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## Analysis of Factor Affecting Employee Loyalty in Pt. Karya Swadaya Abadi (Karsa)



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### ABSTRACT

The objective of this study is to determine and analyze the factors that most primarily affect the loyalty of employees in PT. Karya Swadaya Abadi (Karsa). The sample consisted of 70 respondents. The data used are primary and secondary data, and questionnaires and documentation are used as data collection methods, while factor analysis is used as data analysis method. Based on the research data and discussion, the value of Kaiser-Meyer-Olkin (KMO) of Measure of Sampling Adequacy (MSA) of 0.851 is obtained with a significance level of 0.000. Since the value of KMO is greater than 0.50 and significant at 1 percent, then the data is reasonably feasible for further analysis using factor analysis. The scree plot shows the graph, where from factor 1 to factor 2 (source line of component number = 1 to 2), the direction of the line decreases quite sharply. Then from number 2 to 3, the line still decreases with the smaller slope. The fourth factor is already below the numbers of the Y-axis (eigenvalues). This suggests that three factors are best for summarizing the fourteen factors affecting the loyalty of employees in PT. Karya Swadaya Abadi (Karsa). The main factors affecting the loyalty of employees in PT. Karya Swadaya Abadi (Karsa) with a correlation value greater than 0.80 includes incentives (0.823), status (0.821), and promotion (0.813). The advice given as a consideration to the leadership of the company is that to increase employee loyalty, the company should appoint the contract employee with the best performance to be the permanent employee. Companies should retain incentives to high performing employees to increase employee loyalty to the company

## INTRODUCTION

Employee loyalty demonstrates a strong desire to become a member of the organization, a desire toward a high level of expertise on behalf of the organization, a particular belief within, and acceptance of the values and objectives of the organization concerned.

Factors affecting employee loyalty are age, length of service in the organization, payroll, work design, leadership style, job characteristics, an organization's treatment of employees, promotion of position, abilities, training, and incentives to the best performing employees. If any of these factors change, then employee loyalty to the organization will change.

Pramesti (2009) explains that there are three factors that can influence employee loyalty to the company, namely: (a) personal attributes, such as individual age, gender, education, (b) organizational factors, such as organizational size and economic centralization, And (c) role-related factors, such as workload and subordinate skills.

I Ketut Andy Hermawan and I Gede Riana (2012) show that the method used is Principal Component Analysis (PCA) of 20 variables used and there are four factors that determine employee loyalty with a value of 74.45% which can explain all the variance in the data. The factors that affect employee loyalty in PT. Inti Buana Permai of Denpasar is the compensation of eigenvalue is 4.366, the responsibility of eigenvalue is 3.925, the discipline of an eigenvalue is 3.862, and the participation of eigenvalue is 2,738. The variables that represent each factor to determine employee loyalty in PT. Inti Buana Permai is a transport allowance of loading factor is 0.819, the success of loading factor is 0.873, the absence of loading factor is 0.855, and the initiative and creativity of loading factor is 0.780.

Furthermore, the results of research conducted by Rukmi Tien Martini and Ahmad Mardalis (2012) states that the motivation of work, compensation, career management, and job pressure had a significant positive effect on work loyalty.

PT. Karya Swadaya Abadi (Karsa) is a transportation service company. Employee loyalty in this company is known to decrease. This is evident from the number of employees who leave the company to work in other companies. In 2013, there are 6 employees who moved to work in another company, in 2014 the number increased to 8 employees, and in 2015 also increased to 10 employees. At the time of recruitment of new employees, PT. Karya Swadaya Abadi (Karsa) establishes the status of employees as contract employees. If after two years of

good performance, the driver is able to achieve the standard income of Rp 54,000,000 per year (12 months x Rp 4.500.000 / month), then the company appoints the employee to become a permanent employee of the company. Determination of status as permanent employees aims to increase employee loyalty to the company.

