

**THE EFFECT OF JOB SATISFACTION AND EMPLOYEE
MOTIVATION ON EMPLOYEE LOYALTY
(CASE STUDY OF PT KIMIA FARMA APOTEK IN SAM
RATULANGI, MANADO)**

*PENGARUH KEPUASAN PEKERJAAN DAN MOTIVASI KARYAWAN TERHADAP
LOYALITAS KARYAWAN (STUDI KASUS PT KIMIA FARMA APOTEK DI SAM
RATULANGI, MANADO)*

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ABSTRACT

Employee loyalty is a vital outcome of retaining employees. There are several ways to keep employees loyal, such as keeping employees satisfied with their job and motivated to do a better work. The objective of this research is to identify the effect of job satisfaction and employee motivation on employee loyalty. In this research, the population refers to the employees of Kimia Farma Apothecary of Sam Ratulangi Branch in Manado with sample size as many as 44 respondents. This research causal research and the data are gathered from using questionnaires and used multiple regression analysis. Result showed that job satisfaction and employee motivation variables have significant effect on employee loyalty simultaneously. Job satisfaction does not have significant partial effect on employee loyalty while employee motivation has partial significant effect on employee loyalty. Kimia Farma Apothecary should increase compensation and build good relationship between supervisor and employee to increase employee's job satisfaction.

Keywords: employee loyalty, job satisfaction, employee motivation.

ABSTRAK

Loyalitas karyawan adalah sebuah hasil yang sangat penting untuk mempertahankan karyawan. Ada beberapa cara untuk mempertahankan loyalitas karyawan, antara lain mempertahankan kepuasan kerja pada karyawan, dan memotivasi karyawan untuk melakukan pekerjaan yang lebih baik. Objektif pada riset ini adalah untuk mengidentifikasi efek dari kepuasan kerja dan motivasi karyawan terhadap loyalitas karyawan. Pada riset ini, populasi diambil dari karyawan di Apotek Kimia Farma, cabang Sam Ratulangi di Manado dengan sampel sejumlah 44 responden. Riset ini menggunakan analisa kuantitatif dengan memakai kuesioner dan analisa regresi ganda. Hasil membuktikan bahwa kepuasan kerja dan motivasi karyawan memiliki efek yang signifikan secara simultan terhadap loyalitas karyawan. Kepuasan kerja tidak memiliki efek yang signifikan secara parsial terhadap loyalitas karyawan, sedangkan motivasi karyawan memiliki efek yang signifikan secara parsial terhadap loyalitas karyawan. Apotek Kimia Farma sebaiknya menambah jumlah kompensasi dan membangun hubungan yang baik antara atasan dan karyawan untuk menambah kepuasan kerja karyawan.

Kata Kunci: loyalitas karyawan, kepuasan kerja, motivasi karyawan.

1. INTRODUCTION

1.1. Research Background

Providing pronounced award and recognition are one of many ways to keep employees satisfied with their job and also a strategy to retain the company's employees. While provisioning motivation is also a way to keep employees motivated and a strategy to retain the company's employees as well. The act of retaining employees is one of four main functions of human resource management, since employee is one of the most valuable, vital and important resources a company could have. Aside from profit, a good company should know how to keep their employees' loyalty so that they could give the most effective outcome such as improving organizational performance.

The growth of Indonesia's pharmaceutical industry has been decreased drastically in 2014 comparing to year 2013. In 2014, Indonesia's pharmaceutical industry grew by 4.9%, while in 2013 it grew by 12.4%. At the same time in terms of performance, PT. Kimia Farma, Tbk recorded sales growth of 3.98% or IDR 4.52 trillion net sales, compared to 2013, with only IDR 4.35 trillion net sales. On account of this increased points of sales growth, board of directors of PT. Kimia Farma gave their high appreciation to the employees.

PT. Kimia Farma, Tbk. is one of the top 10 pharmaceutical companies and it is the first pharmaceutical company in Indonesia. It was established in 1817 by the Dutch East Indies government by the name *NV Chemicalien Handle Rathkamp and Co.* The company has several subordinate companies, and the company's retail pharmacy business was developed through PT. Kimia Farma Apotek, which was established in January 2003. Moreover, currently PT. Kimia Farma Apotek has become a market leader for the retail pharmacy in Indonesia.

PT. Kimia Farma, Tbk has carried out various numbers of efforts to improve the quality of human resources, including Provision of Motivation and Providing Clear Award and Recognition Program. Concurrently, PT. Kimia Farma Apotek merely develop their human resources competencies by improving knowledge and skills through education and training without supplying retaining strategies. Consequently, this research is conducted to find the effect of job satisfaction and employee motivation on employee loyalty in PT. Kimia Farma Apotek, Sam Ratulangi Branch.

