Strategy in Building Work Loyalty: The Case of Industrial Estate Companies in Indonesia

Zulher and Cicih Ratnasih

ABSTRACT

The writing of this paper is entitled the impact of job satisfaction on loyalty through the work environment and self-reward. Using primary data on industrial companies' estate that aim to find out how much impact the selected variables have in increasing job loyalty. Although many have researched work loyalty, it is still interesting to continue because there are always changes. This study used pathway analysis, which was considered close to appropriate for primary data. In terms of the data analysis results regarding the direct influence of the work environment, self-reward on job satisfaction, and its impact on employee loyalty, the hypothesis test found that the Work Environment variable has a direct effect on the Job Satisfaction variable as well as from the self-reward variable. Job Satisfaction is directly affected by the Self Reward variable. Employee loyalty is influenced by job satisfaction. This demonstrates that employee work happiness is critical and should be prioritized by the organization. Meanwhile, among other things, the work environment variable has a direct effect on loyalty, as does the self-reward variable. Employee work loyalty is increased by a positive work environment and self-reward.

Keywords: Job Satisfaction, Loyalty, Self-Reward, Work Support.

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I. INTRODUCTION

The availability of human resources in a business is critical. The staff has tremendous capacity to carry out the enterprise's activities. To be able to give the best results, the potential of every human resource in the firm must be maximized. The company and the work of one are inextricably linked. If the employee is successful in moving the company forward, the earnings will be shared by both sides. Employees see success as both the realization of their potential and the opportunity to meet their life demands. Human resource management is a branch of organizational management that focuses on human resources, specifically employees or employees who are implementers and active participants in all of the company's or business entity's activities. Employees with sufficient ability to advance the company are required to achieve the organization's aims. (Tremblay, 2017) The purpose of human resource management is to manage human elements with all of their potential so that human resources that can meet organizational goals can be obtained. The same thing has been expressed. Human resource management (Hasibuan, 2011) is the science and art of controlling the relationships and duties of the workforce in order to effectively and efficiently enable the organization, employees, and society fulfill their goals.

Because human resources are such a vital function in the management of a firm or organization, they demand effective and efficient management. Managing human resources appropriately and correctly will substantially assist the organization in attracting individuals who meet the company's needs. Employees become the driving force and determinant of an organization's or company's course when they can gather information from their surroundings using technology. The work environment is everything that surrounds the worker and can affect him in carrying out the activities he is responsible for. To boost productivity, the work environment has a significant impact on job satisfaction since a pleasant work environment facilitates task execution.

According to stated that by providing a variety of facilities and motivation in the form of serious attention to the work environment and supporting facilities for employees in increasing work creativity and providing direction with a leadership style that motivates employees is a priority that may be done to increase job happiness for employees (Kumpikaite, 2008). Workplace environment is defined as anything that is present around employees and that may have an impact on how well they perform their assigned tasks. The complete tool and material used, the surrounding area in which a person works, his work practices, and his work arrangements both as an individual and as a group are all considered to be part of the work environment (Sedarmayanti, 2016).

Giving unequal rewards and penalties will result in social jealousy between employees, which will in turn result in unfavorable work relationships and affect employee performance. In exchange for potential workers or contributions to good work, and for employees who use positive ideals as a need, an organization may offer real or intangible rewards., therefore conveyed by Tremblay (2017),

reward as one of the factors capable of increasing employee job satisfaction. In addition to increasing job satisfaction, the purpose of rewarding employees is to attract qualified people to join the organization, encourage employees to achieve a high level of performance, and keep employees employed and loyal to the company they work for.

Prize is a reward given for excellent conduct or actions performed. In addition to rewards, one of the things that must be considered by companies is job satisfaction in their employees, because employees who at work do not feel comfortable, are underappreciated, and cannot develop their potential, then automatically employees will not focus and concentrate on the work carried out. According to "Job satisfaction is a person's feelings and judgments of his work, specifically regarding his working conditions, in relation to whether his work is able to meet his expectations, needs and desires" An individual's satisfaction or dissatisfaction with his work is something personal that depends on how he sees compatibility or between desires with the result (Tremblay, 2017).

II. LITERATURE REVIEW

In the theory that has been said by experts regarding an excellent work environment significantly improves employee job satisfaction. A positive work atmosphere benefits employees in more ways than one. But also has an effect in shaping employees' skills. A focused work environment for employees can increase employee satisfaction, and vice versa Employee pleasure at work might be affected by a poor work environment.

According to the book's assertion that business management should be able to foster initiative and originality (Robbins & Judge, 2018)so that the lack of attention to each individual, the use of less flexible space and the problem of space feature design will affect each other, but if the work environment is very conducive then conditions like this will create enthusiasm for unity in the company's organization to achieve company goals by improving employee performance.