PT. Karya Swadaya Abadi (Karsa) provides an opportunity for employees with the best performance to occupy a higher position. With this kind of promotion, the company expects employee loyalty to the organization is increasing. In 2012, the employees of the operations section (driver) who got the opportunity promoted to head of the operations section are only 1 employee. This driver is promoted to a higher position because for 3 consecutive years his work performance exceeds the income standard set by the company. In 2014, the employee is also promoted to the Managing Manager. Therefore, the problem to be studied is what factors that most dominantly affect employee loyalty in PT. Karya Swadaya Abadi (Karsa).

## LITERATURE REVIEW

### 1. Definition and Components of Employee Loyalty

Employee loyalty is the attitude of the employee to the organization in which he works (Setiwati and Zulkaida, 2007). An employee with high loyalty is indicated as having high needs and expectations for the organization in which he works, and is more motivated when his expectations are met. January and Bunyaanudin (2006: 3) states, "employee loyalty is defined as (1) a belief and acceptance of the goals and values of the organization and / or profession, (2) a willingness to use earnest effort for Interests of the organization and / or profession, (3) a desire to maintain membership in the organization and / or profession".

According to Meyer and Smith in Spector (2000), there are three components of employee loyalty, namely:

1. Affective job loyalty, namely loyalty as an effective/psychological attachment of employees to their work. This loyalty causes the employee to stay in a job because he wants it.
2. The loyalty of continuous work, which leads to the calculation of profit-loss in the employee in connection with his desire to keep or leave his job. This loyalty causes the employee to stay in a job because he needs it.

3. Normative work loyalty, namely loyalty as a duty to stay in work. This loyalty causes the employee to remain in a job because he feels obliged to do so and is based on a belief in what is true and related to moral issues.

The three components above present in employees with different levels, resulting in different behavior as a background in maintaining work. According to Armansyah (2002: 3), organizational loyalty is a kind of relative strength in the individual in identifying his involvement into the part of the organization. It can be characterized by three things:

- a. Acceptance of the values and objectives of the organization.
- b. Readiness and willingness to strive earnestly on behalf of the organization.
- c. The desire to maintain membership in the organization (being part of the organization).

## 2. Build Employee Loyalty

Employee loyalty to the organization is a continuous process and individual experience when joining an organization. According to Djodiismanto (2007: 2), there are four ways to increase loyalty:



- a) Special attention to specialized employees.

This can be implemented by raising the position and increasing the salary. To know the development of employees, the company must monitor employee work. Qualified employees should be given positive compensation, one of which is a bonus. This method will bind employees so he is reluctant to move to work because all his needs are met by the company.

- b) Build a family value.

This value can be built in the form of lunch with selected employees. No need every day, lunch together can be done once a week or month. From here the familiarity will be created between employees with leaders. In such conditions non-formal talks will be ejected which makes the atmosphere become relaxed and intimate.

- c) Improve career.

Improving the position of high achieving employees is necessary to do because this is a pride. Employees are most happy when they occupy a higher position. This is a work achievement

and in return for this kind of reward, their morale will increase. Do not let high-performing employees switch jobs because they are company assets whose value is as important as profit.

d) Analysis

By analyzing the employee's situation, the leader will know the condition and level of the employee's needs. Each employee has different levels of needs. In meeting the needs of employees cannot be averaged, each employee has a different level of needs. The level of need of employees aged 22-25 years, where they are fresh out of college and unmarried, is different from employees aged 30-35 years. Employees aged 22-25 years have a character want to learn and the level of requirement of material is still low. Employees at this level are more suitable if provided with the learning center or additional education. Additional education will be a provision for career development, in contrast to employees aged 30-35 years.

According to Sopiah (2008: 159), ways that can be done to build employee loyalty to the organization are:

- a. *Make it charismatic.* Make the vision and mission of the organization as something charismatic, something that becomes the basis for every employee in behaving, having attitude and acting.
- b. *Build the tradition.* All good in the organization makes it a tradition that is continuously maintained, and guarded by the next generation.
- c. *Have comprehensive grievance procedure.* If there are grievances or complaints from external or internal parties of the organization then the organization shall have procedures to resolve the complaint thoroughly.
- d. *Provide extensive two-way communication.* Establish two-way communication without underestimating subordinates.
- e. *Create a sense of community.* Make all the elements within the organization as a community in which there are shared values, sense of belonging, cooperation, and sharing.
- f. *Build value-based homogeneity.* Every member of the organization gets the same opportunity, to be promoted, for example, then the basis used for promotion is ability, skill,

interest, motivation, performance, and without discrimination.