1.2. Research Objectives

The objectives of this research are to identify the effect of:

1. Job satisfaction and employee motivation on employee loyalty, simultaneously.
2. Job satisfaction on employee loyalty, partially.
3. Employee motivation on employee loyalty, partially.

1.3. Theories

1.3.1. Employee Loyalty

Employee is one of the most vital and important resource a company could have. Having strategies to retain and keep them loyal are a challenge that companies have to face, hence, their employees could give their most effective outcome to the company. Becker (1995) in Haq and Ismail (2014), clarify loyalty as retaining member of organization, an enthusiasm to hit on high standards of hard work for organization, and a specific confidence in and acceptability of principles and objectives of the association. One distinctive theory of employee loyalty is Theory Z or Ouchi's Theory, by William Ouchi (1970). As stated by Ouchi (1981) in Braden

(2000), Theory Z managers assume that the average worker wants to be included in managing a company and building trust among all organizational members is central to raising productivity. In the opinion of Ouchi, Theory Z focused on intensifying employee loyalty to the company by giving a job for life with a tenacious focus on the prosperousness of the employee, both on and off the job. Theory Z management has a tendency to promote well-balanced employment, high productivity, and high employee morale and satisfaction.

1.3.2. Job Satisfaction

As defined by Robbins and Judge (2005), job satisfaction is a positive feeling about a job, resulting from an evaluation of its characteristics, which resulting a positive feeling. Moreover, Soler (1998) made intelligible that when job satisfaction escalates, employee loyalty be likely to develop in a positive way. In expression of employee satisfaction, Luthans (1992) talk about five aspects that comprise payment, nature of work, operational circumstances, supervision policy and colleagues. With that being said, when job satisfaction increases, the loyalty pattern of employees tend to progress in a positive direction.

1.3.3. Employee Motivation

As stated by Robbins (1993) in Ramlall (2004), employee motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need. According to Shahzadi et al (2014), employee motivation is contemplated as an influence that drives the employees on achieving certain goals and objectives of the organization. They also define employee motivation as an expression of the measure of energy, commitment, and creativity that a company's employees bring to their jobs. Moreover, regarding the relationship between employee motivation and employee outcomes, Grant (2008) in Shazadi, et al (2014), said that motivation influence employee outcomes for instance performance and productivity. He also proposed that motivated employees are more oriented towards autonomy and are more self-driven, contradicting to less motivated employees.

1.4. Research Hypotheses

The hypotheses for this research are as follow:

- H1: There is a significant effect of job satisfaction and employee motivation on employee loyalty simultaneously.
- H2: There is a significant effect of job satisfaction on employee loyalty partially.
- H3: There is a significant effect of employee motivation on employee loyalty partially.

2. METHODS

2.1. Type of Research

This research is causal research with quantitative approach. This research is conducted to analyze the effect of Job Satisfaction and Employee Motivation on Employee Loyalty.

2.2. Place and Time of Research

This research was conducted in Manado, North Sulawesi, Indonesia from May to August 2015.

2.3. Research Procedures

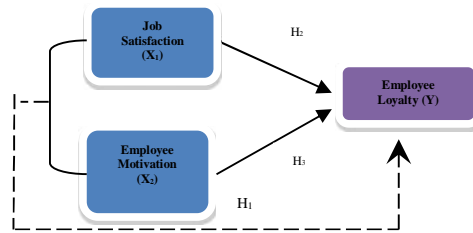


Figure 1. Research Procedure

Source: Data processed, 2015

2.4. Populations and Sample

The population of this research is all the employees of PT Kimia Farma Apotek, Sam Ratulangi Branch, both permanent and temporary employees. The sample size of this research is minimum ten times larger than the number of variables being considered (Roscoe, 1975, in Hill, 1998). Since there are three variables in this research, the minimum sample used will be 30 employees of PT Kimia Farma Apotek in Sam Ratulangi Manado.

2.5. Data Collection Method

All the data gathered in this research come from two sources of data, which are primary and secondary data to make an appropriate result. The primary data is collected by distributing the questionnaires, while for the secondary data were gathered from related books, journals, and literatures that could be found in the library and the Internet. In this research the questionnaire were distributed to 44 employees of PT. Kimia Farma Apotek, with 9 questions, each questions containing indicator for each variables. While the measurement, Likert scale was used with five points scale that refers the responses from strongly disagree to strongly agree.

