



The Effect of Job Satisfaction on Employee Performance Through Loyalty at Credit Union (CU) Corporation of East Kutai District, East Kalimantan

Samuel Egenius¹; Boge Triatmanto²; Mohamad Natsir²

¹ Master of Management Students, Merdeka University of Malang, Indonesia

² Faculty of Economics and Business, Merdeka University of Malang, Indonesia

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Abstract

This research aims to 1) describe the description of Job Satisfaction, Employee Loyalty, and Performance. 2) analyze the effect of Job Satisfaction on Employee Performance. 3) to analyze the influence of Job Satisfaction on Loyalty. 4) to analyze the effect of the influence of loyalty on employee performance. 5) to analyze the influence of Job Satisfaction on Employee Performance through Loyalty as an Intervening Variable in the Credit Union Cooperative, East Kutai Regency, East Kalimantan. The sample in this study was 68 employees. The analysis technique uses path analysis. The results of the analysis show that job satisfaction has a significant effect on employee performance. Job satisfaction has a significant effect on loyalty. Besides, loyalty has a significant effect on employee performance. And job satisfaction has a significant effect on employee performance through loyalty. loyalty moderates job satisfaction on employee performance. Loyalty is the most important part to be noticed and considered by upper management because through loyalty employee work results can be achieved and employee performance increases.

Keywords: *Job Satisfaction; Employee Loyalty and Performance*

Introduction

Human resources are an asset to the organization because they have a very important role in improving employee performance to achieve organizational goals. The scope of the Credit Union (CU) cooperative organization, Employee performance takes part in determining the success of this organization to achieve its goals. Credit unions (CU) need to pay attention to the level of employee job satisfaction to ensure employee loyalty and performance. employees who are satisfied with their work will be loyal and make a big contribution to the organization. Frempong & Darko (2018) said job satisfaction is a major factor to improve and maintain overall organizational results and job loyalty with efficient service and better performance.

Employee performance in English is called job performance, which is the level of success of employees in completing their work (As'ad, 2003). Sule and Ariana (2018) stated that performance is the

manifestation of the talents and abilities of the employees themselves. Performance is also the result of work achieved by employees in carrying out tasks and jobs that come from the organization.

Loyalty is the attitude or feeling of the loyalty of an employee to the organization which is expressed in the love and obligation of an employee to carry out his duties in an organization. Loyalty makes employees have a positive attitude towards the organization. Very high employee loyalty is important for the organization to ensure the survival and welfare of the organization (Husni, 2018: 89). Sudimin (2003) formulating loyalty is a loyal attitude towards someone, does not leave or defect, and does not betray others when it is necessary. employee job loyalty to the organization can create a sense of responsibility and create passion and morale.

Employee job satisfaction is a general attitude for someone to work (Robbins et al, 2017 and Matthews et al, 2018). Job satisfaction relates to someone expressing his feelings about the work he has done. Employee job satisfaction is also a benchmark for organizations to determine employee work productivity and as a guarantee, for the organization to see how loyal employees are to the organization.

Irwansyah (2019) states the essence of job satisfaction is to give a sense of satisfaction to progress and get awards and employee satisfaction that have been fulfilled or following expectations will improve employee performance and achieve organizational goals. Husni et al, (2018) argued that for the achievement of loyalty, employee job satisfaction is usually met first in the company. According to them, job satisfaction is currently believed to have a direct effect on employee performance, which in turn will also affect organizational performance.

Literature Review

Good performance implies an increase in efficiency, effectiveness, or higher quality of the completion of a series of tasks assigned to an employee in an organization or company (Murty and Hudiwinarsih, 2016). Santis et al, (2018) defining employee performance is the ability of a person to carry out activities that contribute to the development of the technical core of the organization. Companies need to be aware of the capabilities of employees, able to manage it, and in turn, be able to align with the entire company's business strategy.