g. *Share and share alike.* Organizations should establish a policy in which the bottom-to-upper level employees are not too different or conspicuous in the compensation they receive, lifestyle and appearance.

h. *Emphasize barn rising, cross-utilization and teamwork.* Organizations as a community must work together, share, benefit each other, and give equal opportunities to members of the organization.

i. *Get together.* Hold events that involve all members of the organization so that togetherness can be established. For example, occasional production is stopped and all employees engage in family recreational, sports and art events that all members of the organization and their families participate in.

j. *Support employee development.* The results of the study show that employees have a greater sense of belonging to the organization when their career development is considered in the long run.

k. *Commit to actualizing.* Each employee is given the same opportunity to actualize himself or herself maximally within the organization according to his or her own capacity.

l. *Provide first-year job challenge.* Employees enter into the organization by bringing with them their dreams, hopes, and needs. Give concrete help to employees to develop their potential and to realize their dreams. If in the early stages the employee has a positive perception of the organization, then he will tend to achieve high performance in the next stages.

m. *Promote from within.* If there is a position vacancy, the first opportunity should be given to the internal party of the company before recruiting employees from external parties.

n. *Provide development activities.* When an organization creates a policy to recruit employees from within as a priority, it will in itself motivate employees to continue to grow and develop personally as well as their positions.

o. *The question of employee security.* When employees feel secure, physical or psychological, then loyalty will come by itself. For example, employees feel secure because

the company has a policy that provides an opportunity to work for employees during the productive age. He will feel safe and not afraid of dismissal. He feels safe because the safety of work is noticed by the company.

p. *Commit to people first values.* Building employee loyalty to the organization is a long process and cannot be established instantly. Therefore, the company must really provide the right treatment in the early days of employees entering the organization.

q. *Put in writing.* Data on policy, vision, mission, slogan, philosophy, history, and strategy of an organization should be made in writing, not just spoken language.

r. *Hire right kind managers.* When leaders want to instill values, habits, rules, and discipline to subordinates, the leaders themselves should be role models in everyday attitudes and behaviors.

s. *Walk the talk.* When leaders want their employees to do something, then the leadership should start doing something, not just talk with words.

Many things that cause an employee is not loyal to the company, among others, the company's inability to maintain work convenience and lack of transparency, received less attention from the company because the employee is not considered important. However, it should be realized that loyalty plays an important role in the progress of a company.

### **3. Factors Affecting Employee Loyalty**

According to Setiwati and Zulkaida (2007), the factors that affect employee loyalty to the work are:

1. Characteristics of work.
2. Opportunity for another job.
3. Individual characteristics.
4. Organizational treatment to employees.

Satisfied employees have a high loyalty to the organization. Low job satisfaction encourages employees to not commit to the organization, thus harming the organization itself such as decreased job performance, low morale, and decreased levels of discipline.

The factors that make up organizational loyalty will be different for newly employed employees. After long service life and for employees who have worked in the long stages will consider the company or organization where he worked has become part of his life.

According to Sopiah (2008: 163), the factors that affect employee loyalty are:

Personal factors, for example, age, gender, education, work experience, and personality.

Job characteristics, for example, the scope of the office, challenges at work, role conflict in work, and the level of difficulty in the job.

Structural characteristics, for example, organizational size (large or small), organizational forms (such as centralized or decentralized), union presence, and the degree of control that the organization does to employees.

Work experience. Working experience of employees is very influential on the level of loyalty of employees to the organization. Employees who are just a few years old working and employees who have been working for decades in the organization, of course, have different levels of loyalty.



