



## The Influence of Loyalty and Productivity on Employee Performance PT. Kreasindo Abadimas Medan Partners

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**Abstract:** PT. Mitra Kreasindo Abadimas is a private company engaged in the sale and purchase of spare parts and machine repair services that has been operating since 2017. In its operational activities, the company experiences problems and problems that have not been resolved, namely disruption of employee performance due to lack of time to meet needs. The employee and the company are only asked to work continuously. Problems that allegedly cause poor employee performance in company operations are employee loyalty and low employee productivity. Simultaneous hypothesis test results show that simultaneously, loyalty and work productivity have a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners. The result of partial hypothesis test shows that partially, each variable of loyalty and work productivity has a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.

**Keywords:** Loyalty, Productivity, Employee Performance

### 1. INTRODUCTION

Every company always tries to achieve maximum profits by increasing company sales and reducing costs for company operations. Maximum profits will greatly benefit the company in maintaining the company's economic growth. In reducing operational costs, companies must be able to calculate expenses and income that have been made during a certain period.

Employees are one of the resources a company needs to increase sales and an important part of running a company. Without employees, it will be difficult for a company to carry out its activities because there are many functions that cannot be carried out if there are no employees in it. A company will try to hire their employees by considering the costs and income the company earns over time. The considerations given to employees influence the size of the company's operational activities and will determine whether the company can move in accordance with existing company goals.

Within a company, there are important factors that influence how employees play a role in the company's growth. The strategies and plans that have been carried out by the company to increase the company's income will affect employee performance while working in the company. Employee performance can be influenced by many things, including employee

loyalty and employee productivity towards the company. These factors have an important influence on the company's sustainability.

Employee performance is the result of performance that can be achieved by a person or group of people in an organization both qualitatively and quantitatively, in accordance with their respective authority, duties and responsibilities in an effort to achieve the goals of the organization concerned legally, without violating the law and in accordance with with morals or ethics. Having good employee performance will enable the company to grow well. Likewise, vice versa, if employee performance is assessed as poor, then the company's growth will also be hampered. Companies must continuously monitor whether the performance of their employees has been achieved according to what the company wants. Employee performance influences the relationship between the company and employees. If employees do their jobs well, the company will retain these employees.

Employee loyalty is a meaning of loyalty which is reflected in the employee's willingness to protect and defend the company inside and outside of work from the encouragement of irresponsible people. It cannot be denied that employees are an important asset of a company. The success of a company depends on employees who work competently and loyally. For entrepreneurs, hiring employees who have high loyalty is very profitable. However, for employees, the conditions of the company where they work are not always what they want. This causes dissatisfaction and greatly affects the employee's performance. Employee loyalty to the company is also questioned. In the end, many employees often enter and then quickly leave the company due to the lack of loyalty possessed by these employees.

Work productivity is a measure of the quantity and quality of work done by workers by considering the cost of the resources used to do the work. A company, whether large or small, will be moved by the importance of improving work productivity levels. Declining growth in per capita income levels and living standards, pressures from the inflation rate, problems related to the balance of payments and efforts to maintain the strength of the currency value, all of this has led to the emergence of interest in increasing productivity. An employee can be considered productive if he can produce more *output than other employees in the same unit of time*. Or if the employee can produce the same *output* using fewer resources.

PT. Mitra Kreasindo Abadimas is a private company engaged in buying and selling machine spare parts and machine repair services which has been operating since 2017. The company can also be said to be a new company operating in Medan. The company strives to provide the best quality products and fulfill all the important needs of consumers. In its operational activities, the company experiences obstacles and problems that cannot be resolved,

namely disruption of employee performance due to a lack of time to meet the employee's needs and the company only orders them to work continuously. Based on initial observations made, it is known that employees only focus on doing the work that has been given by the company without paying attention to what employees need, such as the lack of company support in the employee's work process and only demanding that employees complete their work with satisfactory results. The decline in employee performance can be seen from employee negligence in delivering goods to customers, errors and delays in making billing which causes disruption to the company's *cash flow* , lack of supervision of the company's logistics which causes the unavailability of inventory to be sold, and delays in managing service time, promised to customers.

One of the factors that causes poor employee performance in company operational activities is employee loyalty where employee loyalty can appear to be ignored by the company and the company only demands that its employees continue to work. In companies, employees feel that the company only demands achievement of targets without paying attention to what employees have done while working. This causes employees to tend to be uncomfortable at work and tend to be in a rush to complete their work. Employees tend to avoid working beyond the working hours limit because workers who do overtime do not get overtime pay. The facilities that should be provided by the company are never provided to employees.