Others contend that noise, temperature, air quality, and lighting are some of the elements that can impact an employee's mood while they are at work. These elements will have a psychological effect on workers, which may lead to the emergence of suspicious feelings and quick irritability. A positive work environment will lead to coworkers helping each other finish the tasks assigned to them, which will lead to later employee satisfaction and good work for the company (Roelen *et al.*, 2008). Therefore, job satisfaction can be described as a favorable emotional response of people's attitudes regarding their employment. Employee satisfaction is crucial to the success of the business, and as an employer, the corporation offers benefits to workers to boost their sense of fulfillment at work. These efforts typically take the form of offering rewards, a comfortable work environment, and time flexibility (Roelen *et al.*, 2008).

Regarding the self-reward, it is comparable to self-actualization since it involves a person's desire to use all of his resources to accomplish anything they want and are capable of you need to know that, by doing self-reward, indirectly employees still keep themselves motivated and also

enthusiastic in doing a job. Because actually maintaining focus and consistency of work in the midst of a routine for a long period of time is not an easy thing. Therefore, doing self-esteem can be one way to keep the level of consistency. Even though they still have to work to make ends meet, it will be very troublesome if employees experience stress in their daily work. So, make sure that yourself is happy in living life and also the routine that you do every day. Robbins (2003) explains that if all other needs have been adequately met, employees will be motivated by the need for aself-actualization. They will look for meaning and personal development in their work, as well as actively seek new responsibilities. (Hopper, 2020; McLeod, 2018) in his book Hierarchy of Needs uses the term self-actualization as the highest need and achievement of a human being.

Job satisfaction also refers to how people feel about their jobs in terms of workplace interactions, teamwork, rewards, and matters including physical and psychological factors. The individual's general attitude toward the work he or she is facing is the product of a number of individual-specific attitudes toward components in the work, individual self-adjustment, and individual social interactions outside of work. The idea that job satisfaction is a general attitude toward one's work that demonstrates the discrepancy between the rewards an employee obtains and the amount they feel they should have gotten is supported by research. Additionally, it implies that how an employee feels while considering their work determines whether they are satisfied with their job. Job satisfaction is also a measure of a person's ability to feel good about themselves. In other terms, job satisfaction is how someone would describe their work or their good and enjoyable experiences (Robbins & Judge, 2018; Mathis & Jackson, 2016).

III. METHODOLOGY

Descriptive research is a sort of research that provides an overview or description of a situation as precisely as possible without analyzing the object of investigation. The following are attributes of descriptive research: (1) relevant to the scenario that existed at the time, (2) interpreting only one variable or multiple variables but describing them individually, and (3) no manipulation or treatment of the variables analyzed. (Kountur *et al.*, 2021)

A way for collecting data. The method of collecting data through surveys possesses the following characteristics: (1) information gained from a group of people; (2) information received from the group of people is a sample; and (3) information is obtained by asking questions and some questions. This study is a survey, specifically: cross-sectional analysis A cross-sectional survey, which is also one of the methodologies of descriptive research, is a method of data collection in which information is collected at a single point in time. Data collection at one time encompasses not only a single day, but also a few days or even several weeks due to factors such as transportation issues or the willingness of respondents, and not the deliberate gathering of data at multiple periods. (Sugiyono, 2016). While the method of analysis employs path analysis. Equation (1) is utilized to determine the number of samples to be taken.

$$n = \frac{N}{1+N\,(e)^2} \qquad (1)$$

where,

n = number of samples

N = number of populations

e = error (tolerable % to inaccuracy of sample use in place of population).

This study measures the attitudes, views, and perceptions of an individual or group about social issues using the Likert scale (Sugiyono, 2017). Then instruments can be arranged in the form of statements and questions, based on the variable indicators described. The form of answer to the statement or question of each instrument that is composed is, the choice is very positive to very negative.

A Likert Scale with a range of 1 to 5 was employed in this investigation. If the respondent chooses an STS or Strongly Disagree answer, then the answer is worth 1, the answer is TS or Disagree, then the answer is worth 2, the answer KS or Disagree, then the answer is worth 3, the answer is S or Agree, then the answer is worth 4 and the answer is SS or Strongly Agree, then the answer is worth 5 using the Likert scale.

The goal of the data analysis approach is to examine the collected data in order to draw inferences and test hypotheses. A path analysis was used as the analysis approach in this study to determine whether or not the variables under consideration have a direct influence on one another. SPSS 25 was utilized in this investigation.