## RESEARCH METHOD

### Population and Sample

Population in this research is all employees of PT. Karya Swadaya Abadi (Karsa), totaling 102 people with details as follows:

Sr. No.	Part	Population (person)	Sample (person)
1	Operator	7	$7 : 102 \times 70 = 5$
2	Supervisor	12	$12 : 102 \times 70 = 8$
3	Engineering Department	20	$20 : 102 \times 70 = 15$
4	Operations Section	56	$56 : 102 \times 70 = 38$
5	Payment Section	7	$7 : 102 \times 70 = 5$
	Total	102	70

According to Hair et al. (2000: 365), "the number of members of the sample in the factor analysis is  $5 \times n$ ". This study used 14 variables ( $n$ ), and then the research sample is  $5 \times 14 = 70$  people. Stratified random sampling is used to determine the sample, i.e. the sample is taken randomly from each section.



## Operationalization of Variables

Definitions of the operationalization of variables studied are:

- 1) Age, i.e. age of employees who are involved and work in PT. Karya Swadaya Abadi (Karsa).
- 2) The working period that is the length of an employee working in PT. Karya Swadaya Abadi (Karsa).
- 3) Payment of salary, i.e. the timeliness of salary payments made at the beginning of each month.
- 4) Design work, namely the division of tasks, responsibilities, and authority of each section in accordance with the capacity and skills.
- 5) Leadership style, namely the ability of superiors to lead and influence subordinates to be willing to do a particular job.
- 6) Promotion of position, namely the transfer of employees from one to another position that has a status or level of management and responsibility higher.
- 7) Characteristics of work, namely the conditions of employment in which employees are placed.
- 8) The organization's treatment of employees, that is, the company treats the employees well through the provision of appropriate remuneration.
- 9) Ability, i.e. the placement of workers adjusted to the capabilities possessed by each employee.
- 10) Training, i.e. employees are always given the training to improve their capacity and skills.
- 11) Employee involvement, the reasons for involving subordinates in making decisions.
- 12) Incentives, that is, firms provide incentives to employees who work outside of nominal working hours and for drivers are given incentives if the fees paid by passengers exceed the established standard.

13) Status, i.e. the company establishes employee status as a permanent employee.

14) Organizational policy, that is, the company establishes policies that regulate the duties, responsibilities, and authority to each employee.

The scale of measurement of research variables is Likert scale.

## DATA COLLECTION TECHNIQUE

In this study, the primary data is used through questionnaires and interviews.

## METHOD OF ANALYSIS

### Validity Test and Reliability Instrument

For validity testing, item analysis is used with the following formula

$$r_{xy} = \frac{n \sum X_i Y_i - (\sum X_i)(\sum Y_i)}{\sqrt{\{n \sum X_i^2 - (\sum X_i)^2\} \{n \sum Y_i^2 - (\sum Y_i)^2\}}}$$

Where:



$X_i$  = Scores of each indicator

$Y_i$  = Total score of item,

$n$  = Number of samples

For instrument reliability testing, spearman technique of Spearman-Brown is used with the formula:

$$r_i = \frac{2rb}{1 + rb}$$

Where:  $r_i$  = internal reliability of all instruments

$r_b$  = product-moment correlation between the first and second hemispheres.

For reliability calculations, Cronbach's Alpha is used with the following test criteria:

$\alpha \geq 0.5$  means the instrument is reliable

$\alpha < 0.5$  means that the instrument is not reliable

**Factor Analysis**

The basic model of factor analysis is observational data of several factors ( $f_n$ ). Mathematically this equation becomes (Arikunto, 2002: 165):

$$X_{in} = \lambda_1 f_1 + \lambda_2 f_2 + \dots + \lambda_i f_i + e_{in}$$

Where:  $X_{in}$  = Value of the i-th variable for the nth observation.

$F_i$  = Factors affecting employee loyalty.

$\lambda_i$  = Relationship between variables

$L_{ij}$  which is called factor loading indicates factor linkage with measured variable. If the value of *Kaiser-Meyer-Olkin (KMO)-Measure of Sampling Adequacy (MSA)* is greater than 0.50, then the set of variables can be further processed.