2.6. Data Analysis Method

2.6.1. Validity Test

Validity is the extent to which a construct measures what it is supposed to measure (Hair, et al, 2003). The test is performed by using value of MSA (Measures of Sampling Adequacy). If the value of MSA is above 0.5, the data is considered as valid so it can be used for further tests and analyses (Nasution and Usman, 2008).

2.6.2. Reliability Test

According to Malhotra and Peterson (2006) in Maghanati *et al.* (2012), Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made. Therefore, reliability can be defined as the extent to which measures are free from random error. A survey of instrument (questionnaire) is considered reliable if its repeated application results in consistent scores (Hair *et al.*, 2003). Alpha Cronbach test is utilized as reliability test in this research with following criteria.

2.7. Multiple Regression Analysis Model

Multiple regression analysis is similar to the simple regression analysis but it uses more than one independent variable to explain variance in the dependent variable. (Sekaran and Bougie, 2010). The starting point of multiple regression analysis is the conceptual model and the

hypotheses derived from that model that the researcher has developed in an earlier stage of the research process. (Sekaran and Bougie, 2010). The formula of multiple regression models in this research is shown as follows:

$$Y = + 1X1 + 2X2 + e$$

Description:

- Y = Employee Loyalty
- = Intercept
- 1, 2 = The Regression Coefficient of Job Satisfaction and Employee Motivation
- X1 = Job Satisfaction
- X2 = Employee Motivation
- e = Error Standard or Error Term

3. RESULTS AND DISCUSSION

3.1. Validity Test Result

The following Table 1 explained about the measuring instrument, which in this research the indicators are satisfaction towards compensation, content with their job, satisfaction towards their job, commitment, creativity, self-driven, faithful, strong dedication, and feelings of responsibility.

Table 1 explained 9 (nine) questions, which are indicators of Job Satisfaction (X₁), Employee Motivation (X₂), and Employee Loyalty (Y). It shows that indicators of Job Satisfaction (X₁), which are Satisfaction Toward Compensation (0.655), Content with Their Job (0.759), and Satisfaction Toward Their Job (0.745) are valid. The same result is gained when testing the indicators of Employee Motivation (X₂), because the result shows that the indicators such as Commitment (0.717), Creativity (0.757) and Self-Driven (0.884) are valid. Lastly, the result also shows that the indicators of Employee Loyalty (Y), which are Faithful (0.635), Strong Dedication (0.558), and Feelings of Responsibility (0.728), are valid.

Table 1. Validity Test Result

Indicators	Results
Satisfaction Towards Compensation	.655
Content with Their Job	.759
Satisfaction Towards Their Job	.745
Commitment	.717
Creativity	.757
Self-Driven	.884
Faithful	.635
Strong Dedication	.558
Feelings of Responsibility	.728

a. Measures of Sampling Adequacy (MSA)

Source: Data Processed, 2015

3.2. Reliability Test Result

Table 2. Reliability Test Result
Reliability Statistics

Cronbach's Alpha	N of Items
.837	9

Source: Data Processed, 2015

Table 2 shows that the Cronbach’s Alpha is 0.837, which is larger than 0.8 and indicates that all the indicators of each variables are consistent and reliable.

3.3. Multiple Regression Test Results

The analysis result of multiple regression models using SPSS statistic. 20 are the multiple regression formula, which displayed in Table 3.

Table 3. Multiple Regression Result
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	4.661	1.877		2.483	.017
1 Job Satisfaction	.061	.135	.063	.450	.655
Employee Motivation	.609	.146	.582	4.177	.000

a. Dependent Variable: Employee Loyalty

Source: Data Processed, 2015

Based on Table 3, the result of multiple regression analysis can be concluded:

The equation of this research is:

$$Y = 4.661 + 0.061X_1 + 0.609X_2 + e$$

1. Intercept () 4.661 shows that if all independent factors are equal to 0 (zero), Employee Loyalty is predicted to be 4.661.
2. 0.061 as the regression coefficient of job satisfaction shows that if the other variables are constant, a one-point increase in Job Satisfaction (X₁) will result in an average increase of at least 0.061 in Employee Loyalty (Y).
3. 0.609 as the regression coefficient of employee motivation shows that if the other variables are constant, a one-point increase in Employee Motivation (X₂) will result in an average increase of at least 0.609 in Employee Loyalty (Y).