The influence of loyalty on performance is also supported by research from Astiti, Suamba and Artini (2019) that loyalty has an influence on employee performance. In this study, researchers added the variables of work discipline and job satisfaction in analyzing the influence on employee performance. From the research results, it was found that the loyalty variable has the most dominant influence on employee performance when compared to other variables mentioned in the research. This research was conducted on agrotourism companies, different from research conducted by researchers, namely companies operating in the trading sector. The implications of the differences between the results of research carried out can be different from research carried out by researchers because of the differences in the objects used. However, the influence of loyalty on employee performance can be strengthened by scientific theory which shows the influence of loyalty on employee performance, namely the theory from Eroy (2020:14) that, " Strategies for building loyalty include creating a harmonious atmosphere in the work environment." A pleasant work environment is important in determining employee performance."

Company employees lose their sense of loyalty to the company, resulting in no desire to maintain their membership in the company. As a result, work is done haphazardly, there is

no desire to maintain the good name of the company with less than optimal work results, and there is a desire to leave the company. Employees no longer care about the company, are not proud to be members of the company and do not want to give their best effort for the company.

Another factor that is indicated to have an influence on poor employee performance is employee productivity, where employee productivity decreases due to work that is too hard. Employee work tends to make employees focus on completing it without looking at whether the results of the employee's work are good or bad. The pressure put on by companies to complete work makes employees do whatever they can without looking at whether the results of the work are good or bad. This makes the employee's work results not in accordance with the job demands given by the previous company.

The influence of productivity on employee performance is also supported by research conducted by Oktovindo, Marnisah and Zamzam (2020) which states that productivity influences employee performance. The measurement of influence on performance carried out in this research involves another variable, namely competence. This research was also carried out in one department in the company, namely the *asset and office management department*, which is different from the research carried out by researchers where the research was carried out on all departments of the company which were the objects of research. Even though this research has a different research object area from the research conducted by researchers, the influence of productivity on performance can be strengthened by the theory from Chaerudin, et al (2020:40-41) which states that, "One of the indicators of employee performance is productivity. This indicator measures the added value produced by a process compared to the value consumed for capital and labor costs."

Letsoin and Ratnasari (2020) conducted research entitled *The Effect of Employee Engagement, Work Loyalty and Teamwork on Employee Performance*. The research results show that the F test shows the calculated f value =  $3.259 > 2.81$  (f table) which means  $H_a$  is accepted and  $H_o$  is rejected. This means that together employees, work loyalty and teamwork have an influence on PT employee performance. Golden Communications. The results of the coefficient of determination analysis test ( $R^2$ ) show that there is a correlation between variables X and Y with an r value of 0.419 and is included in the sufficient category, with an r square value of 0.121 or 12.1%. These figures show that Employee Performance is only influenced by 12.1% by Employee Involvement, Work Loyalty and Teamwork only. Meanwhile, the other 87.9% was influenced by other variables not included in this research.

Maulida and Askiah (2020) conducted research entitled *The Effect of Work Loyalty on Employee Performance at PT Mahakam Berlian Samjaya*. The results of the research show that

PT Mahakam Berlian Samjaya has implemented the best work loyalty to all its workers so that it can be accepted by every employee which makes them work harder and more enthusiastic in achieving maximum work results. This can be seen from the total range of scores obtained on the work loyalty variable. because it is in the very high category, and of course this will affect the performance of employees in the company. Meanwhile, for the results of the total score range assessment, the score obtained for the employee performance indicators at PT Mahakam Berlian Samjaya in Samarinda is also in the very high range category, so it can It is said that the performance of employees in the company is very good, this can be because it is supported by the high work loyalty that each employee has in their work so that employee performance will continue to increase and the company's targets can be quickly achieved which of course will also provide benefits for the company.

Employees do not try to work efficiently, so the use of company resources is wasteful. Employees don't care about the savings the company can make. Employees are also less effective at work, so they spend too much time on work that could have been completed more quickly. Employees are also less able to work independently, and prefer to work in groups, as a result, when something goes wrong at work, group members accuse each other and it is difficult to know the real cause of the problem. Productivity that should use minimal *input* to get maximum *output* cannot be achieved because employees work with wasteful resources and are slow.

## 2. METHODS

Research was conducted at PT. Kreasindo Abadimas Medan Partners. The research time is estimated from September 2020 to April 2021. This research uses a questionnaire technique, namely by distributing questionnaires to research respondents to obtain respondents' answers to research problems. Untari (2018:40) states that, "Questionnaires are data collection tools that are identical to quantitative research because the data given to informants is data that has open and closed answers."

