PRODUKTIF
Jurnal Kepegawaian dan Organisasi
Vol. 3, No. 2, December 2024
E-ISSN 2964-4321

The Role of Job Satisfaction and Loyalty in Improving Employee Performance

Abdul Hafidz
Universitas Mercu Buana, Indonesia
hafidz23@gmail.com

Submitted: 24th August 2024 | **Edited**: 25th Oct 2024 | **Issued**: 01st December 2024

Cited on: Hafidz, A. (2024). The Role of Job Satisfaction and Loyalty in Improving Employee Performance. *PRODUKTIF: Jurnal Kepegawaian dan Organisasi, 3*(2), 105-114.

ABSTRACT

Job satisfaction and employee loyalty are crucial factors in the context of human resource management. These two factors have a significant influence on employee motivation and performance in various organizations. Understanding the relationship between job satisfaction, loyalty, and employee performance is essential in an effort to improve organizational effectiveness and retain key talent. This study aims to investigate the role of job satisfaction and loyalty as predictors in improving employee performance. By focusing on how these variables interact with each other, this study is expected to provide insights into effective management strategies in improving employee productivity and retention. This study uses a quantitative approach using questionnaires to collect data from internal respondents at various levels of the organization. The research sample consisted of randomly selected employees from the company. The results of the analysis showed that there was a positive relationship between the level of job satisfaction and the level of employee loyalty with individual performance. These findings highlight the importance of employee satisfaction and loyalty management as a relevant strategy in achieving organizational goals and improving individual performance.

Keywords: Job Satisfaction, Employee Loyalty, Employee Performance, Human Resource Management, Organizational Productivity

INTRODUCTION

In an era of increasingly connected globalization and increasingly fierce competition, employee performance is one of the most valuable assets for every organization. A company's competitive advantage is no longer only determined by factors such as technology or production costs, but also by the organization's ability to utilize the maximum potential of their human resources. Employees who have high performance are not only able to create added value through better productivity, but also play an important role in innovation, superior customer service, and building a positive image of the company in the eyes of the public.

Understanding the importance of employee performance in this regard requires organizations to not only focus on the development of technical and functional competencies, but also on aspects that support the well-being and motivation of individuals. Employees who feel recognized, supported in their career development, and involved in organizational decisions tend to be more motivated to contribute to the maximum (Meda, et, al., 2022). Thus, investing in employee development is not only a strategic imperative, but also a smart move in building the foundation for long-term growth and sustainability of the organization in the midst of rapidly changing global market dynamics.

Job satisfaction is a crucial factor in creating a productive and harmonious work environment. This is not only related to whether or not employees are happy with their work, but also involves their perception of various aspects that affect the quality of their daily work experience (Ramadhanty & Kurniawan, 2020). A conducive work environment, which includes factors such as physical safety, support from colleagues and employers, as well as the opportunity to participate in organizational decision-making, all play a crucial role in shaping employee satisfaction levels. Fair and commensurate compensation for contributions, as well as opportunities for career development and work-life balance, are also key components in influencing job satisfaction.

When employees feel that they are being treated fairly and have opportunities to grow professionally, they are more likely to remain motivated and dedicated to the organization's goals. Conversely, dissatisfaction with these working conditions can result in significant negative impacts. Dissatisfied employees may experience decreased motivation, feel less connected to the organization, and ultimately increase turnover rates (Saptarini & Yudhaningsih, 2020). This not only affects the stability of the team and the operational sustainability of the organization, but can also reduce overall productivity due to the need for repeated recruitment and retraining. Therefore, effective human resource management must actively pay attention to and manage these factors to ensure high job satisfaction and optimal organizational performance.

Employee loyalty is the result of complex interactions between individuals and the organizations they work for. The main factor in this loyalty is identification with the organization's values. When employees feel that the values embraced by the organization are in line with their personal values, they tend to feel more emotionally and spiritually connected to the company (Sutjianus, et, al., 2023). This not only increases their pride in working there but also solidifies a sense of belonging to the organization's success. In

 E-ISSN 2964-4321

addition, trust in management also plays an important role. Employees who believe that management has a clear vision, are committed to their well-being, and are willing to listen to and respond to their feedback, will be more likely to remain loyal and dedicated to the company.

