbade \(2017\)](#) reported the positive effects of development opportunities on employee outcomes. Nevertheless, these studies generally do not examine psychological empowerment as an explanatory mechanism linking management practices to job satisfaction.

Although [Spreitzer \(1995\)](#) established psychological empowerment as a multidimensional construct consisting of meaning, competence, self-determination, and impact, its application in MSMEs remains limited, particularly in developing countries like India. Existing Indonesian studies have shown a positive relationship between empowerment and job satisfaction ([Pratiwi, & Djemain, 2023](#); [Badriyah, Lazuardi, & Kurniawan, 2025](#)). However, they primarily focused on leadership, compensation, and employee engagement and did not investigate how specific management practices foster psychological empowerment and subsequently enhance job satisfaction within MSMEs. Therefore, a clear theoretical and empirical gap exists in the literature. Research examining psychological empowerment as a mediating mechanism between management practices and job satisfaction in MSMEs is scarce. This gap is important because MSMEs differ substantially from large organizations in terms of their structure, resources and management systems. Consequently, the role of psychological empowerment may be more pronounced in shaping employees' attitudes and behaviors.

This study aims to analyze the influence of management transparency, achievement recognition, and development opportunities on employee job satisfaction in MSMEs in Surabaya, with psychological empowerment as a mediating factor. The main contribution of this study is the development of an integrated model that combines managerial practices and psychological empowerment to explain job satisfaction among MSMEs. This study also extends Psychological Empowerment Theory to the small-business context, where empirical evidence remains limited. By focusing on MSMEs, this study provides a more contextualized understanding of how empowerment mechanisms operate in organizations with informal structures and constrained resources.

2. Literature Review and Hypotheses Development

2.1 Maslow's Hierarchy of Needs Theory

This study is generally grounded in Abraham Maslow Hierarchy of Needs theory as the grand theory ([Maslow, 1962](#)). Maslow proposed that humans have five levels of needs such as physiological, safety, social, esteem, and self-actualization needs. In organizational contexts, job satisfaction is closely related to the fulfillment of higher-order needs, particularly esteem (recognition) and self-actualization, which are reflected through performance recognition, development opportunities, and a sense of control and meaning in work. Management transparency also plays a vital role in fulfilling the need for security and clarity of roles, thereby reinforcing employees' perceptions of job stability. Psychological empowerment represents a form of self-actualization through a sense of competence, autonomy, impact, and meaning, which directly influences job satisfaction as a reflection of psychological well-being in the workplace.

2.2 Psychological Empowerment Theory

As a mid-range theory, this study refers to Spreitzer Psychological Empowerment Theory, which defines psychological empowerment as intrinsic motivation manifested through four key dimensions: meaning, competence, self-determination, and impact ([Spreitzer, 1995](#)). Empowered individuals perceive their work as meaningful, feel capable of performing tasks, can make autonomous decisions, and believe they can influence organizational outcomes. This theory positions empowerment as a cognitive-affective mechanism that mediates the relationship between managerial practices like a transparency and recognition, and work outcomes, such as satisfaction and commitment. Therefore, within this research framework, psychological empowerment is positioned as a mediating variable that explains how organizational treatment influences job satisfaction among MSME employees.

2.3 Management Transparency

Management transparency is a crucial dimension in fostering healthy and sustainable relationships between organizations and employees ([Nugroho, Riyanto, & Silitonga, 2026](#); [Rumble, & Irani, 2016](#)). This concept refers to the extent to which organizational leaders openly, honestly, and consistently communicate important information to employees, including organizational goals, strategic policies, work procedures, and evaluation results. Managerial transparency not only enhances employees' trust in leadership but also fosters a sense of ownership and a shared understanding of the organization's direction. When information is managed openly, employees feel more valued as part of the

organizational process, thereby improving their loyalty and job satisfaction. According to [Král and Schnackenberg \(2024\)](#), key indicators of management transparency include the information openness, which reflects the availability of data and the honesty of management in conveying organizational issues; communication clarity, referring to how information is delivered in an understandable and manipulation-free manner, access to managerial policies and decisions, where employees are given the opportunity to understand the decision-making process; and participation in the information process, indicating that employees are not merely passive recipients of information but are also able to provide input and engage in organizational dialogue.

2.4 Performance Recognition

Performance recognition is a form of non-financial reward that plays an essential role in shaping employee motivation and psychological well-being. Recognition is not merely material but more of a symbolic appreciation of individual efforts and achievements in performing their work ([Schweiger, 2024](#)). When employee achievements are acknowledged fairly and openly, they feel valued and recognized, which in turn increases job satisfaction, self-confidence, and organizational commitment. [Brun & Dugas \(2008\)](#) explained that effective recognition involves managerial sensitivity to individual contributions, both verbal and written, formal or informal. Indicators for measuring performance recognition include the praise for work results, which refers to direct verbal or written appreciation of individual contributions; symbolic rewards, such as certificates, plaques, or honors; positive feedback from supervisors, reflecting managerial attention and involvement in assessing employee performance; and celebration of work success, including formal or informal activities that celebrate team or individual achievements in reaching specific work targets.

2.5 Development Opportunities

Development opportunities refer to the extent to which organizations provide space and facilities for employees to enhance their work abilities, technical skills, and managerial competencies to support career advancement and personal satisfaction ([Hosen et al., 2024](#)). Providing development opportunities not only benefits work performance but also signals that the organization cares about its employees' professional growth. Over time, this fosters a sense of belonging, loyalty, and job satisfaction as individuals feel invested and empowered. Referring to [Hafnidah et al. \(2025\)](#), development opportunity indicators include the access to training, referring to the availability of formal training relevant to job needs such as availability of mentoring or coaching, which shows interpersonal support, guidance from seniors or supervisors, opportunities for promotion or job rotation, indicating open career pathways, internal mobility, and career development support, including access to learning resources, knowledge-sharing forums, and individual development plans.