Based on data processing performed using SPSS (*Statistical Program for Social Sciences*) software version 19.00, then the test results simultaneously are as presented in the following table:

**Table 1: Case Processing Summary**

		N	%
<b>Cases</b>	<b>Valid</b>	30	100.0
	<b>Excluded (a)</b>	0	.0
	<b>Total</b>	30	100.0

*a Listwise deletion based on all variables in the procedure*

Based on the above table, it is known that from 30 respondents' answers, 100% is valid. The results of the test of reliability are simultaneously presented in the following table:

**Table 2: Reliability Statistics**

<i>Cronbach's Alpha</i>	<i>N of Items</i>
0,936	14

**Source:** Results of data processing with SPSS software version 19.

From the table above, it appears that all fourteen measurement indicators are reliable because Cronbach's Alpha = 0.936 > 0.50.

**RESULTS OF ANALYSIS**

***KMO and Bartlett's Test***

From the output of SPSS version 19.00 for the 14 variables answered by 70 respondents, the results obtained are as follows:

**Table 3: *KMO and Bartlett's Test***

<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</i>		0,851
<i>Bartlett's Test of Sphericity</i>	<i>Approx. Chi-Square</i>	531,328
	<b>Df</b>	91
	<b>Sig.</b>	0,000

Source: Results of data processing with SPSS software version 19.

From the table above, it appears that the value of KMO (*Kaiser-Meyer-Olkin Measure of Sampling Adequacy* (MSA) is 0.851 which is greater than 0.5, with a significance level of 0.000. Thus it is quite feasible to do further analysis by using factor analysis.

***Anti-image Correction***

*Anti-image* correlation shows which variables can be processed further and which should be issued as research indicator. The result of anti-image correlation and anti-image covariance is presented in the following table:

**Table 4: Anti Image Matrices**

		V1	V2	V3	V4	V5
<b>Anti-image Covariance</b>	V1	0,481	0,061	-0,040	-0,083	-0,052
	V2	0,061	0,533	0,043	0,032	-0,027
	V3	-0,040	0,043	0,404	-0,005	-0,124
	V4	-0,083	0,032	-0,005	0,358	-0,011
	V5	-0,052	-0,027	-0,124	-0,011	0,331
	V6	-0,055	0,037	-0,068	-0,069	0,073
	V7	-0,016	-0,058	-0,038	0,005	-0,037
	V8	0,040	-0,087	0,022	-0,155	-0,095
	V9	-0,045	-0,078	0,074	-0,077	-0,165
	V10	-0,067	-0,109	-0,026	-0,037	-0,010
	V11	-0,036	-0,009	-0,022	-0,056	-0,008
	V12	0,024	-0,186	-0,138	-0,078	0,042
	V13	-0,016	-0,061	-0,050	0,046	-0,011
	V14	-0,018	0,037	-0,031	0,047	0,017
<b>Anti-image Correlation</b>	V1	0,950(a)	0,121	-0,091	-0,201	-0,130
	V2	0,121	0,852(a)	0,093	0,073	-0,065
	V3	-0,091	0,093	0,904(a)	-0,012	-0,339
	V4	-0,201	0,073	-0,012	0,888(a)	-0,031
	V5	-0,130	-0,065	-0,339	-0,031	0,869(a)
	V6	-0,126	0,080	-0,171	-0,181	0,201
	V7	-0,037	-0,124	-0,095	0,012	-0,100
	V8	0,092	-0,192	0,055	-0,418	-0,265
	V9	-0,107	-0,178	0,192	-0,212	-0,475
	V10	-0,139	-0,216	-0,059	-0,090	-0,024
	V11	-0,089	-0,021	-0,060	-0,161	-0,023
	V12	0,049	-0,361	-0,308	-0,185	0,104
	V13	-0,036	-0,134	-0,127	0,123	-0,031
	V14	-0,047	0,093	-0,091	0,146	0,053

