Original Article

Enhancing Employee Performance through Leadership, Loyalty, and Job Satisfaction: A Study at PT XYZ Palembang, Indonesia

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Abstract. This study aims to determine the effects of leadership, loyalty, and job satisfaction on employee performance at PT XYZ Palembang. The research type employed is associative research. The research population consists of 100 employees, with a sample of 50 employees. Data collection was conducted using questionnaires. Multiple linear regression analysis was utilized for data analysis, along with hypothesis testing using the F test and t test. The results of the study indicate the following: 1) Leadership, loyalty, and job satisfaction collectively have a positive and significant impact on employee performance at PT XYZ Palembang. 2) Leadership has a positive and significant influence on employee performance at PT XYZ Palembang. 3) Loyalty does not have a significant effect on employee performance at PT XYZ Palembang. 4) Job satisfaction has a positive and significant effect on employee performance at PT XYZ Palembang. These findings suggest that enhancing leadership and job satisfaction can significantly improve employee performance, highlighting the need for targeted managerial strategies.

Keywords: Leadership, Loyalty, Job Satisfaction, Employee Performance.

A. INTRODUCTION

A company’s success hinges on its ability to effectively manage its resources, with human resources being a top priority [1], [2], [3]. Human resources are vital because they possess unique characteristics and drive the functioning of other organizational resources. Therefore, the capabilities of human resources must be rigorously tested to ensure they can perform their assigned tasks accurately and achieve optimal results in terms of both quantity and quality [4]. It is understood that nearly everyone in the workforce aims to perform their job to the best of their abilities.

To achieve high-quality work outcomes, a company must focus on employee performance to gauge their ability to enhance the quantity and quality of company products in this era of globalization [5]. Performance encompasses not just the results of work but also the processes involved in achieving those results. It reflects both what is done and how it is done, and includes the outcomes and behaviors related to completing tasks and responsibilities within a specific period [6]. Performance in an organization involves contributions from all human resources, including both leadership and staff. Many factors can influence human resource performance, including both internal and external elements [7]. These factors include, but are not limited to, ability and expertise, knowledge, work design, personality, work motivation, leadership, leadership style, organizational culture, job satisfaction, work environment, loyalty, commitment, and work discipline [8]. Performance indicators include quality, quantity, time, cost emphasis, supervision, and employee relations [9].

One critical factor influencing performance is leadership. Leadership involves a leader’s actions in organizing, managing, and directing subordinates to complete assigned tasks and responsibilities [10]. Effective leadership plays a crucial role in shaping employee performance.
The way leaders build relationships with workers, reward high performers, and develop and empower their team members significantly impacts the performance of their subordinates [11]. Leadership encompasses behaviors such as communication, decision-making, supervision, evaluation, discipline, motivation, vision and mission, professionalism, and education [12]. Key leadership indicators include communication skills, motivation, leadership abilities, decision-making, and positive influence [13].

Another crucial factor influencing employee performance is loyalty. Loyalty reflects an individual’s commitment to improving their job performance, their team, their supervisor, and the company as a whole. This commitment often leads individuals to make sacrifices for the benefit of others, demonstrating dedication regardless of the rewards received [14]. Ultimately, loyalty contributes to an employee’s performance, as it encompasses their willingness to invest time and effort to achieve organizational goals [15]. Employee loyalty is characterized by dedication and the ability to engage responsibly and consistently with their tasks and responsibilities. Factors affecting job loyalty include personal characteristics, job characteristics, company design, and experiences gained from the company [16]. Key indicators of job loyalty include an employee’s commitment to maintaining their relationship with the organization, willingness to sacrifice personal interests for organizational success, desire to stay with the company, sense of security, and overall satisfaction within the organization [17].

In addition to leadership and loyalty, job satisfaction is another critical factor affecting performance. Leaders must understand job satisfaction to effectively manage human resources. Job satisfaction refers to an employee’s emotional response to various aspects of their work, making it a multi-dimensional concept [9], [18]. Factors influencing job satisfaction include fulfillment, distinctions, value attainment, fairness, and organizational culture [19]. Indicators of job satisfaction encompass work conditions, wages, promotions, supervision, and relationships with coworkers [20]. Understanding job satisfaction is essential for improving employee performance, as it reflects not only contentment with the work itself but also the reciprocity from the company, such as opportunities for advancement [21].