2.6 Job Satisfaction

Job satisfaction is an employee's affective and cognitive response to their work, which emerges when individual expectations and needs are met in the work environment. According to [Aggarwal \(2024\)](#), job satisfaction is a pleasurable emotional state resulting from positive evaluation of one's job or work experience. Job satisfaction is influenced by both structural such as salary, organizational policies, promotion, and opportunities, in addition to psychological including recognition, social relationships, and work meaning factors. In this study, job satisfaction is measured using several indicators the satisfaction with work tasks, referring to feelings of fulfillment regarding the type, variety, and challenge of the tasks performed; satisfaction with supervisors, referring to the extent to which employees feel appreciated, supported, and treated fairly by their direct supervisors; satisfaction with development opportunities, reflecting perceptions of the organization's openness to learning and growth as well as and satisfaction with received rewards, including both material compensation and social recognition for performance. High job satisfaction positively impacts loyalty, productivity, and commitment to the organization.

2.7 Relationships Between Variables (hypotheses)

Managerial transparency, a form of information openness within organizations, is believed to enhance trust, psychological safety, and employee involvement in decision-making, ultimately leading to higher job satisfaction. Maslow theory explains that the availability of information fulfills the basic

needs for security and esteem ([Maslow, 1962](#)). [Guo \(2022\)](#) found that organizational transparency enhances job satisfaction through trust in leadership, as evidenced by their study of the service sector in Macau, where perceived organizational transparency significantly mediated the relationship between ethical leadership and employee satisfaction. [Ajmal, Islam, Islam, and Javeed \(2024\)](#) demonstrated that high levels of information openness contribute to a greater sense of belonging and employee satisfaction in the public sector in South Korea. [Iddrisu \(2025\)](#) found that transparency fosters employee trust and loyalty, which positively influences overall job satisfaction. Thus, this hypothesis is based on consistent evidence showing that management transparency strengthens job satisfaction through clarity and participation.

H₁: Management transparency has a positive and significant effect on job satisfaction

Recognizing employees' work plays a critical role in fulfilling the esteem needs within [Maslow \(1962\)](#), directly influencing job satisfaction. [Ndiango, Gabriel, and Changelima \(2024\)](#) showed that appropriate work recognition enhances employee motivation and feelings of appreciation, which, in turn, improves job satisfaction. [Bradler, Dur, Neckermann, and Non \(2016\)](#) found that non-financial forms of recognition, such as praise, certificates, or verbal acknowledgment, have a more lasting impact on job satisfaction than financial incentives. [Oh and Roh \(2022\)](#) emphasized that recognition supports intrinsic motivation, strengthening employees' emotional connection to their work. Therefore, performance recognition is a key instrument for significantly enhancing job satisfaction.

H₂: Performance recognition positively and significantly affects job satisfaction

Opportunities for growth in the workplace, through training, promotion, or coaching, reflect the fulfillment of self-actualization needs, as proposed in Maslow theory ([Maslow, 1962](#)). [Erfan and Bakri \(2025\)](#) stated that career development programs directly improve job satisfaction by increasing self-confidence and work readiness. [Karatepe and Olugbade \(2017\)](#) also demonstrated that training and learning opportunities in the hospitality industry enhance employee well-being and job satisfaction. Similarly, findings by [Rai and Koodamara \(2025\)](#) in their study of office workers showed that access to training and professional development significantly correlates with more positive perceptions of work, particularly in the form of affective and normative commitment. All three studies suggest that employees' job satisfaction consistently increases when they perceive opportunities for personal and professional growth.

H₃: Development opportunities have a positive and significant effect on job satisfaction

Psychological empowerment, as defined by [Spreitzer \(1995\)](#), is an intrinsic factor that reflects the extent to which individuals feel competent, meaningful, autonomous, and impactful at work. [Deepak \(2024\)](#) stated that psychological empowerment, through enhanced feelings of control (impact), competence, job meaning, and autonomy, promotes intrinsic motivation and satisfaction. The strong structural empowerment not only improved psychological empowerment but also reduced workload stress and increased job satisfaction. [Fan, Zhao, Zhang, and Meng \(2023\)](#) emphasized that psychological empowerment enhances employee engagement and job satisfaction. These studies confirm that when employees feel empowered, they experience greater satisfaction with their work because of a stronger sense of control and contribution.

H₄: Psychological empowerment has a positive and significant effect on job satisfaction

High managerial transparency enables employees to better understand the organization's goals, job expectations, and decision-making processes. Access to clear and accurate information enhances employees' perceptions of meaning and impact because they can see how their work contributes to the organization's success. According to [Spreitzer \(1995\)](#), the dimensions of meaning and impact are enhanced when individuals are exposed to information and organizational direction. [Ye, Liu, and Tan \(2022\)](#) found that empowering leadership behaviors, including delegating authority, removing obstacles, and increasing trust in employees, significantly enhanced psychological empowerment,

which subsequently improved job satisfaction and team sales performance. [Santos, Augusto, Ferreira, and Vasconcelos \(2023\)](#), in the context of organizations, found that open and honest communication from supervisors strengthens trust in leadership and employee engagement. In the context of [Purwanti and Yuliati \(2022\)](#) discovered that transparency in information and human resource competence significantly improved performance and perceptions of fairness, both of which are core components of psychological empowerment. Thus, managerial transparency is expected to influence job satisfaction indirectly through psychological empowerment, making psychological empowerment the mechanism that explains how transparency translates into positive employee attitude.

H₅: Psychological empowerment mediates the effect of managerial transparency on job satisfaction

Performance recognition can directly enhance the competence and impact of psychological empowerment. When employees feel appreciated, they are more likely to believe in their abilities and view themselves as important contributors to the organization. [Spreitzer \(1995\)](#) argues that positive reinforcement from an organization is a key trigger for building psychological empowerment. [Sun, Yahiaoui, Murtaza, and Pereira \(2026\)](#) showed that recognition of ideas and work outcomes-a key step in empowering leadership-increases psychological empowerment, which in turn increases intrinsic motivation, engagement, and job satisfaction in the Chinese managerial context. [Liang, Suntrayuth, Sun, and Su \(2023\)](#) also emphasized that reward-giving is a fundamental element in increasing employees' self-efficacy and control over their work. In the Indonesian context, a local study found that informal recognition, such as praise or small awards, positively impacts job satisfaction in the logistics sector ([Kurniawati, 2024](#)). Therefore, psychological empowerment functions as an explanatory pathway through which performance recognition improves job satisfaction.