**Source:** Results of data processing with SPSS software version 19.

**DISCUSSION**

*Communalities*

**Table 5: Communalities**

<b>Factors Affecting Employee Loyalty</b>	<b>Initial</b>	<b>Extraction</b>
Age (V <sub>1</sub> )	1,000	0,622
Years of service (V <sub>2</sub> )	1,000	0,672
Payroll (V <sub>3</sub> )	1,000	0,617
Work design (V <sub>4</sub> )	1,000	0,675
Leadership style (V <sub>5</sub> )	1,000	0,651
Promotion (V <sub>6</sub> )	1,000	0,698
Characteristics of work (V <sub>7</sub> )	1,000	0,614
Organization treatment (V <sub>8</sub> )	1,000	0,583
Capacity (V <sub>9</sub> )	1,000	0,561
Pelatihan (V <sub>10</sub> )	1,000	0,517
Employee involvement (V <sub>11</sub> )	1,000	0,685
Incentive (V <sub>12</sub> )	1,000	0,734
Status (V <sub>13</sub> )	1,000	0,735
Organizational policy (V <sub>14</sub> )	1,000	0,764

*Extraction Method: Principal Component Analysis*

**Total Variance Explained**

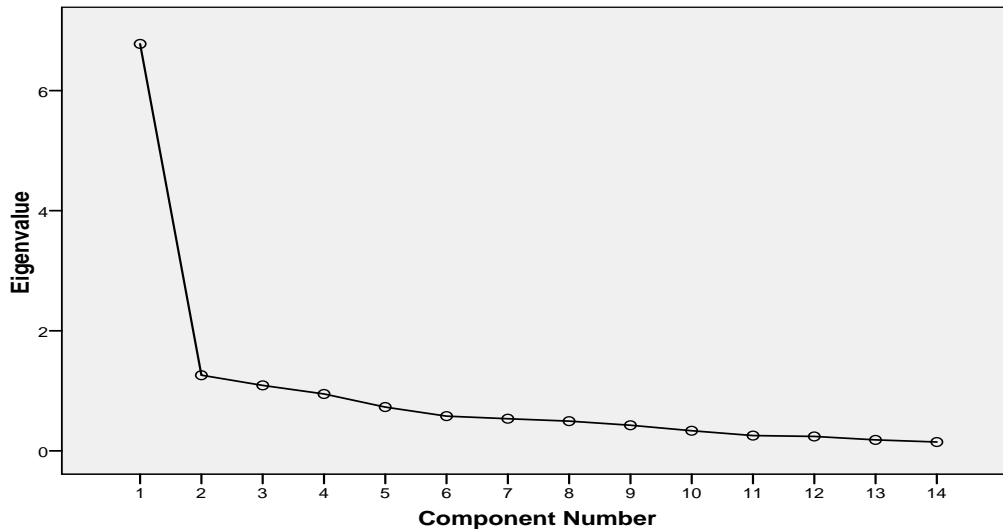
There are 14 variables included in the factor analysis, with each variable having a variance of 1, and then the total variance is  $14 \times 1 = 14$ . If the 14 variables are summarized into one factor, then the variance which can be explained by this one factor is:

- a. The first factor variance is  $6.788 : 14 \times 100\% = 48.412\%$
- b. The second factor variance is  $1.260 : 14 \times 100\% = 9.000\%$
- c. The third factor variance is  $1.909 : 14 \times 100\% = 7.787\%$ .

The total of these three factors is 65.199%, which means that the three factors can explain 65.199% of variability to 14 variables. Eigenvalues show the relative importance of each factor in calculating the variance of 14 variables analyzed.

The number of eigenvalues for the 14 variables is  $\{6.778 + 1.260 + 1.909 + 0.947 + 0.729 + 0.578 + 0.535 + 0.495 + 0.427 + 0.335 + 0.254 + 0.240 + 0.183 + 0.148\} = 14$ . The arrangement of eigenvalues is always sorted from the largest to the smallest, with the criterion that the value of eigenvalues less than 1 is not used in calculating the number of factors formed. The scree plot is illustrated in the following figure:

**Scree Plot**



**Source:** Results of data processing with SPSS software version 19.

**Component Matrix**

**Table 6: Component Matrix**

Factors Affecting Employee Loyalty	Component		
	1	2	3
Age (V <sub>1</sub> )	0,723	-0,225	-0,219
Years of service (V <sub>2</sub> )	0,584	0,388	0,425
Payroll (V <sub>3</sub> )	0,761	0,175	-0,087
Work design (V <sub>4</sub> )	0,761	-0,292	-0,103
Leadership style (V <sub>5</sub> )	0,776	-0,151	0,162
Promosi jabatan (V <sub>6</sub> )	0,690	-0,238	-0,406
Characteristics of work (V <sub>7</sub> )	0,639	0,427	0,154
Organizational treatment (V <sub>8</sub> )	0,646	-0,321	0,250
Capacity (V <sub>9</sub> )	0,709	-0,193	-0,144
Training (V <sub>10</sub> )	0,681	0,225	0,046
Employee involvement (V <sub>11</sub> )	0,794	-0,198	0,123
Incentive (V <sub>12</sub> )	0,546	0,624	-0,215
Status (V <sub>13</sub> )	0,634	-0,157	0,555
Organizational policy (V <sub>14</sub> )	0,744	0,190	-0,417

Extraction Method: Principal Component Analysis a 3 components extracted

**Rotated Component Matrix**

Rotated component matrix is useful to clarify which variables enter into each factor.

**Table 7: Rotated component matrix**

Factors Affecting Employee Loyalty	Component		
	1	2	3
Age (V <sub>1</sub> )	<b>0,719</b>	0,189	0,265
Years of service (V <sub>2</sub> )	-0,023	<b>0,622</b>	0,533
Payroll (V <sub>3</sub> )	0,493	<b>0,546</b>	0,274
Work design (V <sub>4</sub> )	<b>0,705</b>	0,147	0,396
Leadership style (V <sub>5</sub> )	0,496	0,268	<b>0,577</b>
Promotion (V <sub>6</sub> )	<b>0,813</b>	0,165	0,101
Characteristics of work (V <sub>7</sub> )	0,159	<b>0,692</b>	0,332
Organizational treatment (V <sub>8</sub> )	0,430	0,053	<b>0,629</b>
Capacity (V <sub>9</sub> )	<b>0,651</b>	0,206	0,308
Training (V <sub>10</sub> )	0,339	<b>0,544</b>	0,325
Employee involvement (V <sub>11</sub> )	0,552	0,239	<b>0,569</b>
Incentive (V <sub>12</sub> )	0,230	<b>0,823</b>	-0,069
Status (V <sub>13</sub> )	0,170	0,179	<b>0,821</b>
Organizational policy (V <sub>14</sub> )	<b>0,671</b>	0,559	-0,004

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 7 iterations.

**Table 8: Factors Affecting Employee Loyalty in PT. Karya Swadaya Abadi (Karsa)**

Attribute	Correlation	Factor	Description	Factor name
V <sub>6</sub>	0.813	1	Promotion	Organizational support
V <sub>1</sub>	0.719	1	Age	
V <sub>4</sub>	0.705	1	Work design	
V <sub>14</sub>	0.671	1	Organizational policy	
V <sub>9</sub>	0.651	1	Capacity	
V <sub>12</sub>	0.823	2	Incentive	Motivation and development of employees
V <sub>7</sub>	0.692	2	Characteristics of work	
V <sub>2</sub>	0.622	2	Years of service	
V <sub>3</sub>	0.546	2	Payroll	
V <sub>10</sub>	0.544	2	Training	
V <sub>13</sub>	0.821	3	Status	Managerial support
V <sub>8</sub>	0.629	3	Organizational treatment	
V <sub>5</sub>	0.577	3	Leadership style	
V <sub>11</sub>	0.569	3	Employee involvement	

Source: Results of data table 6



**Table 9: Component Transformation Matrix**

<i>Component</i>	1	2	3
1	0,680	0,518	0,519
2	-0,431	0,855	-0,288
3	-0,593	-0,028	0,804

*Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.*

From the table above it appears that the diagonal factor (component) 1 is above the value of 0.50 (0.680, 0.518 and 0.804). This shows that the three factors (components) are formed is appropriate, because it has a high correlation. Thus, there tends to be an intercorrelation between factors.