Smith, Patmos, and Pitts (2018) states that the goal of employees to show their best performance at work can reduce stress in the work environment. When employees are angry or disappointed, their performance at work will decrease. Patwary, Hoque, and Khandakar (2019) show that from the perspective of employee's performance is the course of behavior as a result. Generally, many tasks that employees perform in their daily work contribute to performance. Seng and Arumugam (2017) said that there are two aspects of performance, namely the skills and abilities of employees to better their performance in carrying out their duties. The effectiveness of employee performance can improve services whose output will contribute to the process to ultimately provide maximum results.

Employee loyalty has been one of the most researched topics since 1960 (Ibrahim dan Al Falasi, 2014) because the company benefits from hiring loyal employees (Linz et al, 2015). Loyalty to the organization is a matter of pride for employees because employees are part of the organization. Loyalty helps employees to have positive values and attitudes towards the organization. High employee loyalty is important in ensuring the survival and welfare of the organization (North dan Odoom, 2015). Yee et al, (2010) defines loyalty as a willingness to stay in the organization, willingness to do the extra work, have a feeling of being part of the organization, and making employees more responsible.

According to Yu et al, (2017) loyalty is an employee who views positively in identifying company values and strategies that can be traced beyond commitment to attitude, then demonstrated in

behavioral loyalty. According to Poerwopoespito (2014) employee loyalty to work is reflected in the attitude of employees who devote their abilities and expertise, carry out duties and responsibilities, be disciplined, and honest at work.

One of the attitudes of employees in developing company performance is job satisfaction.

Jun et al, (2017) said Employees are the most valuable resource. Employee satisfaction determines whether the company and employees can maintain a harmonious trend of sustainable development. According to Robbins et al, (2017) and Matthews et al, (2018) Job satisfaction are defined as the general attitude of employees towards their jobs.

Bayram and Ungan (2018) said Employee satisfaction is achieved by making a positive effect on the experience at work on employees. Almatroshi (2016) said that employee satisfaction has a positive effect on organizational performance. Sharma et al (2016) believe that employee satisfaction is recognized as one of the most important drivers of employee service quality, productivity, and loyalty.

Research Method

1. Population and Sample

The population in this study were employees of the East Kutai Regency, East Kalimantan Credit Union. The sample in this study was 68 employees. This sampling method is called the census method.

2. Data Analysis Techniques

The analysis used in this research is descriptive analysis and path analysis (Path Analysis). To test the causality hypothesis, either directly or indirectly, the variables under study can be detected and the elements that contribute to the formation of the variable so that the contribution value can be seen. The causal relationship between the observed variables can provide complete and accurate information.

Results and Discussion

1. Results

In this study, the results of the structural equation test can be presented below:

$$\begin{aligned}
 R^2 \text{ Model} &= 1 - (\sqrt{1 - R^2} \cdot \sqrt{1 - R^2} \cdot \sqrt{1 - R^2}) \\
 &= 1 - (\sqrt{1 - 0,165} \cdot \sqrt{1 - 0,803} \cdot \sqrt{1 - 0,505}) \\
 &= 1 - (\sqrt{0,83} \cdot \sqrt{0,20} \cdot \sqrt{0,50}) \\
 &= 1 - (0,91 \cdot 0,45 \cdot 0,70) \\
 &= 1 - 0,29 \\
 &= 0,71
 \end{aligned}$$

The total value of the determination coefficient of 0.71 indicates that the diversity of data or information that can be explained by the model is 71.0%, while the rest (29%) is explained by other variables not included in the model or by error. The explanation above means that the model in this study is accepted as a tested analytical tool and can prove the hypotheses made.

