

Analysis of determinant factors affecting the employee loyalty of rural banks (BPR) in bandung city

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Abstract

This research was conducted because of the common problem that often happened at rural banks (BPR), that is too focused on business development so less in paying attention to employee's satisfaction, which impact on high turnover rate of employee. High employee turnover rates have a negative effect on an organization, as it can lead to loss of productivity, profitability, corporate knowledge, skills and competencies.

The population of this research is BPR while the sample is used by BPR in Bandung City. There are four independent variables in this study: (1) transformational leadership, (2) employee competence, (3) commitment, and (4) employee loyalty.

The type of research used is descriptive verification, while the method used in this study is the survey method (explanatory survey) and descriptive method. Descriptive and verification analysis, descriptive analysis is done by using Microsoft Excel software to calculate or determine the frequency of answers from respondents, while verification analysis is used to find multiple regression equation, the magnitude of relationship and influence between variables.

The results of research influence the determinant factors such as transformational leadership, employee competence and commitment to loyalty both partially and simultaneously.

Keywords: Turnover, transformational leadership, loyalty.

JEL Classification: I26.

1. Introduction

The development of rural banks tends to increase, as a result, statistics show that the industry's assets grew 14.81% over the previous year, from Rp 67.40 trillion to Rp 77.38 trillion in 2014, and supported by an increase of 18.78% or to Rp 59.18 trillion. Meanwhile, the collected public funds, deposits and savings, also increased. Each grew 11.44% and 15.02% to Rp 33.88 trillion and Rp 16.64 trillion (Suyanto, 2014).

Common problems that often occur in Rural Banks (BPR) are too focused on business development so that lack of attention to employee satisfaction which affects the high level of employee turnover (Infobank, 2015). High rate of employee turnover has a negative effect on an organization causing loss of productivity, profitability, corporate knowledge, and skills and competencies (Butali, Wesang'ula, & Mamuli, 2013). The high turnover of employees in the banking industry, especially Rural Banks (BPR) in Bandung City can be an indication that employees of Rural Banks (BPR) in Bandung Raya have less loyalty to the bank where they work.

Indeed many factors that make an employee become loyal, including work environment, compensation, effective communication, motivation provided by the company, comfortable place, career development, procurement training and employee education, employee empowerment, work participation, health and safety implementation and relationships between higher management and lower management or with others (Sussanto & Damayanti, 2011).

2. Literature Review

McGregor Burn in (Sedarmayanti, 2007) that leadership has two types, namely transactional leadership and transformational leadership. Transactional leadership is a leadership model in which a leader tends to provide direction to subordinates as well as member rewards and punishment on performance and focuses on behavior to guide followers towards defined goals by clarifying roles and task demands. While transformational leadership is a leadership model for a leader who tends to motivate subordinates to work better and focuses on behaviors that help transform individuals within the organization.

According to (Wibowo & Phil, 2007) competence is an ability to perform or perform a job or task based on skills and knowledge and supported by the attitude required by the job. Thus, competence shows the skills or knowledge characterized by professionalism in a particular field as the most important and superior in the field. Competence as a person's ability to produce at a satisfactory level in the workplace, including the ability of a person to transfer and apply these skills and knowledge in new situations and enhance agreed benefits. There are five types of competence characteristics, namely Motive, Nature, Self Concept, Knowledge, Skills.