Researchers also use documentation data, namely employee data and other documentation data related to the research object. Untari (2018:41) states that, "Documentation is a way for researchers to obtain information from various sources." Researchers also complete the research by looking for written sources that are related to the research variables, such as books, encyclopedias, and others. Hermawan (2019:18) states that, "Library study is all efforts made by researchers to collect information that is relevant to the topic or problem that will be or is being researched."

This research uses quantitative data sources, namely data in the form of numbers/numerics obtained from data processing of respondents' answers. Bungin (2017:130) states that, "Quantitative data is data that is explained in numbers. All quantitative data can be analyzed using statistical analysis." The data sources in this research are primary data, namely from research questionnaires, and secondary data in the form of documentation data and literature study. Bungin (2017:132) states that, "Primary data is that which is directly obtained from the first data source at the research location or research object. Secondary data is data obtained from a second source or secondary source of the required data." This research variable consists of independent variables, namely loyalty and work productivity; and the dependent variable is employee performance.

### 3. RESEARCH RESULTS AND DISCUSSION

The results of the multiple linear regression analysis test are:

**Table 1. Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	,768	2,545
Loyalty	,433	,153
Productivity_ Work	,574	,156

Source: Research Results (Processed Data), 2021

Based on the table above, the multiple linear regression equation is:

$$Y = 0.708 + 0.433 X_1 + 0.574 X_2$$

This equation can be explained as follows:

1. A constant value of 0.708 means that if loyalty and work productivity are worth 0, then employee performance will be worth 0.708 .
2. The coefficient value of the loyalty variable is 0.708 , meaning that if there is an increase in the loyalty variable by 0.7 08 units, then the employee performance variable will experience an increase of 0.708 units .
3. The coefficient value of the work productivity variable is 0.574 , meaning that if there is an increase in the work productivity variable of 0.574 units , then the employee performance variable will experience an increase of 0.574 units.

**Partial Hypothesis Testing (t Test)**

The results of the partial hypothesis test are:

**Table 2. Partial Hypothesis Test Results**

Model	t	Sig.
1 (Constant)	,302	,764
Loyalty	2,828	,007
Productivity Work	3,678	,001

Source: Research Results (Processed Data), 2021

The results of the partial hypothesis test are as follows:

1. calculated t value of the loyalty variable is 2.828 and the significance is 0.007 . Because the calculated t value  $2.828 > t_{table} 2.0129$  and significance  $0.007 < 0.05$ , it can be concluded that, partially, the loyalty variable has a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.
2. calculated t value of the work productivity variable 3.678 and significance 0.001 . Because the calculated t value  $3.678 > t_{table} 2.0129$  and significance  $0.001 < 0.05$ , it can be concluded that, partially the work productivity variable has a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.

**Simultaneous Hypothesis Testing (F Test)**

The results of simultaneous hypothesis testing are:

**Table 3 . Simultaneous Hypothesis Test Results**

Model	F	Sig.
1 Regression	31,961	,000 <sup>b</sup>
Residual		
Total		

Source: Research Results (Processed Data), 2021

With a total of 49 respondents, the number of independent and dependent variables is 3 variables, the  $F_{table\ value}$  is 3.20 . Based on the table above, it can be concluded that the  $F_{value}$  31,961 and significance 0.000. Because the  $F_{value}$  is calculated  $31,961 > F_{table}$  3. 20 and significance  $0.000 < 0.05$ , it can be concluded that, simultaneously, the loyalty and work productivity variables have a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.

#### **4. CONCLUSIONS AND RECOMMENDATIONS**

Some conclusions from this research are as follows:

- a. Loyalty has a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.
- b. Work productivity has a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.
- c. Loyalty and work productivity have a positive and significant effect on employee performance at PT. Kreasindo Abadimas Partners.

Some suggestions from this research are:

- 1) Researchers suggest that companies make efforts to increase employee loyalty, for example by giving awards to employees who excel, providing career development opportunities for employees, providing fair promotion opportunities for each employee.
- 2) Researchers suggest that companies make efforts to increase work productivity, for example by providing adequate work facilities to support employees' work, giving work to employees according to their skills, providing workload according to employees' abilities.
- 3) Researchers suggest that companies try to improve employee performance by providing adequate supervision for employees, providing opportunities to provide ideas for work, providing compensation that is appropriate to the workload given to them.

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