At PT XYZ Palembang, comprehending the impact of leadership, loyalty, and job satisfaction on employee performance is vital for optimizing organizational outcomes. Previous research, such as the study by Park et al. [22], has demonstrated that these factors significantly affect employee performance. Their findings, derived from various research contexts, highlight the importance of these elements in driving performance. This study aims to explore the specific effects of leadership, loyalty, and job satisfaction on employee performance at PT XYZ Palembang, providing actionable insights to enhance employee performance and achieve organizational objectives.

B. METHOD

This research employs an associative research design to investigate the effects of leadership, loyalty, and job satisfaction on employee performance. The study targets a population of 100 employees at PT XYZ Palembang, from which a sample of 50 employees was selected. The sampling technique used is probability sampling, specifically proportionate stratified random sampling [23]. This method ensures that various subgroups within the population are adequately represented in the sample. Data for this study comprises primary and secondary sources. Primary data was collected using questionnaires, which were distributed to the selected employees. These questionnaires focused on gathering employees’ perceptions of leadership, loyalty, and job satisfaction, and their impacts on performance. Secondary data was sourced from organizational records related to employee performance and other relevant data.

The data collection method was limited to questionnaires. The validity and reliability of the questionnaire were tested to ensure the accuracy and consistency of the data collected (see Table 1). For data analysis, a quantitative approach was employed. Responses from the questionnaires were quantified using a Likert scale.
Table 1 shows that all variables—Leadership, Loyalty, Job Satisfaction, and Employee Performance—have significant correlations with their respective items (p < 0.001). Leadership has a Cronbach’s alpha of 0.713, Loyalty 0.720, Job Satisfaction 0.861, and Employee Performance 0.860. These results indicate that all variables are reliably measured and exhibit strong internal consistency. Multiple linear regression analysis was used to evaluate the relationships between the independent variables (leadership, loyalty, and job satisfaction) and the dependent variable (employee performance). This technique allows for the assessment of the impact of each independent variable on employee performance while controlling for the effects of the other variables. Hypothesis testing was performed using the F test to determine the overall model fit and the t test to assess the significance of each individual predictor. The coefficient of determination ($R^2$) was used to measure the proportion of variance in employee performance explained by the independent variables.

C.  RESULT AND DISCUSSION

Data Description

The characteristics of the 50 respondents in the study can be seen in Table 2.
Table 2. Respondent Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24-26 years</td>
<td>8</td>
<td>16.0%</td>
</tr>
<tr>
<td>27-29 years</td>
<td>6</td>
<td>12.0%</td>
</tr>
<tr>
<td>30-32 years</td>
<td>14</td>
<td>28.0%</td>
</tr>
<tr>
<td>33-35 years</td>
<td>7</td>
<td>14.0%</td>
</tr>
<tr>
<td>36-38 years</td>
<td>7</td>
<td>14.0%</td>
</tr>
<tr>
<td>39-44 years</td>
<td>8</td>
<td>16.0%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highest Level of Education</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School/Vocational (SMA/SMK)</td>
<td>15</td>
<td>30.0%</td>
</tr>
<tr>
<td>Diploma and Bachelor’s</td>
<td>32</td>
<td>64.0%</td>
</tr>
<tr>
<td>Postgraduate and Doctoral</td>
<td>3</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2 presents the characteristics of the respondents involved in this study, categorized by age and highest level of education. Regarding age, the largest group comprises individuals aged 30-32 years, with 14 respondents, accounting for 28.0% of the total sample. The age groups of 24-26 years and 39-44 years each represent 16.0% of the sample, with 8 respondents in each category. The age groups of 27-29 years, 33-35 years, and 36-38 years have smaller proportions, contributing 12.0% and 14.0% respectively, with 6 and 7 respondents in each group.

In terms of educational background, the majority of respondents hold a Diploma or Bachelor's degree, totaling 32 individuals or 64.0% of the sample. Respondents with a high school or vocational education (SMA/SMK) make up 30.0% of the sample, while those with postgraduate or doctoral degrees constitute only 6.0%. This information provides a comprehensive overview of the age distribution and educational attainment of the respondents in this study.

Assumption Test Results

The results of the classical assumption test are presented in Table 3.