H₆: Psychological empowerment mediates the effect of performance recognition on job satisfaction

Development opportunities offer learning experiences, new challenges, and spaces to demonstrate competence, reinforcing the dimensions of competence, meaning, and self-determination within empowerment. According to [Spreitzer \(1995\)](#), empowerment emerges from the opportunity to grow autonomously. [Mathew and Nair \(2022\)](#) found that a work environment that supports development positively affects psychological empowerment and job satisfaction. [Karatepe and Olugbade \(2017\)](#) showed that on-the-job training not only improves employee well-being but also fosters a strong sense of capability and control. [Imam, Riyanto, Santoso, and Ramli \(2025\)](#), in the context of multinational companies in South Korea, concluded that learning opportunities enhance empowerment, which contributes to increased job satisfaction. Accordingly, psychological empowerment serves as the underlying mechanism linking development opportunities to higher job satisfaction.

H₇: Psychological empowerment mediates the effect of development opportunities on job satisfaction

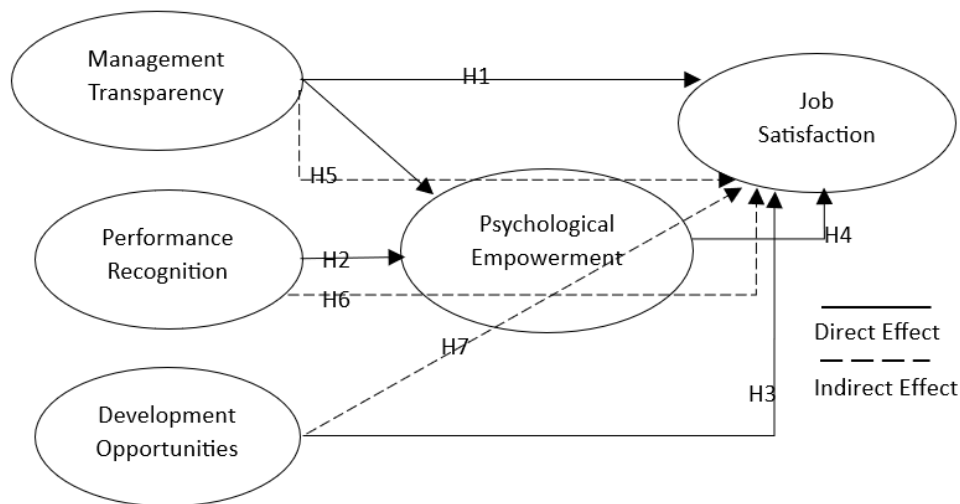


Figure 1. Conceptual framework

Figure 1 presents the conceptual framework guiding this study, illustrating the hypothesized relationships among management transparency, performance recognition, development opportunities, psychological empowerment, and job satisfaction. The model positions management transparency, performance recognition, and development opportunities as exogenous constructs that influence job satisfaction both directly and indirectly through psychological empowerment as a mediating variable. The direct paths, H_1 to H_4 , capture the immediate effects of the three managerial practices and psychological empowerment on job satisfaction, while the indirect paths, H_5 to H_7 , represent the mediating role of psychological empowerment in transmitting the effects of management transparency, performance recognition, and development opportunities to job satisfaction. This framework is grounded in Maslow's Hierarchy of Needs and Spreitzer's Psychological Empowerment Theory, reflecting the assumption that managerial practices shape employees' psychological experiences before translating into attitudinal outcomes such as satisfaction. This model subsequently guided the operationalization of variables and the statistical testing procedures described in the following section.

3. Methodology

3.1 Research Design

This study employed a quantitative approach with an explanatory research design to examine the direct and indirect relationships among managerial transparency, performance recognition, development opportunities, psychological empowerment and job satisfaction. A quantitative approach was selected because it enables the objective measurement of the relationships among variables using statistical analysis. An explanatory design was used to test hypotheses derived from established theories and prior empirical studies within the context of MSMEs in Surabaya. Data were collected through an online survey using a structured questionnaire with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed via Google Forms between March and June of 2025. All measurement items were adapted from previously validated scales in the literature to ensure content validity and theoretical consistency of the questionnaire. Prior to the main survey, a pilot test involving 20 MSME owners and managers outside the study sample was conducted to evaluate the item clarity, wording, and relevance to the MSME context. Feedback from the pilot test was used to refine the questionnaire items before large-scale data collection.

3.2 Population and Sample

The population consisted of active MSME owners and managers in Surabaya, East Java. According to data from the Surabaya Department of Cooperatives and MSMEs in 2024, more than 150,000 MSMEs operate across various sectors, including culinary, fashion, handicrafts, digital creative services, and conventional services sectors. This population was selected because MSMEs play a significant role in the local economy and commonly face managerial and human resource challenges that may influence employees' satisfaction.

Purposive sampling was employed to ensure that the respondents possessed sufficient managerial experience relevant to the study objectives. The inclusion criteria were as follows the MSME had been operating for at least two years, the owner or manager was directly involved in employee management and organizational decision-making, and the MSME employed at least three permanent employees. A total of 100 respondents participated in this study. This sample size satisfies the minimum requirement for Partial Least Squares Structural Equation Modeling (PLS-SEM), which is suitable for studies with relatively small to medium sample sizes and complex structural relationships. To enhance data quality, incomplete questionnaires were excluded from the analysis, and respondent information was verified through business registration records and contact confirmation.

3.3 Data Analysis Technique

The data were analyzed using SmartPLS software. PLS-SEM was selected for three reasons. First, this study aimed to predict and explain the relationships among multiple latent variables within a mediation model. Second, the sample size was relatively moderate ($n = 100$), making PLS-SEM more appropriate than covariance-based SEM for this study. Third, PLS-SEM does not require strict assumptions regarding multivariate normality and is widely recommended for exploratory and predictive research models ([Hair et al., 2011](#)).

