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The Influence of Incentive and Employee Characteristic toward the Work Loyalty



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ABSTRACT

This research tries to answer the purpose of this research, that is to understand how is the influence of incentive and employee characteristic toward the employees' work loyalty in CV.Sagita Mulia Laras Tebing Tinggi. This research was held in Sagita Mulia Laras Tebing Tinggi Motorcycle Dealer by taking forty employees who pass the requirement as the sample. This is a quantitative research. The data was collected through the questionnaire, testing the incentive variable and the employee characteristic partially. The data was analyzed by implementing the multiple regressions linear. The result of this research shows that incentive and employee characteristic influence the CV. Sagita Mulia Laras Tebing Tinggi employee work loyalty.



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INTRODUCTION

Basically, the company is an organization (corporation) that actuated by the human resource to achieve a purpose. A company needs a skillful and well competent human resource. The success of a company is established by the human resource productivity that is those who supply the energy, creative skill and the development of the company and also take an important role in company operational function. The organization should care, save, defend and develop the human resource (Killian dan Siagian, 1995 Dalam Kaswara dan Santoso, 2008).

The growth of a company depends on the employee services to the consumer and the employee work loyalty toward the company. The developing strategy to defend the competent employee is by creating the loyal employee for the organization. Employee is an individual who works spending energy (physically and mentally) in one organization and gains the payback based on the rules and the agreement (Hasibuan, 2005)

The high employee work loyalty can affect the business of a company positively and let the employee support the whole company activities actively. The employee loyalty needed by the company and the important factor for the company in order to defend the company achievement.

The employee becomes the important component in facing the competition, by using the loyal and having a committed employee will produce the positive result, proved by improving the loyalty and profitability. To create the loyal employee, generally the wise taker in a company sure that giving incentive is the best way. Of course, giving incentive should be based on some benchmarks to ensure the incentive accepted by the employee is right and fair.

Giving the right and the fair incentive is one of the best ways to create the employee loyalty toward the company because by giving the fair, proportional and progressively incentive, means that it is appropriate with the career, so it will urge the optimal employee achievement. The fair and wise leader for the company, the company, a place to work in is appreciated by the society and well known will improve the employee loyalty toward the company, so they will feel endure and give their best for the company.

Besides giving the fair and right incentive, the individual characteristic also influences the

growth of the employee loyalty toward the company where he works in. An individual characteristic is an easy factor to define and it is available. The data is mostly obtained from the available information written on the staff document, an employee brings up the individual characteristic like age, gender, marriage status, work period in an organization (Robbins, 2006). Through the individual characteristic diversity, the fair and right incentive surely will not always give the positive influence for the growth of the employee loyalty in the company where he works in.

On CV. Sagita Mulia Laras, the company leader will attempt to always give the right and fair incentive for the employee so they will the best achievement and also improve the loyalty for the company, although there are still other factors influence the loyalty for the company, those are the individual characteristics. Besides giving the fair and right incentive with some benchmarks in the company, the company management should revise the number of the incentive for each employee based on the survey that is the marketing price improvement and also the number of the incentive from other company. This hopefully will create a fair atmosphere for the employee so it will decrease the employee potency to consider another company offer so they will work happily in CV Sagita Mulia Laras.

REVIEW OF LITERATURE

a. Compensation Definition

Compensation is the thing that accepted by the employee as a payback for their achievement. Compensation could be the personalia management difficult and annoying function. Compensation is not only complex but also one of the meaningful aspects of the employee and company. According to Hasibuan (2005), compensation is an income in the form of money, direct or indirect things that employee accepts for the service payback for the company.

b. Incentive Definition

Hasibuan (2005), state incentive is an additional service payback given to the certain employee who has more than the company work standard. An incentive is a tool used to support the fairness principle in giving the compensation. The incentive has a tendency to stimulate the employee production activity (Sirait, 2006). The more work achievement he gets, the more incentive he gains. Giving incentive purpose is to support the employee to

defend the employee stability, decrease the turnover and improve the loyalty or employee commitment toward the company (Hasibuan, 2005).

c. The Individual Characteristic Definition

These following statement state some definition of individual characteristic:

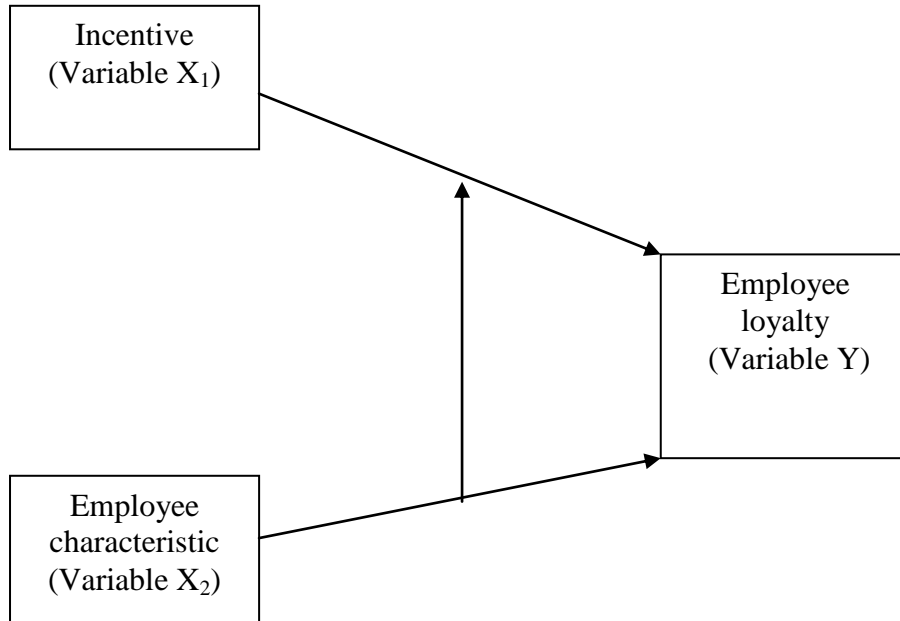
1. Mathiue & Zajac, (1990) states that individual characteristic includes age, gender, work limit, education background, nationality, and personality.
2. Robbins (2006) said that the easy factors to define and available, the obtained data is gained from the management document propose the individual characters are age, gender, marital status, the number of families and the work limit in one organization.
3. Siagian (2008) state that biographical characteristic can be seen from the age, gender, marital status, the number of family and work time.
4. According to Morrow, organization commitment influenced by a personal character which includes age, work period, education background, and gender (Prayitno, 2005).
5. Based on Robbins and Siagian's opinion, the thing that creates the individual characteristics of an organization is age, gender, marital status, work time, and the number of families.

d. The Work Loyalty Definition

Hasibuan (2005), states that loyalty or faithfulness is one unsure that used to assess the employee which include the faithfulness toward his job, career, and organization. The loyalty described through the employee willingness to save and protect the organization inside and outside of his job from the irresponsible side. Poerwopoespito (2004), said that job loyalty as seen from the employee attitude who devote his ability and skill, responsible for his job, discipline and be honest in his work.

Poerwopoespito (2005), explained that the most important from the employee attitude loyalty. This attitude is seen through the enjoyable atmosphere and support with the workplace, save the company image and available to work for a longer period.

e. Conceptual Framework



f. Hypothesis

The research under the title The Analysis of Incentive and Company Facility Influence toward the Employee Loyalty in Karya Dinamika Company (Head Office) by Ishida Djansen (2012), incentive as X₁, company facility as X₂ and employee loyalty as Y, conclude that (1) there is a positive and significant influence between incentive and employee loyalty in Karya Dinamika Perkasa as in Head Office. (2) There is a positive and significant influence on company facility and employee loyalty in Karya Dinamika Perkasa Company as in Head Office. (3) There is a positive and significant influence between incentive and company facility simultaneously toward the employee loyalty in Karya Dinamika Perkasa Company as in Head Office.

Ha₁ = incentive affect the employee loyalty in CV. Sagita Mulia Laras Tebing Tinggi

Ha₂ = The employee characteristic affect the employee loyalty in CV. Sagita Mulia Laras Tebing Tinggi.

Ha₃ = Incentive and employee characteristic influence simultaneously toward the employee loyalty in CV. Sagita Mulia Laras Tebing Tinggi.

MATERIALS AND METHODS

a. Population

The population of this study is forty field workers/employees of CV. Sagita Mulia Laras Tebing Tinggi.

b. Sample

This research applied the combination of Accidental Sampling and purposive sampling. The two techniques combination will choose the respondent randomly who pass the criteria defined by the researcher. The respondent criteria to define the sample which used in this research as follow:

1. The field workers/employees
2. More than/is twenty years old.
3. Has been worked more than six months.

c. Technique of Collecting Data

This research did the field observation to gain the data. The researcher directly observes the research object to gain the primary data that applied in this analysis. The researcher did the observation, interview, and distribute the questionnaire.

d. Instrument Analysis

1) Validity Test

This research applied the valid and reliable data. The questionnaire is distributed before used as the primary data has been tested to the research sample. The trial and error are made in order to prove the actualization and accuracy in applying the measuring instrument.