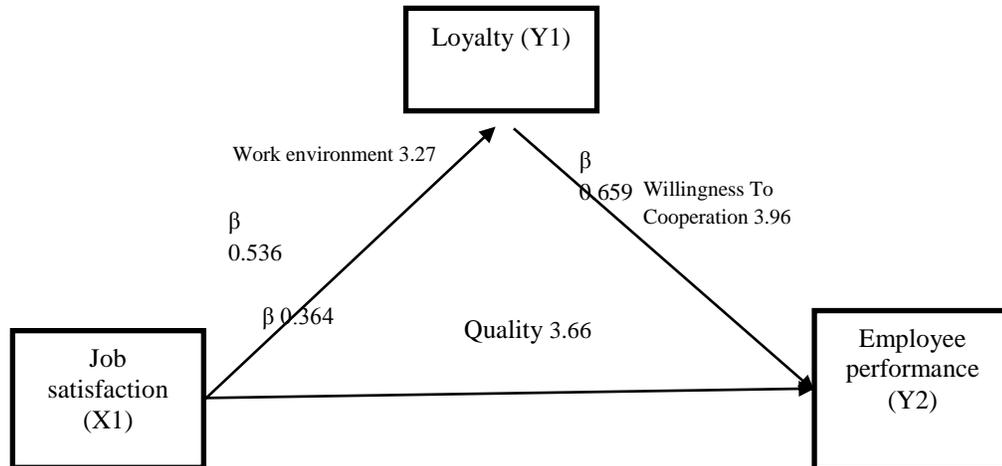


Figure 4.6
Path Analysis Results

2. Path Analysis

In this study, the results of the path analysis can be presented in the table as follows:

Table 1: Path Analysis Results

Variable	Direct Influence	Indirect Influence	Total Effect
Job satisfaction (X1) → Employee performance (Y2)	0.364		0.364
Job satisfaction (X1) → Loyalty (Y1)	0.536		0.327
Loyalty (Y1) → Employee performance Y2)	0.659		0.396
Kepuasan Kerja (X1) → Loyalitas (Y1) → Kinerja Karyawan (Y2)		$0.536 \times 0.659 = 0.353$	0.717

In the summary table the results of the path analysis above show that the direct effect is between the Job Satisfaction variables (X1) on Employee Performance (Y2) obtained a figure of 0.364 For the indirect effect of the Job Satisfaction variable (X1) on Employee Performance (Y2) through Loyalty (Y1) the result is 0.353. This figure is smaller than the total value of 0.396 which is the result obtained from the direct effect of the variable Loyalty (Y1) on Employee Performance (Y2). Therefore, The comparison of the direct and indirect effect paths can be obtained from the sum of the total effects so that it can be obtained that the total direct effect is 0.361 while the result of the indirect effect is 0.717, then the path of the indirect influence of the Job Satisfaction variable (X1) on Employee Performance (Y2) through Loyalty (Y1), the path of the influence of the Job Satisfaction variable (X1) on Employee Performance (Y2) through Loyalty (Y1) in the Credit Union Cooperative in Kutai Regency East is the path of indirect influence that is strongest in the structural equation model constructed (Figure 4.1). Thus, the Loyalty variable (Y1) can be said as a Moderating Variable.

3. Hypothesis testing

3.1 Hypothesis testing I

The results of the hypothesis I test in regression can be shown in the table as follows:

Table 2: The Effect of Job Satisfaction on Employee Performance

Variable	Regression Coefficient	Score t	Score p
Job satisfaction (X1) → Employee performance (Y2)	0.364	2.657	0.010
R = 0.311 R Square (R ²) = 0.097			

From the results of the first hypothesis test about the effect of Job Satisfaction on Employee Performance in the table above, the value of the beta coefficient of job satisfaction is 0.364, the t value is 2.657 and the p-value of 0.010 which is less than $p \leq 0.05$ ($\alpha = 5\%$), then these results can be interpreted that job satisfaction has a significant effect on employee performance. Thus it can be concluded that the First Hypothesis can be accepted.

3.2 Hypothesis testing II

Hypothesis test II in the regression model is presented in the following table:

Table 3: The Effect of Job Satisfaction on Loyalty

Variable	Regression Coefficient	Score t	Score p
Job satisfaction (X1) → Loyalty (Y1)	0.536	3.778	0.000
R = 0.422 R Square (R ²) = 178			

Based on the second hypothesis test in the table above proves that Job Satisfaction with a beta coefficient value of 0.536, the value of t is 3.778 And the p-value is 0.000 smaller than the p-value ≤ 0.05 ($\alpha = 5\%$). Therefore, Job Satisfaction has a significant effect on Loyalty. Because considering the value of the Job Satisfaction variable, namely the p-value $p = 0.000 \leq 0.05$, it can be concluded that the second hypothesis can be accepted.