The analysis consisted of two stages: measurement and structural model evaluations. The measurement (outer) model was assessed to establish the reliability and validity of the survey instrument. Indicator reliability was evaluated using outer loadings, with values above 0.70 being considered acceptable. Internal consistency reliability was assessed using Cronbach Alpha and Composite Reliability, both requiring values above 0.70. Convergent validity was evaluated using the Average Variance Extracted (AVE), with a minimum threshold of 0.50. Discriminant validity was examined using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with HTMT values below 0.90 indicating adequate discriminant validity.

The structural model (inner model) was then evaluated using path coefficients, R -squared (R^2), and Q -squared (Q^2) values to assess explanatory and predictive capabilities. Hypothesis testing was conducted using a bootstrapping procedure with 5,000 resamples. Hypotheses were considered significant when the t -statistic exceeded 1.96 at the 5% significance level. Mediation effects were assessed through indirect effect analysis within the PLS-SEM framework using bootstrap confidence intervals. This approach is recommended because it provides a more robust assessment of mediation effects than traditional causal step procedures. Missing data below 5% were handled using mean substitution, while incomplete responses were excluded. Multivariate outliers were identified using the Mahalanobis Distance method to improve data quality and model stability.

4. Results and Discussions

4.1 Demographic Respondents

Based on the demographic characteristics of the respondents, the majority of MSME actors who participated in this study were women (52%), indicating a high level of female involvement in business leadership and management in Surabaya, Indonesia. In terms of age, the largest group fell within the 31-40 age range (37%), reflecting the dominance of individuals in their productive years in the managerial activities of MSMEs. Regarding educational background, most respondents held a bachelor's degree (47%), suggesting that business actors possess strong cognitive capacity and have better access to managerial information. In terms of business type, the most common sector was food and beverages (34%), which serves as the backbone of the MSME economy in major Indonesian cities. Based on business duration, the largest group came from MSMEs that had been operating for 5-7 years (36%), indicating a level of operational stability sufficient to establish consistent management patterns. Meanwhile, in terms of the number of permanent employees, the majority of MSMEs employed 3-5 workers (40%), which aligns with the general characteristics of small-scale, labor-intensive enterprises.

Table 1. Demographic characteristics of respondents

Variables	Category	Frequency (n)	Percentage (%)
Gender	Male	48	48.0
	Female	52	52.0
Age	21-30 years	18	18.0
	31-40 years	37	37.0
	41-50 years	29	29.0
	>50 years	16	16.0
Educational Background	High School or equivalent	22	22.0
	Diploma (D3)	19	19.0
	Bachelor Degree (S1)	47	47.0
	Postgraduate (S2/S3)	12	12.0
Type of Business	Food and Beverages	34	34.0
	Fashion and Apparel	22	22.0
	Handicrafts	14	14.0
	Services (Laundry, Salon, etc.)	20	20.0
	Digital/Creative Industry	10	10.0
Length of Business Operation	2-4 years	28	28.0
	5-7 years	36	36.0
	8-10 years	21	21.0
	>10 years	15	15.0
Number of Employees	3-5 employees	40	40.0
	6-10 employees	32	32.0
	11-20 employees	18	18.0
	>20 employees	10	10.0

Table 1 summarizes the demographic profile of the 100 MSME owners and managers who participated in this study, covering gender, age, educational background, business sector, length of operation, and number of employees. The distribution shows a fairly balanced gender composition with a slightly higher proportion of female respondents, and a concentration of participants in the 31 to 50 age range, suggesting that most respondents are in an established stage of their managerial careers. The predominance of bachelor's degree holders indicates a reasonably strong educational foundation among MSME leaders in Surabaya, while the dominance of the food and beverage sector reflects the broader composition of the local MSME economy. Most businesses had been operating for more than five years and employed between three and ten workers, characteristics consistent with small, labor intensive enterprises that typically rely on informal management practices. Collectively, these demographic patterns provide important context for interpreting the subsequent structural model results, particularly regarding how experience, education, and business maturity may shape employees' perceptions of transparency, recognition, and empowerment.

4.2 Outer Model Evaluation

Outer model evaluation was conducted to assess the validity and reliability of the constructs in the measurement model before testing the relationships between variables in the structural model. In the SEM-PLS approach, the outer model evaluation includes three main aspects, such as convergent validity, discriminant validity, and construct reliability.

4.2.1 Convergent Validity

First, convergent validity was assessed through the values of outer loadings and Average Variance Extracted (AVE). The analysis results showed that all indicators had loading values greater than 0.70, indicating that each indicator strongly contributed to its respective construct. Additionally, all AVE values exceeded the minimum threshold of 0.50, namely, management transparency (AVE = 0.682),

performance recognition (AVE = 0.707), development opportunities (AVE = 0.688), psychological empowerment (AVE = 0.723), and job satisfaction (AVE = 0.698). The results are presented in Table 2. This also indicates that more than 50% of the variance in the indicators is explained by their corresponding latent constructs, confirming that convergent validity has been adequately achieved.

4.2.2 Construct Reliability

Second, construct reliability was tested using two key measures: Cronbach Alpha and Composite Reliability (CR). The Cronbach alpha values for all constructs were above 0.70, and all CR values exceeded the 0.70 threshold recommended by [Hair et al. \(2011\)](#). The CR values obtained were as follows: management transparency (0.892), performance recognition (0.904), development opportunities (0.889), psychological empowerment (0.921), and job satisfaction (0.896). The results in Table 2 indicate that all constructs exhibit excellent internal consistency and are reliable for measuring their respective latent variables.