3.4. Hypotheses Testing

3.4.1. F-Test (Simultaneous)

Table 4. F-test result
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.649	2	16.324	12.376	.000 ^b
	Residual	54.079	41	1.319		
	Total	86.727	43			

a. Dependent Variable: Employee Loyalty

b. Predictors: (Constant), Employee Motivation, Job Satisfaction

Source: Data processed, 2015

$F_{\text{Count}} < F_{\text{Table}}$, H_0 is accepted

$F_{\text{Count}} > F_{\text{Table}}$, H_0 is rejected

The result of F test shows that $F_{\text{Count}} > F_{\text{Table}}$ ($12.376 > 3.23$) and Sig F < 5% ($0.000 < 0.05$). It means that there is significant effect of Job Satisfaction (X_1) and Employee Motivation (X_2) on Employee Loyalty (Y) simultaneously. Therefore, it can be concluded that Hypothesis 1 (H_1) is accepted.

3.4.2. t-Test (Simultaneous)

Table 5. t-test result
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.661	1.877		2.483	.017		
	Job Satisfaction	.061	.135	.063	.450	.655	.784	1.276
	Employee Motivation	.609	.146	.582	4.177	.000	.784	1.276

a. Dependent Variable: Employee Loyalty

Source: Data Processed, 2015

$t_{\text{Count}} < t_{\text{Table}}$, H_0 is accepted.

$t_{\text{Count}} > t_{\text{Table}}$, H_0 is rejected.

Table 5 explained the level of significant of 0.05 ($\alpha = 0.05$) and Degree of Freedom (df) = 41, the results are:

1. t_{Count} of job satisfaction (0.450) < t_{Table} of job satisfaction (1.683) with the significant level of 0.655 (> 0.05). Therefore H_0 is accepted and H_2 is rejected, which means that there is no significant effect of Job Satisfaction (X_1) on Employee Loyalty (Y) partially.
2. t_{Count} of employee motivation (4.177) > t_{Table} of employee motivation (1.683) and with the significant level of 0.000 (< 0.05). Therefore H_0 is rejected and H_3 is accepted, which means that there is significant effect of Employee Motivation (X_2) on Employee Loyalty (Y) partially.

3.5. Discussion

Job Satisfaction has a positive relationship with Employee Loyalty. Job Satisfaction indicators consist of Satisfaction Towards Compensation, Extent To Which They Like Their Job and How Content Are They With Their Job. In this research, Job Satisfaction has no significant effect towards Employee Loyalty. According to the interview with some employees of Kimia Farma Apotek, it happens because the employees are not satisfied but are still loyal to the company. Based on the interview, they are not satisfied because of several reasons, such as: low compensation and disappointment towards their managers.

The research result shows that Employee Motivation has a positive relationship with Employee Loyalty. Employee Motivation indicators consist of Commitment, Creativity and Self-Driven, where the result shows that Employee Motivation has a significant effect on Employee Loyalty of PT Kimia Farma Apotek in Sam Ratulangi Manado. When the employees have commitment to the company they are working to, they are willing to give their time and energy to that company. Based on the questionnaire results, it can be concluded that most employees have worked for the company for over 6 years. In other words, they are willing to give their time and energy to the company. Regarding the creativity, employees show their motivation by expressing their ideas and imagination to the company. Those skills can be used when arranging the store display that will attract more customers, and increase the consumer buying intention. As for Self-Driven, taking from the information gained at the interview, every month the employer gives rewards and awards to the employees that performed well. It will motivate the employees to drive themselves to perform better, so that they could obtain rewards and awards that they deserve.

4. CONCLUSIONS AND RECOMMENDATION

Based on the result of the research, the research conclusions are as follow:

1. F-test result shows that all there is significant effect of X_1 and X_2 on Y simultaneously. The independent variables, such as Job Satisfaction (X_1) and Employee Motivation (X_2) have simultaneous effect on Employee Loyalty (Y).
2. T-test of Job Satisfaction (X_1), shows that there is no significant effect of Job Satisfaction (X_1) on Employee Loyalty (Y) partially. It happens because even if the employees are not satisfied with the compensation given by the company and inadequate relationships created with supervisors, they are still loyal to the company.
3. T-test of Employee Motivation (X_2), shows that there is significant effect Employee Motivation (X_2) on Employee Loyalty (Y) partially. This result is supported by the previous research.

Based on the result and the conclusion, the research recommendations are as follows:

1. PT. Kimia Farma Apotek should increase the compensation and pay more attention to non-profession employees.
2. PT. Kimia Farma Apotek should build a good relationship between supervisors and employees. It can be built through weekly meetings for each division to establish good communication and transparency between supervisor and employees, mutual respect and trust, support and nurture from supervisor to the employees.
3. PT. Kimia Farma Apotek should keep its employees motivated with communication. For example, delivering the company vision, mission and strategies to attain its goals. PT. Kimia Farma Apotek should also involve the employees by asking questions on how to reach those goals and listen to their ideas. Lastly, PT. Kimia Farma Apotek should recognize the employees' efforts and shows the proper appreciation.

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