**Correlation Value after Rotation**

After the rotation is done, it is known that the correlation between factor 1, factor 2 and factor 3 with employee loyalty in PT. Karya Swadaya Abadi (Karsa), the correlation value of the first factor is 26.771%, the second factor is 19.580%, and the third factor is 18.848%. The number of variances is 65.199%. This shows that there are still other factors that affect employee loyalty has not been revealed that is equal to 34.801%. Thus, these twelve factors can explain employee loyalty of 65.199%.

**Dominant Factors Affecting Employee Loyalty**

The dominant factors affecting employee loyalty in PT. The work of Swadaya Abadi (Karsa) with a correlation value greater than 0.80 consists of incentives (0.823), status (0.821), and promotion (0.813). Judging from the value of correlation, it is known that the most dominant factor affecting employee loyalty is incentives.

PT. Karya Swadaya Abadi (Karsa) improves employee loyalty through incentives to employees (drivers) with achievements exceeding established earnings standards. The standard of work performance measured by income from the cost paid by passengers per day is Rp 180,000 and 25 working days in one month, the standard of work performance (income) per month is:

$$\begin{aligned}\text{Standard of work achievement} &= 25 \text{ working days} \times \text{Rp } 180,000 / \text{day} \\ &= \text{Rp } 4,500,000\end{aligned}$$

When the driver reaches a standard income of Rp 4,500,000 per month, the company provides incentives of Rp 150,000. However, if the driver is not able to achieve the standard of income derived from the fees paid by the passengers, the employee does not get incentives from the company. The incentive aims to increase loyalty and morale of employees.

For office employees, incentives are given when employees work beyond the standard working hours per day, which is 8 hours. The amount of incentive given by the company is Rp 5,250 / hour. For example, if an office employee works for 10 hours to complete his tasks, the incentive given is the standard working hours per day minus the total working hours multiplied by the daily incentive pay rate. From that information, the incentives received by office employees can be calculated as follows:

$$\text{Office employee incentives} = 2 \text{ hours} \times \text{Rp } 5,250 / \text{hour} = \text{Rp } 10,500$$

When accepting new employees, PT. Karya Swadaya Abadi (Karsa) establishes employee status as the contract employee. If after two years of good performance, the driver is able to achieve a standard income of Rp 54,000,000 per year (12 months x Rp 4,500,000 / month), then the company determines that he becomes a permanent employee of the company. Determination of status as permanent employees aims to increase employee loyalty to the company.

PT. Karya Swadaya Abadi (Karsa) provides an opportunity for employees with the best performance to occupy a higher position. With this promotion, the company expects employee loyalty to the organization is increasing. In 2014, there is one employee of the operation section (driver) who gets a chance to be promoted to head of the operations section. This driver is promoted to a higher position because for 3 consecutive years his work performance exceeds the company's revenue standard. By 2015, this employee is also promoted to an Executive Manager.

## CONCLUSIONS AND SUGGESTIONS

Based on the results of the discussion that has been done then it can be concluded that:

### Conclusions

1. The value of is *Kaiser Meyer-Olkin (KMO) of Sampling Adequacy (MSA)* 0.851 with significance level is 0.000. Since the value of KMO is greater than 0.50 and significant at a 1 percent significance level, then the data is reasonably feasible for further analysis using factor analysis.
2. *Component Matrix* shows that the variables analyzed are not clear into which factor. After the *rotated component matrix* is performed, the fourteen variables studied are clearly included in factor 1, factor 2, and factor 3.
3. The *scree plot* shows the graph, where from factor 1 to factor 2 (source line of component number = 1 to 2) the direction of the line is decreased sharply. Then from point 2 to 3, the line still decreases with the smaller *slope*. The fourth factor is already below the number of Y-axis (*eigenvalues*). This suggests that three factors are best for summarizing the fourteen factors affecting employee loyalty in PT. Karya Swadaya Abadi (Karsa).
4. The dominant factors affecting employee loyalty in PT. Karya Swadaya Abadi (Karsa) with a correlation value greater than 0.80 consists of incentives (0.823), status (0.821), and promotion (0.813).

Suggestions given as consideration to the leadership of the company are:

1. To increase employee loyalty, the company should hire contract employees with the best performance to be permanent employees.
2. The company should maintain incentives to employees with the best performance to increase employee loyalty to the company

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