3.3 Hypothesis testing III

The regression results for Hypothesis III test are presented in the table below:

Table 4: The Effect of Loyalty on Employee Performance

Variable	Regression Coefficient	Score t	Score p	Variable
Loyalty (Y1) → Employee performance Y2)	0.659		8.331	0.000
R = 0.716 R Square = 0.513				

From the table of the third hypothesis test above regarding the effect of Loyalty on Employee Performance, it can be obtained that the beta coefficient value of Job Satisfaction is 0,659 the t value is 8.331 and the p-value is 0.000 which is smaller than the p-value $p \leq 0.05$ ($\alpha = 5\%$) So that in this study it

can be concluded that loyalty has a significant effect on employee performance and the third hypothesis can be accepted.

3.4 Hypothesis Testing IV

The regression results for the hypothesis IV test can be seen in the table as follows:

Table 5: The Effect of Job Satisfaction on Employee Performance through Loyalty

Variable	Regression Coefficient	Score t	Score p
Job satisfaction (X1) → Employee performance (Y2)	0.364	2.657	0.010
Job satisfaction (X1) → Loyalty (Y1)	0.536	3.778	0.000
Loyalty (Y1) → Employee performance Y2)	0.659	8.331	0.00

In the table above, the results of the fourth hypothesis test show that Loyalty can mediate the Job Satisfaction variable because the coefficient value is b_5 with probability less than 5% then Job Satisfaction is said to have a significant effect on Loyalty in the East Kutai Regency Credit Union Cooperative. Besides that, it is due to the coefficient value, it is due to the coefficient value b_3 has a probability that is greater than 0.05 which is 0.010 So that these results can indicate that Job Satisfaction has a significant effect on employee performance. Thus the fourth hypothesis in this study can be accepted.

4. Discussion

4.1 Variable description of Job Satisfaction, Loyalty, and Employee Performance in the Credit Union Cooperative, East Kutai Regency.

a. Job satisfaction

Job Satisfaction is determined by several indicators, namely the Work Environment, Work itself, and co-workers. The average value of the Work Environment indicator is 3.27 which means that these indicators have the most important contribution to the Job Satisfaction variable. Other than that, These results provide an overview for each employee of the East Kutai Regency Credit Union Cooperative about a clean and comfortable environment, complete workshop facilities, proper work facilities that can be used at any time, making it easier for employees to complete their work. If viewed from the average value of the Work Environment indicator, the majority of Union Credit Union employees agree and support that the Work Environment is the most important factor at work. Therefore, Credit Union Cooperative management needs careful consideration and review of Job Satisfaction which has a significant impact on employee work results. The results of this study are identical to the research Saputra et al, (2016) there is a positive effect of job satisfaction on employee performance.

b. Loyalty

In this research, Loyalty is shaped by several indicators which include responsibility, obeying the rules, and willingness to cooperate. The average value of the willingness to cooperate indicator which is the main factor in the Loyalty variable is 3.96. These results indicate that the employees of the Credit Union Cooperative have the willingness to cooperate in completing work. The willingness to work with

colleagues is the most important part of supporting one's work in an organization. Based on the criteria of the average value generated above, it illustrates that the majority of East Kutai Regency Credit Union employees agree that in completing a job there is a willingness to work with colleagues to be important and fundamental in completing work for the good of the organization. Therefore, Loyalty variables need to be considered for the progress and excellence of the organization. In line with his research Saputra et al, (2016) there is a positive effect of employee loyalty on performance.

c. Employee Performance

Indicators on employee performance variables in this study consist of Quality, Quantity, and Timeliness. Quality is the main indicator of the Employee Performance variable. this is evidenced by the highest average score for Quality of 3,66. This figure shows that quality is an aspect that is considered important in employee performance. The majority of Credit Union Cooperative employees complete work following their ability to complete the work following the targets set by the organization. Quality indirectly describes the employee's enthusiasm for work to achieve superior work results. In his research Murty dan Hudiwinarsih (2016) Good performance means that there is an increase in quality that is higher than the completion of a series of tasks assigned to an employee in an organization.