IV. RESULTS AND DISCUSSION

The purpose of this test is to quantify the degree to which each independent variable affects the dependent variable. Based on the T test findings for 2 (two) models, as displayed below:

A. Model I

The significance values of the two variables are known from the equation of the data output. $X_1=0.000$ and $X_2=0.000$ are less than 0.05. These results provide the conclusion that Model 1, i.e. Variables X_1 and X_2 have an effect on Y. Where the coefficient values of the variables $X_1=0.614$ and $X_2=0.253$, thus obtained the path diagram of the structure model I as follows:

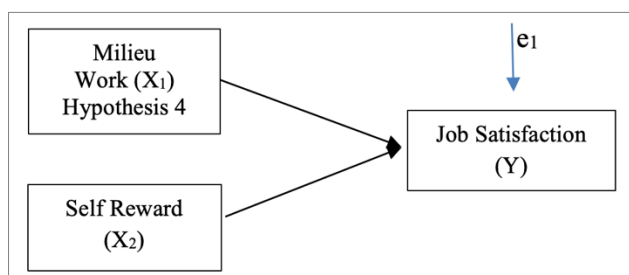$$Y = \rho yx\,1\,X_1 + \rho yx\,2\,X_2 + \rho ye_1 \qquad (2)$$

Fig. 1. Structural model result I.

Based on (2) it is known that the coefficient of the path X_1 to Y (ρy1) is 0.614, the coefficient of the path X_2 to Y (ρy2) is 0.340, then the equation of the path of substructure 1 is (3).

$$Y = 0.614X_1 + 0.253\,X_2 + e_1 \qquad (3)$$

Then it can be determined the path coefficient of a variable outside the model by the following formula:

$$\varepsilon 1 = \sqrt{(1 - R\_^2)} = \sqrt{(1 - 0.867)} = \sqrt{0.057} = 0.365 \quad (4)$$

From the above calculations obtained the path coefficient of the variable outside the model (ε_1) of 0.239. Once the path coefficient is known then the equation of the path in substructure 1 becomes:

$$Y = 0.614X_1 + 0.253\,X_2 + 0.365 \qquad (5)$$

B. Model II

It is known that the significance values of the two variables are based on the equation of the output of the data. $X_1 = 0.000$ and $X_2 = 0.000$ are less than 0.05. These results provide the conclusion that Model 1, namely Variables X_1 and X_2 have a significance effect on Z. Where the coefficient values of the variables $X_1=0.512$, $X_2=0.3\,17$, and $Z= 0.114$ thus obtained the path diagram of the structure model I as follows:

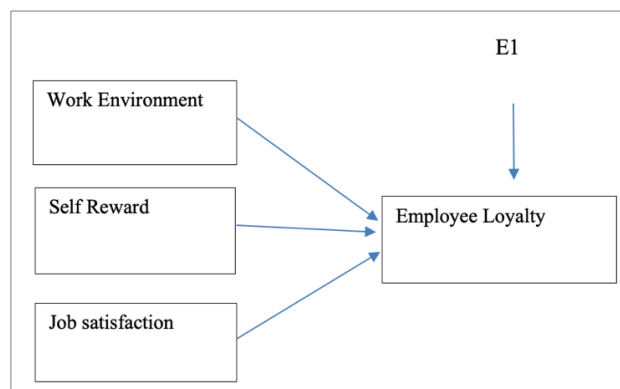$$Y = \rho yx_1\,X_1 + \rho yx_2\,X_2 + \rho yZ + \rho ye_1 \qquad (6)$$

Fig. 2. Structural model II results.

$$Z = \rho zx_1\,X_1 + \rho zx_2\,X_2 + \rho zyZ + \rho ze_2 \qquad (7)$$

$$Z = 0.512\,X_1 + 0.317\,X_2 + 0.114Z + 0,\,e_2 \qquad (8)$$

The coefficient of the path is known from the equation for substructure 1 to be X_1 to Z (ρz1) is 0. 162, the coefficient of the line X_2 to Z (ρz2) is 0. 612, and the coefficient of the path Y to Z (ρz) then the equation of the substructure path II is (9).

$$Z = 0.512X_1 + 0.317\,X_2 + 0.114\,Y + e_2 \qquad (9)$$

Then it can be determined the path coefficient of a variable outside the model using (10).

$$\varepsilon 1 = \sqrt{(1 - R\_^2)} = \sqrt{(1 - 943)} = \sqrt{-0.403} = 0.239 \quad (10)$$

From the above calculations obtained the path coefficient of the variable outside the model (ε1) of 0.239. Once the path coefficient is known then the equation of the path in substructure 1 becomes (11).

$$Y = 0.614X_1 + 0.340\,X_2 + 0.114\,Z + 0.239 \qquad (11)$$

1) Direct Effect of Work Environment (X_1) on Job Satisfaction (Y)

The value of the sig. Work Environment (X_1) to Job Satisfaction (Y) obtained a sig value of 0.000. This shows that there is a direct influence between the Work Environment (X_1) on Job Satisfaction (Y). The magnitude of the influence of the Work Environment (X_1) on Job Satisfaction (Y) as indicated by the coefficient value of the study, which is 0.614 which means that every increase in the Work Environment of 1 unit, will increase (Astuti & Iverizkinawati, 2018).