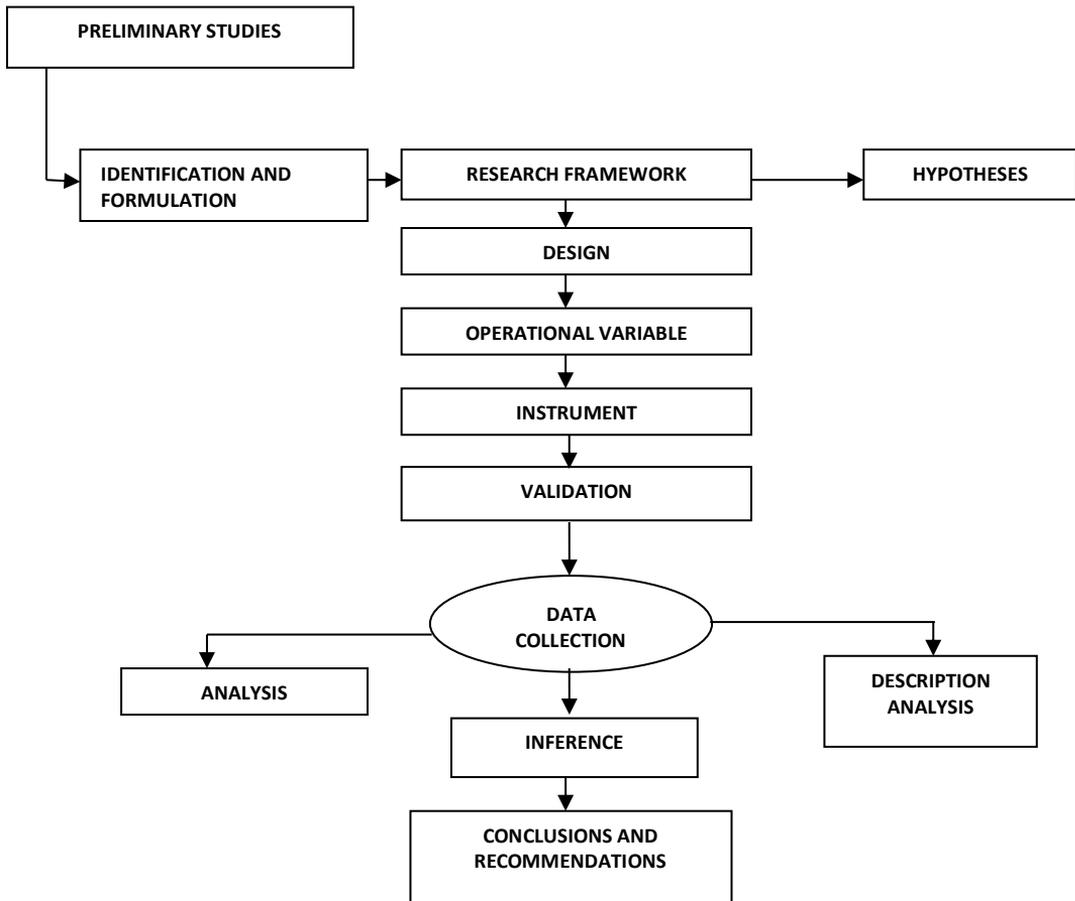
According to (Meyer & Allen, 1997) states that employee commitment is a psychological construct that is a characteristic of the relationship of members of an organization with its organization that affects individual decisions to continue membership in the organization. Meanwhile, according to (Robbins, 2003)

employee commitment to the organization is an attitude that reflects the feelings of likes or dislikes of employees to the organization. (Newstrom) states that conceptually, the commitment of employees is characterized by three things, namely: (1) strength and acceptance of a person to the goals and values of the organization, (2) the desire of a person to make a serious effort for the organization, and (3) strong desire to maintain membership in an organization. (Sutanto, Stefanus, & Saputra, 2010) loyalty can be regarded as the loyalty of a person to a thing that is not just a loyalty to a thing that is not just a mere physical loyalty, but more on non-physical obedience like mind and attention. The higher the employee loyalty, the easier it will be for the organization to achieve its objectives. According to (Robbins, 2003), loyalty is the desire to protect and save the face for others. While the terms of loyalty according to (Siagian, 2003), an employee's tendency to not move to another company. According to (Alex, 2000) facilities received by employees so that employees are willing to work as well as possible and remain loyal to the company, the company should reward them accordingly. All depends on the situation and condition of an organization.