Table 2. Validity and reliability summary

Construct	Indicator	Outer Loading	Cronbach Alpha	Composite Reliability	AVE
Management Transparency (MT)	MT.1	0.812	0.861	0.892	0.682
	MT.2	0.826	0.861	0.892	0.682
	MT.3	0.842	0.861	0.892	0.682
	MT.4	0.818	0.861	0.892	0.682
Performance Recognition (PR)	PR.1	0.831	0.879	0.904	0.707
	PR.2	0.845	0.879	0.904	0.707
	PR.3	0.853	0.879	0.904	0.707
	PR.4	0.866	0.879	0.904	0.707
Development Opportunities (DO)	DO.1	0.801	0.856	0.889	0.688
	DO.2	0.838	0.856	0.889	0.688
	DO.3	0.848	0.856	0.889	0.688
	DO.4	0.842	0.856	0.889	0.688
Psychological Empowerment (PE)	PE.1	0.859	0.891	0.921	0.723
	PE.2	0.872	0.891	0.921	0.723
	PE.3	0.843	0.891	0.921	0.723
	PE.4	0.870	0.891	0.921	0.723
Job Satisfaction (JS)	JS.1	0.841	0.872	0.896	0.698
	JS.2	0.858	0.872	0.896	0.698
	JS.3	0.839	0.872	0.896	0.698
	JS.4	0.857	0.872	0.896	0.698

Table 2 details the outer loadings, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted values for each indicator across the five latent constructs. All outer loadings exceed the recommended threshold of 0.70, confirming that each indicator reliably represents its underlying construct without notable cross loading concerns. The consistently high Composite Reliability and Cronbach's Alpha values further demonstrate that items measuring the same construct produce stable and internally consistent responses across the 100 respondents. Taken together with the AVE values reported earlier, these results confirm that the measurement model satisfies both convergent validity and reliability requirements, providing a sound basis for proceeding to the discriminant validity assessment and the evaluation of the structural model.

4.2.3 Discriminant Validity

Third, discriminant validity was evaluated using two approaches: the Fornell-Larker criterion and the Heterotrait-Monotrait Ratio (HTMT). According to the Fornell-Larcker matrix, the square root of the AVE for each construct was higher than its correlation with the other constructs, indicating that each construct was sufficiently distinct from the others as can be seen in Table 3. Furthermore, all HTMT values were below the 0.90 threshold, ranging between 0.482 and 0.836, suggesting that there were no

multicollinearity issues among the variables and that the indicators could effectively differentiate one construct from another as can be seen in Table 4.

Table 3. Fornell-larcker criterion

Constructs	MT	PR	DO	PE	JS
MT	0.826	-	-	-	-
PR	0.641	0.841	-	-	-
DO	0.618	0.655	0.829	-	-
PE	0.598	0.623	0.672	0.850	-
JS	0.566	0.613	0.635	0.688	0.835

Table 3 displays the Fornell-Larcker matrix, in which the diagonal values represent the square root of the AVE for each construct and the off diagonal values represent the inter construct correlations. Across all five constructs, the diagonal values are consistently higher than the corresponding correlations with other constructs, indicating that each construct shares more variance with its own indicators than with any other construct in the model. This pattern confirms that management transparency, performance recognition, development opportunities, psychological empowerment, and job satisfaction are empirically distinct despite being conceptually related, thereby supporting the discriminant validity of the measurement model prior to structural path estimation.

Table 4. Heterotrait-Monotrait Ratio (HTMT)

Constructs	MT	PR	DO	PE	JS
MT	-	-	-	-	-
PR	0.712	-	-	-	-
DO	0.684	0.733	-	-	-
PE	0.679	0.702	0.748	-	-
JS	0.658	0.688	0.727	0.766	-

Table 4 reports the Heterotrait-Monotrait Ratio values used as a complementary test of discriminant validity. All HTMT values fall below the conservative threshold of 0.90, ranging from 0.482 to 0.836, which reinforces the conclusion drawn from the Fornell-Larcker analysis that the five constructs are sufficiently distinct from one another. Because both criteria converge on the same conclusion, the measurement model can be considered free from discriminant validity concerns, allowing the analysis to proceed with confidence to the evaluation of the structural, or inner, model.

4.3 Inner Model Evaluation

The inner model evaluation aims to assess how well the structural model explains the causal relationships among the latent constructs and predicts the dependent variable. This stage included testing the *R*-squared (R^2) values, *Q*-squared (Q^2) predictive relevance, and the significance of path coefficients using the bootstrapping technique. The results of the inner model evaluation form the basis for concluding whether the relationships among variables align with the proposed theory and hypotheses.

4.3.1 *R*-Square (R^2) and *Q*-Square (Q^2)

The *R*-squared value measures the extent to which the variance of endogenous constructs is explained by exogenous constructs. The analysis results show that psychological empowerment has an R^2 value of 0.482, indicating that 48.2% of its variance is explained by management transparency, performance recognition, and development opportunities. The R^2 value for job satisfaction is 0.615, meaning that the exogenous and mediating constructs explain 61.5% of the variability in job satisfaction among MSME employees in Surabaya. Based on [Hair, Sarstedt, Ringle, and Mena \(2011\)](#), this value falls into the moderate-to-substantial category, as can be seen in Table 5.

Table 5. R-Square (R^2) - Coefficient of determination

Endogenous Variables	R-Square (R^2)	Category
PE	0.482	Moderate
JS	0.615	Substantial

Table 5 summarizes the R -Square values for the two endogenous constructs in the structural model. The moderate R squared value for psychological empowerment indicates that management transparency, performance recognition, and development opportunities jointly account for a meaningful, though not exhaustive, portion of employees' empowerment perceptions, leaving room for other managerial or personal factors not captured in this model. The substantial R squared value for job satisfaction suggests that the combination of managerial practices and psychological empowerment explains the majority of variance in employees' satisfaction levels, underscoring the practical relevance of the hypothesized model for understanding job satisfaction within MSMEs.

Additionally, the Q -Square (Q^2) test was conducted to assess the model's predictive relevance for the endogenous constructs using a blindfolding procedure. The results show a Q^2 value of 0.331 for psychological empowerment and 0.437 for job satisfaction. Since all Q^2 values are greater than zero, as can be seen in Table 6, the model is considered to have moderate to high predictive relevance, as stated by [Hair et al. \(2011\)](#).