2) Direct Effect of Self Reward (X_2) on Job Satisfaction (Y)

Self Reward (X_2) for Job Satisfaction (Y) obtained a sig value of 0.00 0. This shows that there is a direct influence between Self Reward (X_2) and Job Satisfaction (Y). The magnitude of the effect of Self Reward (X_2) on Job Satisfaction (Y) as shown by the coefficient value of the study, which is 0.340 This indicates that any rise in Self Reward by1 unit, it will increase employee Job Satisfaction In the case of Industrial Estate companies in Indonesia by 0.340 assuming that other independent variables are of fixed value. Referencing research results (Johnson *et al.*, 2015)

Then it is known the results of the Koefisen Model Path from the structure I and structure II, with berpedoman in the table of output results olah data can be known that the importance rating of the variable $X_1 = 0.100$ this value is greater than 0.05 and the variable $X_2=0.00$, as well as the variable $Y=0.0\ 20$ and each of these values, is smaller than 0.05. So this result provides the conclusion that from Model 2, namely Variables X_1, X_2 and Y have a significant effect on Z. Where the coefficient values of each variable are $X_1=0.614$ $X_2=0.340$ and $Z=0.114$ thus obtained the path diagram of the structure model 2 is shown in Fig. 3.

Fig. 3. Path Diagram Model Results.

3) Direct Effect of Work Environment (X_1) on Employee Loyalty (Z)

The value of the sig. Work Environment (X_1) to Employee Loyalty (Z) obtained a sig value of 0.100. This shows that there is a direct influence between the Work Environment (X_1) on Employee Loyalty (Z). The magnitude of the influence of the Work Environment (X_1) on Employee Loyalty (Z) as shown by the coefficient value of the study, which is 0.512 which means that every increase in the Work Environment by 1 unit, it will increase the Employee Loyalty of Industrial Estate companies in Indonesia by 0.512 assuming that the exogenous variable others are of fixed value. Referring to research (Astuti & Iverizkinawati, 2018; Mulyati & Cicih, 2017; Virginia & Ratnasih, 2017).

4) Direct Effect of Self Reward (X_2) on Employee Loyalty (Z)

The value of the sig. Self Reward (X_2) to Employee Loyalty (Z) is obtained a sig value of 0.000. This shows that there is a direct influence between Self Reward (X_2) and Employee Loyalty (Z). The magnitude of the influence of Self Reward (X_2) on Work Loyalty wan (Z) as shown by the coefficient value of the study, which is 0.3 17 which means that every increase in Incentives by 1 unit, will increase Employee Loyalty Cases of Industrial Estate companies in Indonesia by 0.3 17 assuming that other exogenous variables are of fixed value. According to the findings of the study conducted by Ratnasih (2017) and Tewal *et al.* (2015), rewards have a favorable impact on employee performance and employee loyalty as a manifestation of job satisfaction.

5) Direct Effect of Job Satisfaction (Y) on Employee Loyalty (Z)

The value of the sig. Job Satisfaction (Y) to Employee Loyalty (Z) obtained a sig value of 0.02 0. This shows that there is a direct influence between Job Satisfaction (Y) and Employee Loyalty (Z). The magnitude of the effect of Job Satisfaction (Y) on Employee Loyalty (Z) as shown by the coefficient value of the study, which is 0.1 1 4 This indicates that any rise in Job Satisfaction by 1 unit, will increase Employee Loyalty The case of Industrial Estate companies in Indonesia by 0.114 assuming that other exogenous variables are of fixed value (Prayitno *et al.*, 2022; Kurds *et al.*, 2020).

V. CONCLUSION

A conclusion that can be drawn from the findings of an analysis of data concerning the direct influence of the work environment and self-reward on job satisfaction as well as the impact that job satisfaction has on employee loyalty is that the variable Work Environment has a direct effect on the Job Satisfaction variable, as well as from the Self Reward Variable, which directly affects Job Satisfaction, and that job satisfaction has an effect on employee loyalty. This demonstrates that the contentment of employees in their jobs is very essential and should be taken into consideration by the organization. On the other hand, the Work Environment variable has a direct effect on loyalty, and the Self-Reward Variable has a direct effect on work loyalty. Both of these variables contribute to work loyalty. There is a correlation between the work environment and the ability of employees to build their work loyalty.

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