

## **Compensation, Organizational Culture and Job Satisfaction In Affecting Employee Loyalty**

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### **ABSTRACT**

Achieving the goals of an organization or company will be very important for companies to have quality and professional human resources. In general, human resources create, manage and manage all the existing development factors. Employee loyalty is determined by factors of compensation, organizational culture, and job satisfaction. The purpose of this study is to determine the effect of compensation, organizational culture, and job satisfaction on employee loyalty GO-JEK drivers in Bali. The method used is multiple linear regression analysis. The sampling technique used was simple random sampling with a Slovin formula of 99 respondents. The results showed that compensation, organizational culture and job satisfaction partially had a positive and significant effect on employee loyalty GO-JEK drivers in Bali.

Keywords: compensation, organizational culture, job satisfaction, and employee loyalty

### **INTRODUCTION**

Employees are valuable assets in the organization because they are a source of company competitive advantage. Competent employees can improve company performance and productivity, but less competent employees can cause companies that have developed to be less than optimal in achieving their goals and objectives. Through the efficient and effective utilization of human resources, the company will be able to survive in achieving success. In the current era of globalization with a dynamic labor market, maintaining good employees and developing employee loyalty is becoming increasingly important, because employees have a major role in every operational activity of the company. GO-JEK Bali is one of the companies that is a native Indonesian startup with a social mission. GO-JEK Bali further strengthens the company to continue to improve service quality by providing satisfying services to customers through employees who have high loyalty to the company. Employees who have high loyalty are important to be able to provide good service to customers (Evawati, 2013). Basically, loyalty is loyalty, service, and trust given to a person or institution in which there is a sense of love and responsibility to try to provide the best service and behavior for the company (Leblecbici, 2012). Employees who are loyal to the company are employees who have the willingness to work together which means willingness to sacrifice oneself involves the awareness to devote themselves to the company, this service will always support the role of employees in the company. Employees with a high level of loyalty will be valued by the company for the survival of the company in determining the future back and forth of the company (Mursita, 2015). Employee loyalty is a function of how he is treated, motivated and valued in carrying out his duties. The willingness of employees to continue working depends very much on the organization's compensation package (Armstrong, 2003). Meanwhile, Saeed, Waseem, Sikander, and Rizwan (2014) suggested that organizational culture affects job satisfaction and reduces employee turnover intentions and in turn causes employee loyalty. In this case, when employees are satisfied with their work performance, the highest level of satisfaction will be obtained and further contribute to employee loyalty. In fact, the relationship between organizational culture, employee satisfaction and intention to remain in the organization or known as loyalty has received much attention among academics and practitioners in various industries, including the hospitality industry (Ahmad, Iqbal, Javed, & Hamad, 2014; Ram & Prabhakar, 2010; Wahyuni, Christiananta, & Eliyana, 2014).

**THEORETICAL REVIEW****The Effect of Compensation on Employee Loyalty**

According to Gaol (2014) the compensation is accepted by the employee either in the form of money or not money as remuneration given to the employee's efforts to the organization. According Wibowo (2016) compensation is a counter-achievement of the use of labor or services that have been provided by the workforce. Compensation is the number of packages the organization offers to workers in return for its labor usage. According to Mondy (2014) the total compensation of all rewards is provided to employees in return for the services. In the provision of compensation there are several factors that can influence it according to Cascio (2013) factors are: (1) labor market conditions, (2) legislation, (3) collective bargaining, (4) managerial attitude and an organization's ability to pay. Hosain (2014) explains that: the majority of the research has occurred in the fields of management and human resources. The performance of feedback and reward systems can have a significant impact on perceived employee empowerment, task motivation and performance. Research conducted by Geoger, et al (2016) and Onardi, et al (2017) which states that compensation has a significant effect on employee loyalty.

**H<sub>1</sub>:** compensation has significant effect on employee loyalty.

**The Effect of Organizational Culture on Employee Loyalty**

According to Ineson et al. (2013), an employee does not stay loyal to an organization for many reasons and one of it, probably due to dissatisfaction or unhappiness of the employees with their job and organization. Turkyilmaz et al. (2011) explained that the more employee matched with the organizational culture, the more employee are satisfied with their job. When an employee has strong job satisfaction, it will affect directly on loyalty toward their organization (Dawson et al., 2011). Social exchange theory is a decent theory that looks at relationships between two parties (employees and organization) which will bring trust, loyalty, and commitment as long parties are getting the benefit or otherwise (Cropanzano & Rupp, 2008). In addition to that, bad relationship with supervisors or managers strongly will give an adverse impact on the employee loyalty. Labianca and Brass (2006) found that employee leaves their job not because they are not satisfied with their work, but they are dissociating their manager or supervisor. According to Tnay, Othman, Siong, and Lim (2013), employee who have a high degree of perceived organizational culture at their workplaces are most likely to have higher job satisfaction, loyalty and willingness to recommend the organization as an excellent place to work. Besides that, an organization needs to emphasize on organizational culture in order to attain positive job satisfaction as this will lead to high performance and lower the intention to leave the organization (Ineson et al., 2013; Lam & Ozorio, 2012; Reichheld et al., 1996). Research conducted by Ardiansyah, (2017) and Mohd Razali, et al (2018) which states that organizational culture has a significant effect on employee loyalty.