Table 6. Q-Square (Q^2) - Predictive relevance

Endogenous Variables	Q-Square (Q^2)	Category
PE	0.331	Moderate predictive relevance
JS	0.437	Moderate to high predictive relevance

Table 6 presents the Q -Square values obtained through the blindfolding procedure, which assess the predictive relevance of the structural model for each endogenous construct. Because both values exceed zero, the model demonstrates adequate out of sample predictive power for psychological empowerment and job satisfaction alike, with job satisfaction showing a comparatively stronger predictive capacity. These results complement the R -Square findings in Table 5 by confirming that the model not only explains variance within the sample but also retains meaningful predictive relevance beyond it, strengthening confidence in the robustness of the proposed research model.

4.3.2 Path Coefficients and Significance Testing

Hypotheses were tested by analyzing path coefficients, t-statistics, and p-values. A hypothesis is considered supported if the t-value is > 1.96 and p-value is < 0.05 . As shown in Table 7, four of the seven proposed hypotheses were accepted and three were rejected. H_3 , H_4 , H_5 , and H_7 were accepted, indicating that development opportunities and psychological empowerment have a significant direct effect on job satisfaction. Furthermore, psychological empowerment was proven to mediate the relationship between management transparency and development opportunities and job satisfaction. In contrast, H_1 , H_2 , and H_6 were rejected, as the direct or indirect relationships involving management transparency and performance recognition did not demonstrate statistical significance in improving job satisfaction among MSME employees in Surabaya, Indonesia.

Table 7. Path coefficients and significance testing

Hypothesis	Path	Coefficient (β)	t-Statistic	p-Value	Conclusion
H_1	MT $\rightarrow$ JS	0.087	1.356	0.176	Rejected
H_2	PR $\rightarrow$ JS	0.116	1.812	0.071	Rejected
H_3	DO $\rightarrow$ JS	0.213	2.784	0.006	Accepted
H_4	PE $\rightarrow$ JS	0.341	4.931	0.000	Accepted
H_5	MT $\rightarrow$ PE $\rightarrow$ JS	0.089	2.011	0.045	Accepted
H_6	PR $\rightarrow$ PE $\rightarrow$ JS	0.072	1.498	0.134	Rejected
H_7	Development Opportunity $\rightarrow$ PE $\rightarrow$ Job Satisfaction	0.108	2.296	0.022	Accepted

Table 7 presents the path coefficients, t-statistics, and p-values obtained from the bootstrapping procedure used to test the seven hypotheses. Among the accepted paths, psychological empowerment shows the strongest direct effect on job satisfaction, followed by development opportunities, indicating that fostering employees' sense of competence and autonomy carries greater weight than managerial transparency or recognition alone. The two significant mediation paths, through management transparency and through development opportunities, confirm that psychological empowerment functions as a genuine transmission mechanism rather than a redundant construct in the model. In contrast, the non-significant paths involving management transparency and performance recognition suggest that these managerial practices, on their own, are insufficient to shape job satisfaction among MSME employees in Surabaya. These results form the basis for the detailed discussion of each hypothesis presented in the following section.

4.4 Discussion

4.4.1 The Effect of Management Transparency on Job Satisfaction

The study reveals that managerial transparency does not significantly influence job satisfaction among MSME employees in Surabaya, despite incorporating indicators such as information openness, communication clarity, policy access, and participatory processes. This suggests that transparent communication alone fails to meet employees' core needs, which revolve around task satisfaction, supervisor relationships, development opportunities, and tangible rewards. Maslow Hierarchy of Needs helps explain this dynamic, indicating that many MSME employees, often working in informal settings and prioritizing economic security, are not yet motivated by higher-order organizational involvement. Demographic data reinforce this, with most respondents aged 31-50 years and holding secondary-level education, underscoring their focus on job stability and family obligations over strategic participation.

According to [Spreitzer \(1995\)](#), transparency should foster a sense of meaning, autonomy, and competence; however, without actual empowerment or control over organizational roles, its impact weakens ([Spreitzer, 1995](#)). This finding aligns with other research showing that transparency only enhances satisfaction when paired with concrete benefits, such as clear career paths, training, and recognition, particularly in formal settings like China public sector or urban MSMEs with structured incentives ([Qing, Asif, Hussain, & Jameel, 2020](#); [Lestari, Nurhakim, & Tri, 2024](#)). Additionally, the informal, small-scale structure of most MSMEs (72% with fewer than 10 workers) makes formal transparency mechanisms less relevant because of the direct nature of daily communication. Globally, informal workers prioritize income stability and direct acknowledgment over strategic information ([Ranta & Ylinen, 2024](#)). Thus, in Surabaya's MSMEs, managerial transparency alone is insufficient to elevate job satisfaction unless coupled with empowerment and practical developmental benefits that align with employees' everyday priorities.

4.4.2 The Effect of Performance Recognition on Job Satisfaction

The path analysis in this study reveals that recognition of performance or achievement does not significantly influence job satisfaction among MSME employees in Surabaya, despite using indicators such as praise, symbolic rewards, positive supervisor feedback, and celebration of achievements. This implies that non-financial recognition remains insufficient to enhance satisfaction related to tasks, supervisors, development, or rewards, pointing to a disconnect between symbolic recognition and employees' practical expectations in MSMEs' operational settings. Drawing from Maslow Hierarchy of Needs, recognition resides in the "esteem" level, yet most employees, predominantly aged 31-50 and with secondary education, are still focused on meeting more fundamental needs such as income stability and job security. Consequently, recognition is not perceived as relevant or pressing in fulfilling job satisfaction. According to [Spreitzer \(1995\)](#), recognition should foster meaning, competence, and impact. However, if it is merely symbolic and lacks concrete outcomes such as promotions or pay raises, its effect becomes minimal ([Spreitzer, 1995](#)).