Perception of long-term career opportunities is also a significant factor in building employee loyalty. When an organization is able to provide a clear career path and ongoing professional development opportunities, employees feel valued and have a secure future at the company. This creates a strong bond between the individual and the organization, reducing the desire to look elsewhere. Thus, employee loyalty is not only about retaining valuable human resources, but also providing stability for the work team and reducing costs associated with turnover and new recruitment (Putri, et, al., 2022). By paying the right attention to values, beliefs, and career development, organizations can create a work environment that supports individual growth as well as shared success in the long term.

The importance of maintaining a balance between employee satisfaction and loyalty with the organization's goal of achieving optimal performance reflects efforts to build a sustainable and productive work environment. When organizations prioritize the need for employees to feel satisfied and engaged, it not only improves workforce retention and reduces replacement costs, but also results in a more productive and innovative team. With a deep understanding of what motivates and retains employees, organizations can develop policies that support professional development, a healthy work balance, and promote an inclusive and collaborative organizational culture.

THEORETICAL BASIS

Employee Performance

Employee performance is a measure of how well an individual or team achieves their goals and responsibilities at work (Herniwati, et, al., 2021). This includes a variety of aspects that describe their contribution to the organization, including productivity, quality of work, initiative, and the ability to work closely with colleagues and meet set standards. Employee performance includes not only the end result of the tasks they complete, but also how they achieve those outcomes, such as adherence to rules and procedures, level of innovation, and ability to overcome challenges and solve problems (Badrianto & Astuti, 2023).

 E-ISSN 2964-4321

Employee performance theory can be viewed from several different perspectives, but there are a few key concepts that are often the focus of understanding the factors that affect individual performance in the workplace. One of the main theories is the Expectancy Theory, put forward by Victor Vroom. (Widayati, et, al., 2020) This theory emphasizes that employee performance is influenced by their expectations about the results of their work efforts. It contains three main elements, expectation (the belief that their efforts will produce the desired result), instrumentality (the belief that the desired result will produce the desired reward), and valence (the value or importance of the reward to the individual). The Expectancy theory implies that employees tend to be more motivated to work hard when they are confident that their efforts will yield the positive results that the organization wants and appreciates.

In human resource management, employee performance is the basis for decision-making related to career development, awards, promotions, or compensation policies. A good understanding of employee performance allows managers to provide constructive feedback, identify training or development needs, as well as plan measures to improve individual and collective performance (Stefanie, et, al., 2020). Thus, employee performance is not only an indicator of the effectiveness of individuals in carrying out their duties, but also a key element in building a work culture oriented towards achieving optimal results and sustainable growth.

Job Satisfaction

Job satisfaction is the level of satisfaction or happiness felt by an employee towards his or her job and the working conditions encountered at work. This concept covers various aspects that affect an individual's perception of his or her work, including work environment, compensation, organizational justice, career development opportunities, social interaction in the workplace, and the extent to which the job meets their personal expectations (Widianingsih & Adnyani, 2023). Job satisfaction can be seen as a reflection of the extent to which employees feel emotionally and psychologically fulfilled in their work environment. Job satisfaction is not a static or singular concept, but it is often complex and influenced by factors that vary from individual to individual.

Job satisfaction theory tries to explain the factors that affect how individuals evaluate and respond to their work experience. One of the relevant theories is the Theory of Needs put forward by Abraham Maslow. (Sholihin & Arida, 2021) According to this

 E-ISSN 2964-4321

theory, job satisfaction is influenced by hierarchical needs that individuals must meet. Maslow groups these needs in a hierarchy ranging from basic physical needs such as food and shelter, to psychological needs such as belonging and appreciation, as well as the need for self-actualization to develop and reach their full potential. In the context of job satisfaction, organizations can improve employee satisfaction levels by meeting these various needs through proper job design, recognition of achievements, and opportunities for career development.