2) Test Reliability

It is reliable when the answer is consistent or stable now and on. The assumption there is no psychological change in the respondent. If the data is already related to the reality, how many times the data collection is established, the result will be the same.

3) Multiple Regressions Linier

The instrument analysis that applied is the multiple regressive linear analyses. According to Rangkuti (2009:162), regression analysis aim is to know the influence of independent variable (X_1, \dots, X_n) toward the dependent variable (Y). The variable equality is obtained from the regression calculation process, should be systematically tested, the regressive coefficient score should be tested systematically.

$$Y = a + b_1 X_1 + b_2 X_2 + \epsilon$$

Direction:

Y = Employee loyalty

X_1 = Incentives

X_2 = employee characteristics

b_1, \dots, b_2 = regressive coefficient

a = constant

ϵ = *error term*



4) t-test (partial test)

T-test is used to test the partial influence independent variable significance to the dependent variable. As seen in this formula:

$$t_{sum} = b/s.b$$

Whereas:

b : parameter estimation

k : error standard

The partial test is used to test whether every independent variable regression coefficient has the influence or not toward the dependent variable.

5) F test (Simultaneously test)

F test used to test the influence of independent variable simultaneously toward the dependent variable.

6) Determination Coefficient (R²)

The determination coefficient calculation is used to measure the influence of two or more variables. The more R² score, the more influence between the independent variable and the dependent variable.

This is stated in this following formula:

$$R^2 = SS / SSR \text{ total}$$

which:

SSR = *Sum of Squares Regression*

SS total = *Total Sum of Squares*

To make the analysis easier, the indicators as in operational become the question as written in the questionnaire and the whole analysis instrument calculation and hypothesis instrument test will be measured by using SPSS 17 program.

RESULTS AND DISCUSSION

a. Respondent Description

This research sample took forty respondents those are the field workers/employees of Sagita Mulia Laras Dealer whose age is 20 years old and have been worked more than six months.

1) The Respondents based on Gender

The number of the respondent based on gender

Gender	Number (person)	(%)
male	31	77.5
female	9	22.5
Total	40	100.0

Based on the table above it can be seen clearly that the most respondent is male respondents that are 31 oranges (77.5 %), followed by the female respondent is 9 persons (22.5 %). This shows that male is the major employee as the field worker/employee in CV. Sagita Mulia Laras.

2). Respondent based on the Last Education Background

The number of respondents based on the last education background

Education Background	Number (orange)	(%)
≤ senior High School	28	70
Diploma/bachelor	12	30
Total	40	100.0

As seen in the table above, it shows that the most dominant education background is senior high school, twenty-eight people (70%). Meanwhile, the respondent with the diploma/bachelor degree education background is twelve persons (30%).

b. Data Analysis

1). Validity test

Validity test result

question	r sum	r table	Validity
Incentive variable			
1	0.740	0.364	Valid
2	0.670	0.364	Valid
3	0.748	0.364	Valid
4	0.754	0.364	Valid
Employee characteristic variable			
1	0.882	0.364	Valid
2	0.793	0.364	Valid
3	0.858	0.364	Valid
4	0.702	0.364	Valid
Employee loyalty variable			
1	0.742	0.364	Valid
2	0.750	0.364	Valid
3	0.761	0.364	Valid
4	0.892	0.364	Valid

The table above shows that all indicators that used to measure the variables applied in this research have r sum score more than r table. This means that all indicators are valid.

2) Reliability Test

Reliability Test Result

question	Cronbach's Alpha	constant	status
Incentive Variable			
P1	0.750	0.6	Reliabel
P2	0.769	0.6	Reliabel
P3	0.754	0.6	Reliabel
P4	0.738	0.6	Reliabel
Employee characteristic Variable			
P1	0.754	0.6	Reliabel
P2	0.778	0.6	Reliabel
P3	0.773	0.6	Reliabel
P4	0.807	0.6	Reliabel
Variable Loyalitas Karyawan			
P1	0.787	0.6	Reliabel
P2	0.791	0.6	Reliabel
P3	0.778	0.6	Reliabel
P4	0.711	0.6	Reliabel

From the table above, it shows that all indicators applied to count the variables in this research have the more Alpha Cronbach than Constanta. It means that all indicators are reliable.