5. The Effect of Job Satisfaction on Employee Performance

A review of the Job Satisfaction variable which has a regression coefficient value of 0,364. This figure shows that the level of job satisfaction of a person is formed by the work environment as a guideline by an employee in an organization. This figure shows that the level of job satisfaction of a person is formed by the work environment as a guideline by an employee in an organization. Fransiska (2014) in his research at the Credit Union (CU) Cooperative found that job satisfaction has a significant effect on employee performance.

6. The Effect of Job Satisfaction on Loyalty

Based on the value of the regression coefficient of the variable, namely 0.536 with a level of probability that is more than 0,05. then there is a significant effect of Job Satisfaction on Loyalty. Therefore, the results in this study indicate that Loyalty will change if there is no Job Satisfaction. Waqas et al, (2014) about the factors that affect job satisfaction and their impact on job loyalty. Their job satisfaction has a significant relationship with job loyalty.

7. The Effect of Loyalty on Employee Performance

In this study, the value of the regression coefficient on the Loyalty variable is equal to 0.659. This figure shows that loyalty has an impact on improving employee performance. One aspect that improves employee performance in the organization is Loyalty. Besides, the level of employee loyalty at work can be achieved if it is reviewed from the Loyalty variable which has an average value of the average 3.91. Ardana et al, (2012: 137) in his research said that if employees have high loyalty, the employee's performance can be guaranteed from time to time on an ongoing basis.

8. The Effect of Job Satisfaction on Employee Performance through Loyalty

In this study, the Loyalty variable mediates job satisfaction on employee performance, which means that the employee performance in the East Kutai Regency Credit Union Cooperative will get better with the increase in Job Satisfaction. This condition is measured by the probability value of the Job Satisfaction variable which is less than 0.05. Fransiska (2014) in his research at the Credit Union (CU) Cooperative found that job satisfaction has a significant effect on employee performance.

Conclusions and Recommendations

1. Conclusion

From the results of the research and discussion in this study, the following conclusions were drawn:

- a. The results of descriptive statistical analysis of the variables of Job Satisfaction, Loyalty, and Employee Performance illustrate that the majority of employees at the East Kutai Regency Credit Union Cooperative tend to be active in carrying out their duties and functions for the sustainability of the organization. The management of the East Kutai Regency Credit Union Cooperative Organization is considered good in ensuring the job satisfaction of its employees. Ensuring employee job satisfaction is one of the methods applied by the Credit Union organization to achieve good work results by relying on the work environment and work quality of the employees themselves in the organization.
- b. It turns out that Job Satisfaction has a significant influence on Loyalty in the Credit Union Cooperative in East Kutai Regency.
- c. There is a significant effect of Loyalty on Employee Performance in the Credit Union Union. These results indicate that employee performance increases when supported by loyalty.
- d. Loyalty moderate's satisfaction with employee performance. Loyalty is the most important part for top management to pay attention to and consider because through loyalty the results of employee work can be achieved.

2. Recommendations

From the results of the above conclusions, the suggestions for this study are as follows:

- a. Practical
- b. The East Kutai Regency Credit Union Cooperative is a forum that aims to transmit its employees, management should always prioritize employee loyalty. Management needs to examine more deeply about maximum job satisfaction. Besides, loyalty affects improving employee performance.
- c. Theoretical
- d. The results of this study are expected to become a guideline by the management of the East Kutai Regency Credit Union Cooperative as a source for realizing the vision and mission that has been predetermined through a model that has been built based on aspects of human resources.

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