From a human resource management perspective, understanding employee job satisfaction is important because it can have a direct impact on the productivity and overall performance of the organization. Organizations that are able to create a work environment that supports and promotes job satisfaction tend to reap long-term benefits in the form of better employee retention, increased loyalty, and the ability to attract new talents (Padmaka, et, al., 2022). Therefore, job satisfaction management is often the focus of management strategies that aim to create working conditions that allow employees to feel valued, motivated, and contribute to the fullest.

Employee Loyalty

Employee loyalty theory tries to explain the factors that affect an employee's level of commitment and loyalty to the organization they work for. One of the relevant theories is the Psychological Exchange Theory, which proposes that employee loyalty is influenced by their perception of a fair exchange between the contributions they make to the organization and the rewards they receive (Anifah & Foeh, 2022). This theory highlights the importance of individuals' expectations and perceptions of their psychological contract with organizations, including aspects such as rewards, recognition, opportunities for career advancement, and fair treatment from management. When an organization meets or exceeds these expectations, employees tend to feel more attached and loyal to the organization.

Employee loyalty refers to an employee's level of commitment and loyalty to the organization they work for. It reflects the extent to which employees feel emotionally and psychologically connected to the organization's values, goals, and vision. Employee loyalty not only includes the willingness to stay working in the organization for a certain period of time, but also includes the level of their contribution to achieving organizational goals as well as the willingness to share knowledge and experience with colleagues

 E-ISSN 2964-4321

(Lestari, et, al., 2023). Factors that affect employee loyalty include recognition of achievements, organizational fairness, management support, and opportunities for career development and promotion. The importance of employee loyalty to an organization cannot be overlooked. Loyal employees tend to be more stable and reliable, reducing recruitment and training costs to replace the outgoing workforce.

Additionally, loyal employees often become effective brand ambassadors for companies, helping to build a positive reputation among clients, customers, and business partners. From a human resource management perspective, building and maintaining employee loyalty involves a sustainable strategy to create a work environment that supports, motivates, and treats employees fairly (Prami, et, al., 2022). This includes investing in career development, open communication, recognition of contributions, and creating an inclusive and collaborative organizational culture. By proactively understanding and responding to employee needs and expectations, organizations can build strong and ongoing relationships with their workforce, which in turn supports the achievement of long-term strategic goals.

METHOD

This study uses a quantitative approach with the aim of identifying and analyzing the relationship between job satisfaction, employee loyalty, and their performance in the work environment. The quantitative approach will allow researchers to collect numerically measurable data to then analyze with appropriate statistical methods. The population in this study is employees of PT. Sakti Bangun Kencana which has a population of 145 employees in this study. The sampling technique used in this study is purposive sampling, so the number of samples used in this study is 75 employees.

The collected data will be analyzed using statistical methods such as regression analysis to test the relationship between existing variables. Regression analysis is useful for exploring how strong the relationship between job satisfaction and employee loyalty is with their performance. In addition, descriptive statistical analysis will also be used to describe the characteristics of the sample and the main variables in the study. This method is designed to provide an in-depth understanding of how employee job satisfaction and loyalty affect their performance in the work environment, as well as to provide a strong

 E-ISSN 2964-4321

empirical basis for more effective human resource management policy and practice suggestions.

RESULT

The Effect of Job Satisfaction on Employee Performance

The results of the hypothesis test show that the tcount value is greater than the ttable (3.342 > 1.659), with a significance level of 0.011 which is smaller than 0.05. This means that the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. In other words, there is a positive and significant influence between job satisfaction and employee performance. These results show that when employees are satisfied with their jobs, their performance tends to improve. In addition, the coefficient of determination (R Square) of 0.425 shows that job satisfaction has a contribution of 42.5% to employee performance. This means that the job satisfaction variable accounts for 42.5% of the variation in employee performance in this model. The remaining 57.5% of the variation in employee performance was explained by other variables that were not included in the regression model of this study.

The results of this study show that job satisfaction has a significant influence on employee performance. Overall, the results of this study provide empirical evidence that job satisfaction is one of the important determinants of employee performance. Therefore, organizations looking to improve employee performance should consider strategies to improve job satisfaction, such as providing a supportive work environment, providing appropriate recognition and rewards, and offering opportunities for career development and personal growth. More research is needed to explore these additional factors and understand how they interact with job satisfaction to affect overall employee performance. Thus, increasing job satisfaction is not only beneficial for individual employees but also for the success and sustainability of the organization as a whole.