In small-scale MSMEs, where interpersonal relationships are often informal, recognition may feel routine rather than motivational. This aligns with [Brun and Dugas \(2008\)](#), who assert that recognition only becomes impactful when it is purposeful and tied to real contributions, a condition often unmet

in MSMEs, where informal practices dominate. Supporting this, [Jonneli, Winarno, and Saragih \(2024\)](#) found that training and skill development influence job satisfaction more strongly than symbolic incentives, and [Figueiredo, Margaça, García, and Ribeiro \(2025\)](#) highlighted the greater effect of integrated reward systems, combining financial and non-financial incentives, over isolated recognition efforts. With 72% of respondents working in MSMEs with fewer than 10 employees, the absence of formal recognition mechanisms further diminishes their significance. Therefore, in the context of Surabaya MSME, recognition alone does not drive job satisfaction, as employees prioritize tangible benefits and the fulfillment of basic needs. To be effective, recognition must be directly linked to measurable developmental or financial outcomes rather than symbolic gestures or routine praise.

4.4.3 The Effect of Development Opportunities on Job Satisfaction

The analysis confirms that development opportunities significantly and positively influence job satisfaction among MSME employees in Surabaya, with indicators such as access to training, mentoring, promotion potential, and career development support contributing to increased satisfaction across areas such as tasks, supervisor relationships, advancement, and rewards. This suggests that employees exhibit higher job satisfaction and engagement when they perceive clear paths for personal and professional growth. Aligned with Maslow Hierarchy of Needs at the self-actualization and esteem levels, the findings reveal that many MSME employees, primarily aged 31-50 and 59% holding undergraduate or postgraduate degrees, are in active career stages where long-term growth and self-improvement are key priorities. Therefore, development opportunities transform routine jobs into platforms for personal fulfillment.

The results also support [Spreitzer \(1995\)](#), indicating that professional development fosters greater meaning, competence, and ownership of work, which translates into stronger job satisfaction ([Spreitzer, 1995](#)). These conclusions are reinforced by previous studies, such as those by [Karatepe and Olugbade \(2017\)](#); [Hosen, Hamzah, and Rahman \(2024\)](#), which show that structured growth initiatives, such as training and coaching, enhance satisfaction by signaling organizational commitment to employees' futures. Case studies such as [Lestari and Utami \(2024\)](#) at Bakpia Lanank Jogja further confirm that clear job roles and promotion paths enhance both satisfaction and loyalty. With 64% of respondents having 2-7 years of tenure, most are in a learning and development phase, making them especially responsive to advancement opportunities. Thus, development initiatives are a powerful lever for increasing satisfaction among MSME employees in Surabaya, addressing both psychological empowerment and self-actualization. Therefore, MSMEs are encouraged to institutionalize training, mentorship, and equitable career progression systems to sustain motivation, retention, and overall productivity.

4.4.4 The Effect of Psychological Empowerment on Job Satisfaction

The study found that psychological empowerment significantly enhances job satisfaction among MSME employees in Surabaya, with empowerment dimensions, meaning, competence, self-determination, and impact, directly improving satisfaction with tasks, supervisors, development opportunities, and rewards. Employees who view their work as purposeful, feel competent, act autonomously, and see their efforts influencing outcomes tend to experience greater job satisfaction. This aligns with [Spreitzer's \(1995\)](#) Psychological Empowerment Theory, which emphasizes that intrinsic perceptions of work drive motivation and satisfaction more than external rewards ([Spreitzer, 1995](#)). Self-determination and impact are vital, particularly in MSMEs with flat hierarchies and direct employee-owner relationships.

The findings also resonate with Maslow self-actualization level, where employees seek fulfillment through influence, responsibility, and personal growth, especially relevant for the study's respondents, most of whom are highly educated 59% and in the 31-50 age range 66%, reflecting a career phase focused on meaning and recognition. Prior studies reinforce these conclusions, including [Tetik \(2016\)](#), who found that empowerment boosts motivation and performance, and [Gazi et al. \(2024\)](#), who noted that control and purpose at work significantly increase satisfaction and loyalty. In the Surabaya MSME context, especially in creative sectors such as food and beverage 34% and fashion 22%, flexible structures and participatory roles naturally support psychological empowerment, encouraging

engagement and satisfaction. Thus, psychological empowerment plays a critical role in fostering job satisfaction within MSMEs by fulfilling deeper psychological needs and reinforcing a sense of agency and value among employees. Therefore, MSME owners should expand employee involvement, encourage decision-making, and acknowledge individual contributions to create a more fulfilling and empowered workplace.

4.4.5 The Mediating Role of Psychological Empowerment in the Relationship Between Management Transparency and Job Satisfaction

This study demonstrates that psychological empowerment significantly mediates the relationship between management transparency and job satisfaction among MSME employees in Surabaya, Indonesia. While management transparency alone does not directly affect job satisfaction, it indirectly enhances it by fostering employees' psychological empowerment, specifically their sense of meaning, competence, self-determination, and impact. Practices such as clear communication, open information access, and participatory management increase employees' internal perceptions of involvement and value, which, in turn, elevate satisfaction with their roles, supervisors, development prospects, and rewards. This aligns with [Spreitzer's \(1995\)](#) Psychological Empowerment Theory, which posits that empowerment stems from cognitive and affective conditions fostered by organizational openness ([Spreitzer, 1995](#)).

Moreover, according to Maslow Hierarchy of Needs, participation and access to strategic information fulfill esteem and self-actualization needs, which are particularly relevant in the MSME context, where flatter structures and close owner-employee relationships enable more transparent and interactive environments. Supporting research by [Qing et al. \(2020\)](#); [Wenzel et al. \(2019\)](#) confirmed that transparency enhances trust, motivation, and psychological ownership, reinforcing intrinsic satisfaction. Given that 72% of respondents come from small business units and 66% are in the 31-50 age group, typically motivated by autonomy and recognition, the role of transparency becomes crucial when it is internalized as empowerment. Thus, transparency, although not impactful on its own, serves as a strategic lever to increase job satisfaction when translated into psychological empowerment. Therefore, MSMEs should view transparent practices not merely as compliance but as vital tools to build a trusting, empowered, and satisfied workforce.