3. Methodology

The type of research is descriptive and verification because this study aims to explore the variables of employee loyalty, employee empowerment, employee competence and transformational leadership. The transformational leadership variable is the predictor variable (independent) while the competence and the employee training are intermediate variables (intervening) and as the dependent variable are employee loyalty on a number of Rural Banks in Bandung City, Bandung Regency, Cimahi City and West Bandung Regency. Research method used is survey method that research take sample from population with questionnaire and interview technique as main data collection tool. There are 2 survey methods applied that are descriptive survey and explanatory survey.

Figure 1. Research stages



Source: Author's figure

4. Results

Transformational Leadership Variables

Based on the results of the recapitulation of respondents' answers about transformational leadership consisting of 16 statements with the following frequency details: number of respondents who answered the scale of 1 by 0.40%, answer the scale of 2 by 11.2%, answer the scale 3 by 40.7%, answer the scale of 4 by 37.1% and answer the scale of 5 by 10.7%.

This means that the data is scattered from the smallest to the largest with an average value of 3.4883 and the standard deviation of 0.42625 with the answer category is in good enough criteria. The average of each dimension in the transformational leadership variable can be sorted from the largest dimension to the lowest dimension, namely the largest average dimension is the Personal Recognition dimension with an average of 3.56 with good criteria, the average the

second largest dimension of Inspirational Communication with an average of 3.50 with good criteria, the third largest average Vision with an average of 3.49 with good criteria, and the largest average of the four dimensions of Intellectual Stimulation (Intellectual Stimulation) with an average of 3.39 with fairly good criteria and the largest average lowest supportive leadership (Leadership Supportive) with an average of 3.28

Furthermore, the average value of the answers from each statement sorted by the lowest average that is: "My leadership always gives positive support to subordinates with an average of 3.12" and on the statement: "My leadership always provide work in accordance with duties and responsibilities, average of 3.24.

While the highest statement: "My leadership always provides opportunities for employees to make changes with an average of 3.66" and on the statement: "My leadership always encourages employees to do the work with an average of 3.63."

From the above description, to get an overall picture of the implementation of transformational leadership at BPR Bandung City/Regency, West Bandung Regency, and Cimahi City.

Employee Competency Variable

Employee Competency variable consists of 16 statements with the following frequency details:

The number of respondent's answer items stated that those who answered the scale of 0%, answer the scale of 2 by 0%, answer the scale 3 of 31.60%, answer the scale of 4 by 50.13%, and answer the scale of 5 by 15.44%. This means that the data is scattered from the smallest to the largest with an average value of 3.77 and the total score is 14.308 and Standard Deviation of 0.17896 with the answer category in the range 3.59 - 3.95. It can be concluded that employee competency variable is in good criterion.

The order of the average value of the answers for each statement is sorted by the lowest average value that is in the statement: BPR where I work Have a goal that is better with an average of 3.63, and on the statement: All employees of the BPR where I work know about banking products with an average of 3.64. While the highest statement: "Leadership and all employees at the BPR where I work always keep honesty in doing the job with an average of 4.30 and on the statement Employees at the BPR where I work always maintain harmony in the work environment with an average of 4.07.

Commitment Variables

The Commitment variable consists of 16 statements with the following frequency details:

The number of respondent's answer items stated that those who answered the scale of 1 by 0.03%, answer the scale 2 by 1.94%, answer the scale of 3 by 23.02 %, answer the scale of 4 52.05 percent, and answer the scale of 5 by 22.72%. This means that the data is scattered from the smallest to the largest with an average value of 3.99 and the total overall score of 24,038 and Standard Deviation of 0.17896 with the answer category is in the range 3.99 - 4.17 thus can it is concluded that the commitment variable is in the Good criteria.

The order of the average value of the answers for each statement is sorted by the lowest average value that is on the statement: I will always be obedient to the job because it is assigned according to my competence with an average of 3.78 and in the statement I will always keep the good name of the BPR where I work because BPR is the right job choice for me with an average of 3.79.

The highest statement is on the statement: I feel I have an emotional bond with the BPR where I work with an average of 4.20 and in the statement I feel happy about the BPR where I work, because the procedure is clear with an average of 4.19.