The Effect of Loyalty on Financial Performance

The results of the hypothesis test show that the tcount value is greater than the ttable (2.982 > 1.659), with a significance level of 0.011 which is smaller than 0.05. This proves that the null hypothesis (H0) is rejected and the alternative hypothesis (H2) is accepted. In other words, there is a positive and significant influence between employee loyalty and employee performance. These results show that when employees have a high level of

 E-ISSN 2964-4321

loyalty to the organization, their performance tends to improve. In addition, the coefficient of determination (R Square) of 0.358 shows that employee loyalty has a contribution of 35.8% to employee performance. This means that the employee loyalty variable accounts for 35.8% of the variation in employee performance in this model. The remaining 64.2% of the variation in employee performance was explained by other variables that were not included in the regression model of this study.

The results of this study show that employee loyalty has a significant influence on employee performance. Employee loyalty reflects their commitment and loyalty to the organization, which can motivate them to work harder, show greater dedication, and make a greater contribution to the organization's goals. When employees feel loyal, they tend to have a greater sense of responsibility for their work and are willing to invest more time and effort in achieving optimal performance. Therefore, organizations looking to improve employee performance should consider strategies to increase employee loyalty, such as creating a positive work culture, providing appropriate rewards and recognition, offering career development opportunities, and ensuring effective and transparent communication between management and employees.

The Effect of Job Satisfaction and Loyalty on Employee Performance

The results of the hypothesis test simultaneously showed that the value of Fcal was greater than that of Ftabel (64.746 > 2.67) with a significance level of 0.011 which was smaller than 0.05. This indicates that the null hypothesis (H0) is rejected and the alternative hypothesis (H3) is accepted. Thus, it can be concluded that there is a positive and significant influence between job satisfaction and loyalty on employee performance. In addition, the value of the determination coefficient (R Square) of 0.561 shows that the combination of job satisfaction and loyalty variables has a contribution of 56.1% to employee performance. This means that 56.1% of the variation in employee performance can be explained by these two variables. Meanwhile, the remaining 43.9% of the variation in employee performance was explained by other factors that were not included in the regression model of this study.

The results of this study show that job satisfaction and employee loyalty together have a significant influence on employee performance. This shows that employees who are satisfied with their work and loyal to their organization tend to have better performance. Job satisfaction is a positive emotional condition resulting from an

 E-ISSN 2964-4321

employee's job assessment or work experience. Satisfied employees tend to be more motivated, more engaged, and have higher morale. Employee loyalty, on the other hand, reflects the employee's long-term loyalty and commitment to the organization. Loyal employees tend to have higher levels of perseverance, show greater dedication, and are willing to invest more in their work. Overall, the results of this study provide empirical evidence that job satisfaction and loyalty are key factors in improving employee performance. By understanding and managing these factors, organizations can create a more productive, motivated, and highly dedicated workforce.

CONCLUSION

From the results of the research that has been explained earlier, it can be concluded that both job satisfaction and employee loyalty have a significant influence on employee performance. The partial hypothesis test shows that each variable, namely job satisfaction and employee loyalty, has a positive and significant influence on employee performance. This means that increasing job satisfaction and employee loyalty individually can improve employee performance. In addition, the results of the simultaneous hypothesis test also show that job satisfaction and employee loyalty together have a significant influence on employee performance.

With an Adjusted R Square value of 0.561, it can be concluded that the combination of these two variables explains 56.1% of the variation in employee performance. This indicates that job satisfaction and loyalty are important factors that organizations must pay attention to in order to achieve optimal performance of their employees. However, this study also shows that there are other factors beyond job satisfaction and loyalty that affect employee performance, which is 43.9%. Therefore, organizations need to consider other factors such as the work environment, leadership style, employee engagement, and work-life balance in their efforts to improve employee performance. With a comprehensive and holistic approach, organizations can create a conducive work environment to improve overall employee performance.