4.4.6 The Mediating Role of Psychological Empowerment in the Relationship Between Achievement Recognition and Job Satisfaction

This study found that psychological empowerment does not significantly mediate the relationship between performance recognition and job satisfaction among MSME employees in Surabaya. Although recognition was provided through verbal praise, symbolic rewards, supervisor feedback, and achievement celebrations, these efforts were insufficient to generate meaningful psychological responses. Consequently, the indirect influence of recognition on job satisfaction via psychological empowerment was statistically insignificant. According to [Spreitzer's \(1995\)](#) Psychological Empowerment Theory, recognition should reinforce employees' perceptions of meaning, competence, self-determination, and impact ([Spreitzer, 1995](#)). However, in the MSME context, where recognition is often informal and unstructured, such gestures may be perceived as routine rather than strategic affirmations of value, weakening their psychological impact.

This is consistent with Maslow Hierarchy of Needs, in which esteem needs such as recognition are secondary to more fundamental concerns such as income stability and job security, needs that remain unmet for many MSME workers. Demographically, most respondents have only secondary education 41% and work in very small enterprises with fewer than 10 employees 72%, emphasizing a context in which practical concerns outweigh symbolic gestures. Supporting studies show that recognition only significantly affects motivation and satisfaction when it is deeply personal, tied to actual contributions, and backed by real career or compensation benefits ([Brun & Dugas, 2008](#); [Muhardani et al., 2020](#)). In MSMEs, where personal interaction often blurs the line between social appreciation and strategic recognition, symbolic rewards tend to be viewed as part of the daily routine rather than empowering. Consequently, performance recognition alone does not foster a strong sense of psychological empowerment and cannot meaningfully mediate job satisfaction. This indicates the

need for MSMEs to design more structured and impactful recognition systems that are integrated with employees' development goals to create lasting psychological and motivational effects.

4.4.7 The Mediating Role of Psychological Empowerment in the Relationship Between Development Opportunities and Job Satisfaction

This study reveals that psychological empowerment significantly mediates the relationship between development opportunities and job satisfaction among MSME employees in Surabaya, Indonesia. Access to training, mentoring, promotion pathways, and career development support not only directly improves job satisfaction but also enhances employees' perceptions of meaning, competence, autonomy, and influence, core elements of psychological empowerment. When employees see real opportunities for growth, they feel more empowered, which, in turn, strengthens their overall satisfaction with their work. This aligns with [Spreitzer's \(1995\)](#) Psychological Empowerment Theory, which emphasizes that empowerment arises when individuals find their work meaningful, feel capable, have autonomy, and perceive that their contributions are important ([Spreitzer, 1995](#)).

Development opportunities act as catalysts for these feelings by building competence, enabling impact through advancement, and reinforcing self-determination via career planning. Maslow Hierarchy of Needs also supports this, highlighting that development fulfills higher-order needs like esteem and self-actualization, especially for employees in their productive years (66% aged 31-50) and with higher educational backgrounds (59% holding at least a bachelor's degree), who typically seek growth beyond basic job functions. Supporting studies have confirmed that development combined with empowerment significantly enhances satisfaction ([Nuryanti et al., 2020](#); [Karatepe & Olugbade, 2017](#); [Nuryanti et al., 2020](#); [Shiri et al., 2023](#)). In Surabaya MSMEs, which operate with flexible structures, development can be implemented directly and personally, making it easier to empower employees through consistent training and growth. With 36% of respondents having worked for 5-7 years, many are ready for strategic roles, and development opportunities help them feel more capable and valued, boosting satisfaction. Thus, development opportunities not only directly impact satisfaction but also create psychological empowerment that reinforces this effect. MSMEs should institutionalize structured training, mentoring, and career advancement to build an empowered, satisfied, and high-performing workforce.

5. Conclusions

5.1 Conclusion

This study demonstrates that development opportunities are the strongest predictor of job satisfaction among MSME employees in Surabaya, both directly and indirectly, through psychological empowerment. Psychological empowerment also has a significant positive effect on job satisfaction and mediates the relationship between management transparency and job satisfaction. In contrast, performance recognition does not significantly affect job satisfaction, suggesting that employees value opportunities for growth and empowerment over symbolic recognition. These findings highlight the importance of psychological empowerment as a key mechanism through which managerial practices influence employee satisfaction in MSMEs. This study contributes to the literature by extending the application of Psychological Empowerment Theory within the MSME context and demonstrating its role in explaining how managerial practices shape employee attitudes. From a practical perspective, MSME owners can improve employee satisfaction by strengthening development-oriented and empowerment-based practice. This can be achieved through regular training, coaching, employee involvement in decision-making, delegation of responsibilities, and transparent communication regarding business goals and performance. Such practices help employees develop a stronger sense of competence, autonomy, meaning, and impact, ultimately enhancing job satisfaction.

5.2 Research Limitations

This study had several limitations. First, the cross-sectional design employed does not allow for the establishment of a temporal causality. Second, the geographical focus is limited to Surabaya; thus, generalization to other regions in Indonesia should be approached with caution. Third, the data were collected through self-reported questionnaires, which may be susceptible to perceptual or social

desirability bias. Fourth, this study did not explore other contextual variables, such as organizational culture, leadership style, or physical working conditions, which may also influence job satisfaction.

5.3 Suggestions and Directions for Future Research

Future studies should employ longitudinal designs and include broader geographic areas to improve the generalizability of the findings. Additional variables, such as leadership style, organizational culture, and work environment, should be examined to better understand the factors influencing job satisfaction in MSMEs. For practitioners, MSME owners should prioritize employee development and empowerment. Beyond providing training, they should involve employees in problem-solving, delegate appropriate responsibilities, and maintain transparent communications. These practices can strengthen psychological empowerment and contribute to higher job satisfaction.

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Author Contributions

AJ was responsible for the conceptualization, research methodology, data collection, writing of the original draft, and final approval of the manuscript. MY contributed to data analysis, literature review, interpretation of results, and manuscript preparation. AB was involved in data validation, critical review of the findings, and writing and editing the manuscript. YA provided supervision, contributed to writing review & editing, and was responsible for the final approval of the manuscript. All authors have read and agreed to the published version of the manuscript.

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