**H<sub>2</sub>:** organizational culture has significant effect on employee loyalty.

**The Effect of Job Satisfaction on Employee Loyalty**

According Robbins dan Judge (2015) explains that job satisfaction is a positive feeling about a job, resulting from an evaluation of its characteristics. Then Luthans (2011) explain job satisfaction a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. Job satisfaction is a result of employee perception of how well their job provide those things that are viewed as important. The Loyalty of the employees mean that he is willing to work in that organization where he is already work, he try their best for the success of the organization and he think to do work in that organization it is the best option for him. He decided not to leave and nor any plan to go in some other organization (The Loyalty Research Center, 1990). The feelings of the employees and attitude in relation with job components such as the environment where he work, work place conditions, rewards such as salary and bonuses and job itself (Glisson and Durick, 1988; Kim et al., 2005). In last, few years in the major organization, the employee's satisfaction and job satisfaction apparent to be a prerequisite for spirited levels of quality and organizational success has become a major objective (Garcia-Bernal et al. 2005). According to the Walker (2005), relationship between job satisfaction and job loyalty would be positive if the organization provides different opportunities such as learn,

grow and clear established career path. Research conducted by Maric, et al (2011), Waqas, et al (2014), Onsardi, et al (2017) and Frempong, et al (2018) which states that job satisfaction has a significant effect on employee loyalty.

**H<sub>3</sub>:** job satisfaction has significant effect on employee loyalty

## METHODOLOGY

In this study, researchers used quantitative research methods. This study discusses compensation factors, organizational culture and job satisfaction in influencing the loyalty of GO-JEK drivers in Bali. In this study, measurements using a Likert scale as a tool to measure the effect of independent variables on the dependent variable. This type of research is associative research or relationships that are intended to determine the relationship between two or more variables. Data sources from this research are primary data and secondary data. The population in this study was the active GO-JEK driver in Bali who collected 900,000, while the sample used was using a simple random sampling technique using the Slovin formula for collecting 99 respondents.

## THE RESULT AND DISCUSSION

**Table 1.** Hypothesis Testing Results

	Signifikansi	<i>T-Statistics</i>	Kesimpulan
Kompensasi → Loyalitas	0,000	5,999	H1 Accepted
Budaya Organisasi → Loyalitas	0,010	2,622	H2 Accepted
Kepuasan Kerja → Loyalitas	0,002	3,116	H3 Accepted

### The Effect of Compensation on Employee Loyalty

The results of the data analysis show that compensation shows a positive and significant impact on employee loyalty. This result can be seen from the significance value of 0,000 with a t-statistics value of 5,999. This study is in line with research conducted by Geoger, et al (2016) and Onsardi, et al (2017).

### The Effect of Organizational Culture on Employee Loyalty

The results of the data analysis show that organizational culture shows a positive and significant impact on employee loyalty. This result can be seen from the significance value of 0,010 with a t-statistics value of 2,622. This study is in line with research conducted by Ardiansyah, (2017) and Mohd Razali, et al (2018).

### The Effect of Job Satisfaction on Employee Loyalty

The results of the data analysis show that job satisfaction shows a positive and significant impact on employee loyalty. This result can be seen from the significance value of 0,010 with a t-statistics value of 2,622. This study is in line with research conducted by Maric, et al (2011), Waqas, et al (2014), Onsardi, et al (2017) and Frempong, et al (2018).

## CONCLUSION

Based on the results of the discussion it can be concluded as follows, (1) compensation shows a positive and significant impact on employee loyalty, this means that compensation affects job satisfaction. Job satisfaction materials for example salaries and some that are not material such as awards, needs to be approved, promoted to higher positions and so on. Employees who have job satisfaction will be loyal to the company, (2) organizational culture shows a positive and significant impact on employee loyalty, this means that a good organizational culture can be maintained and also further enhanced, so that employees have better loyalty, which ultimately increases employee performance to produce high productivity for the company, and (3) job satisfaction shows a positive and significant impact on employee loyalty, this means that job satisfaction is an assessment or reflection of workers' feelings towards their work. This can be seen from the positive attitude shown by workers towards their company and everything that is

encountered in their work environment. For workers who have felt job satisfaction can allow efforts to increase happiness in life. And for companies, with job satisfaction with employees is expected to increase loyalty and can reduce company costs by improving the attitudes and behavior of each employee.

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