3) Multiple Regressive Linear Analyses

Regressive Sum Result

Coefficients ^a			
Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	1.383	3.460
	X1	.793	.232
	X2	.942	.174
a. Dependent Variable: Y			

From the table above, the multiple regressive linear is arranged as follow:

$$\text{Employee loyalty} = 1.383 + 0.093 \text{ Incentive} + 0.942 \text{ employee characteristic}$$

The regressive calculation has significant as follow:

The constant point is 1.383 which means positive, it shows the employee loyalty average prediction score will increase to 1.383 unit even the incentive variable and employee characteristic is zero.

a) The incentive coefficient is 0.793 positive shows the improvement or the incentive variable improvement is as much as one unit so the employee loyalty variable will be increased to 0.793 unit.

b) The employee characteristic coefficient is 0.942 shows that every improvement or the improvement of one unit employee characteristic variable so the employee loyalty will be increased 0.942 unit.

Therefore the analysis result of independent variable influence toward the dependent variable that has been established is based on the theoretical framework made by the researcher.

4). T-test (partial test)

T-test result

Coefficients ^a			
Model		T	Sig.
1	(Constant)	.400	.692
	X1	3.400	.001
	X2	5.411	.000
a. Dependent Variable: Y			

Based on the table above, the 1 hypothesis and the 2 hypothesis is as follow:

a). Hypothesis test 1

Ha₁ shows that: incentive affect the employee loyalty of CV. Sagita Mulia Laras, from the table above it can be seen if the t sum is 3.400 or more than t table α : 5%, df: 38 = 2,018). Beside it, the significant score is 0.001 or less than the significant model point, 0.05. So Ha₁ is accepted, incentive influence the CV Sagita Mulia Laras employee loyalty.

b). Hypothesis test 2

Ha₂ shows that: the employee characteristic affect the CV. Sagita Mulia Laras Tebing Tinggi employee loyalty. From the table 4.12 can be seen if the t sum is 5.411 or more than t-table (α : 5%, df: 38 = 2,018), beside that the significant is 0.000 or less than the model significant score is 0.05. It means H2 is accepted, employee characteristic affects the employee loyalty of CV Sagita Mulia Laras Tebing Tinggi.

5) F test (Simulant test)

F test result

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	227.971	2	113.986	21.430	.000 ^a
	Residual	196.804	37	5.319		
	Total	424.775	39			

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Ha₃ shows that incentive and employee characteristic affect the employee loyalty of CV Sagita Mulia Laras Tebing Tinggi simultaneously. From table 4.13 it obtained the F sum is 21.430 or more than F table score (α : 5%, df pembilang : 2, df penyebut : 37, F-table : 3.2513), beside that the significant score is 0.000 or less than model significant (0.05), it concludes that Ha₃ is accepted, it means incentive and employee characteristic influence simultaneously toward the employee loyalty of CV Sagita Mulia Laras Tebing Tinggi.

6). Determination Coefficient Test

Koefisien Determinasi

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939 ^a	.881	.874	1.19617
a. Predictors: (Constant), X2, X1				
b. Dependent Variable: Y				

Based on the table above, it concludes that all independent variables explain the employee loyalty variable for 87.4 %, the rest is explained by another variable which is not discussed in this research.

CONCLUSION

Based on the analysis result explained in previous chapters, it concludes that:

Ha₁ shows that: incentive affect the employee loyalty of CV Sagita Mulia Laras, from the table above it seen if t sum is 3.400 or more than t-table α : 5%, df: 38 = 2.018), beside that the significant score is 0.001 or less than significant model point 0,05. So Ha₁ is accepted, incentive affects the CV Sagita Mulia Lara's employee loyalty.

Ha₂ shows that: employee characteristic affect the employee loyalty of CV. Sagita Mulia Laras Tebing Tinggi, from table 4.12 above it proved if t sum is 5.411 or more than t-table (α : 5%, df: 38 = 2.018), beside that the significant score is 0.000 or less than the significant model score is 0.05. So Ha₂ is accepted, means that employee characteristic affects the employee loyalty of CV. Sagita Mulia Laras Tebing Tinggi.

a. Ha₃ shows that incentive and employee characteristic affect simultaneously toward the employee loyalty of CV. Sagita Mulia Laras Tebing Tinggi, from table 4.13 it obtained F sum is 21.430 or more than F table (α : 5%, df enumerating: 2, df devisor: 37, F-table: 3.2513), beside that the significant is 0.000 or less than model significant (0.05), it concludes that if Ha₃ is accepted, it means incentive and employee characteristic affect the employee characteristic of CV. Sagita Mulia Laras Tebing Tinggi simultaneously.

Based on the research result and the conclusion, the researcher suggests as written in this following:

- a. The employee characteristic variable is more dominant than incentive variable in influencing the employee loyalty, this identifies that consumer is put the employee characteristic first than the incentive.
- b. For the next researcher, to observe the unstated factors in this research

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