From the description that has been mentioned above, to obtain a comprehensive picture of the implementation of commitment at the BPR Bandung City/Regency, West Bandung Regency, and Cimahi City.

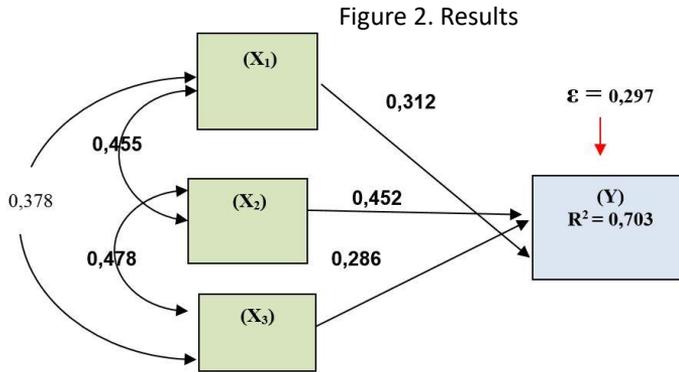
Employee Loyalty Variable

Employee loyalty consists of 17 statements with the following frequency details:

Number of respondents answer items stated that those who answered the scale 1 of 0.30 percent, answer the scale of 2 by 9.96%, answer the scale of 3 by 46.68%, answer the scale of 4 by 33.52%, and answer the scale of 5 by 9.52%. This means that the data is scattered from the smallest to the largest with an average value of 3.42 and the overall total score of 13.489 and the Deviation Standard of 0.34390 with the answer category being in the range 3.08-3.76. It is concluded that employee loyalty variable is on the criteria of Fair to Good.

The order of the average value of the answers for each statement is sorted by the lowest average value that is on the statement: The BPR in my place of work always keeps a harmonious work environment with an average of 2.91 and on the statement of facilities and infrastructure at the BPR where I work very supportive with an average of 3.00

The highest statement is on the statement: The salary given at the BPR where I work in accordance with the rules that apply with an average of 4.05 and the BPR statement in the place where I work always give a bonus if the target job with an average of 3.96.



Source: Author's figure

The concurrent influence of Transformational Leadership, Competence, and Commitment to Organizational Culture variables uses the following statistical hypotheses:

H0: $\rho_{YX_1} = \rho_{YX_2} = \rho_{YX_3} = 0$ There is no influence of Transformational Leadership variable, Employee competence and Affective commitment to employee loyalty

H1: $\rho_{YX_1} \neq \rho_{YX_2} \neq \rho_{YX_3} \neq 0$ There is an influence of variable of Transformational Leadership, Employee Competence, and Affective Commitment to Employee Loyalty.

It is to test whether there is a simultaneous influence between Transformational Leadership (X1), Competence (X2), and Commitment (X3) on Employee Loyalty (Y), it can be seen from the result of F test as follows.

Table 1. Simultaneous Test of Transformational Leadership Variables (X1), Competence (X2), and Commitment (X3) on Employee Loyalty Variables (Y)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3297.177	3	1099.059	180.131	.000 ^b
	Residual	1391.129	228	6.101		
	Total	4688.306	231			

a. Dependent Variable: Employee Loyalty

b. Predictors: (Constant), Commitment, Leadership Transformation, Competence

Source: Author's table results

Based on the calculation obtained Fcount of 180.131 where the rejection criterion H_0 if Fcount greater than Ftable or $F_0 > F_{table}$, with degrees freely $v_1 = 3$ and $v_2 = 232 - 3 - 1$ and 95% confidence level, then from table F distribution obtained value $F_{table} = 2.36$. Because 180,131 is bigger than 2.36, then H_0 is rejected, it can be concluded that there is a linear relationship between Transformational Leadership (X1), Employee Competence (X2) and Affective Commitment (X3) to Employee Loyalty (Y), or it can be interpreted that there is influence positive and significant simultaneously between Transformational Leadership (X1), Competence (X2) and Affective Commitment (X4) to Employee Loyalty (Y), with coefficient of determination (R^2) = 0.703 or 70.3% and influence of variable outside model 29.7% (errorvar = 0.297).