REFERENCES

Arista, B., Ulfah, M., & Sumartono, B. G. (2022). ANALYSIS OF HUMAN RESOURCES MANAGEMENT IN THE EMPLOYEE COOPERATION OF TIRTA DHARMA KHATULISTIWA PDAM PONTIANAK CITY.*Equatorial Education and Learning Journal (JPPK), 11*(11), 2606-2612.

 E-ISSN 2964-4321

Chusniah, D. N. A., Raharjo, D. P., & Nurhayati, N. (2022). Human Resources Education and Training in Savings and Loans Cooperatives and Sharia Financing (Kspps) Node of Blessings Synergy Gresik City.*Scientific Journal of Islamic Economics*, *8*(3), 2718-2724.

Devianto, Y., & Dwiasnati, S. (2020). Artificial intelligence system framework in increasing the competence of Indonesian human resources.*InComTech: Journal of Telecommunications and Computers*, *10*(1), 19-24.

Dura, J., Cahyaningtyas, F., Mulyaningtyas, M., Dewi, M. P., & Hanif, R. (2022). TRAINING FOR IMPROVING HR COMPETENCY KNOWLEDGE THROUGH EAST JAVA TOURIST MANAGEMENT AND REPORTING COOPERATIVE MANAGEMENT.*My Community Bulletin*, *3*(1), 17-24.

Genta, F. K., & Nababan, D. (2019). The Influence of Human Resource Competence (HR), Cooperative Work Capacity, and Amount of Credit on Cooperative Financial Performance.*Fair Value: Scientific Journal of Accounting and Finance*, *1*(2), 218-246.

Hayati, N., & Yulianto, E. (2021). Training Effectiveness in Improving Human Resource Competency.*Journal Civics and Social Studies*, *5*(1), 98-115.

Hasanah, N. (2022). THE INFLUENCE OF COOPERATIVE PROGRAMS, HUMAN RESOURCES CAPACITY AND MEMBER PARTICIPATION ON THE SUCCESS OF SAVING AND LOAN COOPERATIVES.*Ocean Engineering: Journal of Maritime Engineering and Technology*, *1*(3), 18-26.

Latip, A., Moertono, B. S., & Wening, N. (2020). Strategy for Development of Savings and Loans Cooperatives and Sharia Financing (Case Study on KSPPS "Xyz").*EB BANK*, *10*(2), 1-16.

Muplihah, W. S., & Arifiana, F. (2022). Analysis of human resource aspects of performance in cooperatives.*Nautical: Indonesian Multidisciplinary Scientific Journal*, *1*(3), 85-89.

Pranawukir, I. (2021). Planning And Communication Strategy In Improving The Adaptability Of Human Resources And The Competitive Advantage Of Institutions.*Communication Library Journal*, *4*(2), 247-259.

Rahmawati, A., & Wahyuningsih, R. S. H. (2022). Improvement of the Governance of the BUEKA Walidah Mulia Sharia Financing Savings and Loans Cooperative.*Berdikari: Journal of Innovation and Application of Science and Technology*, *10*(1), 28-38.

Saputra, E. M., & Armansyah, A. (2022). EFFECTIVENESS OF EMPLOYEE TRAINING AT THE MBF SAVING AND LOAN COOPERATIVE COMPANY.*Indonesian Journal of Economics and Business*, *7*(2), 23-26.

Saputra, K. A. K., Pradnyanitasari, P. D., Priliandani, N. M. I., & Putra, I. G. B. N. P. (2019). Accountability practices and human resource competencies for fraud prevention in managing village funds.*Krisna: Collection of Accounting Research*, *10*(2), 168-176.

Syafii, M., & Budiarto, E. W. (2021). Business Management Enrichment for Management and Employees of Savings and Loans Cooperatives.*CAMPUS LIGHT*, *1*(2), 31-26.

Typhoon, A. (2019). Analysis of Commitment and Competence of Human Resources on the Development of the Bahari Jaya Jambi Savings and Loans Cooperative Jambi.*Eclectic: Journal of Economic Education and Entrepreneurship*, *2*(1), 165-180.