Transformational leadership, employee competence, and affective commitment have an influence on employee loyalty in BPR in Bandung City/Regency, West Bandung Regency and Cimahi City. The total contribution of transformational leadership influence, competence, and commitment to employee loyalty is 0.703 or 70.3% and the rest equal to 0.297 or 29.7%, influenced by other variable not explained in this research. It shows that employee loyalty will depend on transformational leadership, employee competence, and affective commitment.

These results are supported by statistical tests showing that the effect is significant, which is based on the magnitude of Fcount ($180.131 > F_{table}$ value (3.89)). The significance of the statistical test states that transformational leadership, employee competence, and affective commitment have a total role of 76.12% in support of employee loyalty improvement, while 23.88% is influenced by other variables. Increased and decreased employee loyalty to BPR in Bandung City/Regency, West Bandung Regency and Cimahi City, determined by transformational leadership, employee competence, and affective commitment.

The other independent variables that affect employee loyalty are not included in this study are transformational leadership variables, employee competence, affective commitment that has not been optimal and work environment that has not been in accordance with employee's expectations.

The results of this research in accordance with transformational Leadership often meet the need to transform the organization from low performance to acceptable performance or from perceived performance to high performance. At other times, a leader is expected to cope with an organization. To overcome this matter, transformational leaders seek to improve organizational culture or substructure. His job is as tough as doing organizational change (Kaswan, 2015).

Similarly, the results of the research (Brown, 2004) which his finding that workplace human resources influence the CLI suggests that employers may be

able to influence the commitment and loyalty of their workforce, which in turn, may affect workplace performance.

5. Conclusion

Based on the analysis of secondary and primary data and path analysis, it can be concluded that:

- a. Transformational leadership is in a position of Fair to Good. However, there is still a weakness, however, that BPR has not optimally had a better direction and all BPR employees have not been well informed about banking products.
- b. Based on the results of descriptive data processing, it can be concluded that the Competence variable is in good criteria, however there is still a weakness that is BPR employees in work has not been in accordance with the expected by BPR employer and BPR employees are still less knowledge about the banking products as a whole.
- c. Based on the results of descriptive data processing, Affective Commitment variables are in the range of Good criteria, however there are still weakness aspects: work given to BPR employees has not in been accordance with the competencies of employees of BPR that BPR is not as a proper job choice.
- d. Based on the results of descriptive data processing, employee loyalty variables are on Fair to Good criteria, but there are still weaknesses: work environment in BPR has not been maintained with harmony and Facilities and infrastructure in BPR has not fully supported.

The influence of transformational leadership, employee competence and commitment to loyalty are both partially and simultaneously:

- a. Transformational leadership has an influence on employee loyalty. The total influence of transformational leadership on employee loyalty is 19.52%, meaning that employee loyalty is not only influenced by transformational leadership factor, but also employee competency and affective commitment
- b. Employee competence has an effect on employee loyalty. Total employee competency contribution to loyalty is 33,03%. Employee competency gives the biggest contribution to employee loyalty, it shows that employee loyalty influenced employee competency, besides contribution of employees competence also depend on transformational leadership and affective commitment

- c. Commitment has influence on employee loyalty BPR. Direct influence Affective Commitment of 8.2% and indirect influence Affective commitment of 9.6% to employee loyalty then the total influence of 17.7%. : employees have an emotional bond with the BPR side and loves his/her work because the work procedure is clear
- d. Transformational leadership, Employee competence and commitment influence simultaneously to employee loyalty can be interpreted that all three independent variable have an effect on to employee loyalty as dependent variable. Total contribution of transformational leadership influence, competence, and commitment to employee loyalty equal to 0.703 or 70.3% and balance 0.297 or 29.7%, influenced by other variables not described in this study. It shows that employee loyalty will depend on transformational leadership, employee competence, and affective commitment.

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