Table 3 Classic Assumption Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Sig.</th>
<th>Normality</th>
<th>Cut Off</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>0.552</td>
<td>2.431</td>
<td>0.781</td>
<td>0.115</td>
<td>0.02</td>
<td>Accepted</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.623</td>
<td>2.313</td>
<td>0.528</td>
<td>0.00</td>
<td>0.00</td>
<td>Accepted</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.833</td>
<td>2.412</td>
<td>0.428</td>
<td>0.00</td>
<td>0.00</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Table 3 summarizes the collinearity diagnostics and normality for the variables Leadership, Loyalty, and Job Satisfaction. Each variable has acceptable tolerance and Variance Inflation Factor (VIF) values, indicating no severe multicollinearity issues. Leadership has a tolerance of 0.552 and a VIF of 2.431, with a significance level of 0.781 and a normality cut-off of 0.02, all meeting the acceptance criteria. Loyalty shows a tolerance of 0.623 and a VIF of 2.313, with a significance of 0.528 and a normality cut-off of 0.00, also within acceptable limits. Job Satisfaction has a tolerance of 0.833 and a VIF of 2.412, with a significance of 0.428 and a normality cut-off of 0.00, meeting the required standards. Overall, all variables are accepted based on their tolerance, VIF, and normality criteria, confirming their suitability for the analysis.

Multiple Linear Regression Results

The following are the results of multiple linear regression using SPSS 25 and produce the following regression equation can be seen in Table 4. Based on the table above, the results of the multiple linear regression equation are obtained, namely:

\[ Y = 3.300 + 0.311X1 - 0.303X2 + 0.773X3 \]

If the value of the independent variables (Leadership (X1), Loyalty (X2), and Job Satisfaction (X3) remains constant or does not change or is equal to zero (0), the value of the Employee Performance variable will remain at 3,300 (positive). The coefficient of the leadership
variable has a value of 0.311 and the direction of the regression relationship is positive. This means that if leadership increases, employee performance also increases or increases. The coefficient of the loyalty variable has a value of 0.303 and the direction of the regression relationship is negative. This means that if loyalty decreases, employee performance also increases or increases.

### Table 4. Multiple Linear Regression Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.300</td>
<td>1.796</td>
<td>1.838</td>
<td>0.073</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.311</td>
<td>0.112</td>
<td>0.348</td>
<td>2.776</td>
</tr>
<tr>
<td>Loyalty</td>
<td>-0.303</td>
<td>0.186</td>
<td>-0.311</td>
<td>-1.630</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.773</td>
<td>0.165</td>
<td>0.787</td>
<td>4.678</td>
</tr>
</tbody>
</table>

Notes: The F value is 18.803 with a significance of 0.1; the R Square level obtained is 0.522.

The coefficient of the job satisfaction variable has a value of 0.773 and the direction of the regression relationship is positive. This means that if job satisfaction has increased or increased, employee performance has increased or increased.

### Hypothesis Test Results

After confirming that the data meets the necessary testing requirements, hypothesis testing was conducted using both the F-test and t-test to assess the simultaneous and individual effects of the variables. To determine the critical t-value for a 90% confidence level with an error rate (α) of 10%, the degrees of freedom (df) were calculated as \( n-k \), where \( n \) is the number of samples and \( k \) is the number of variables. For this study, \( df = n-k = 50-4 = 46 \), resulting in a t-table value of 1.67.

The hypothesis testing results are as follows: For the Leadership variable, the t-count value is 2.776, which exceeds the t-table value of 1.67. The significance level is 0.008, which is less than 0.1, leading to the rejection of the null hypothesis (Ho2) and acceptance of the alternative hypothesis (Ha2). This indicates that leadership has a positive and significant effect on employee performance at PT XYZ Palembang. In contrast, the t-count value for the Loyalty variable is -1.630, which is less than the t-table value of 1.67. With a significance level of 0.110, exceeding 0.1, the null hypothesis (Ho3) is accepted, and the alternative hypothesis (Ha3) is rejected, suggesting that loyalty does not significantly influence employee performance. For the Job Satisfaction variable, the t-count value is 4.678, which is greater than the t-table value of 1.67. The significance level is 0.000, less than 0.1, leading to the rejection of the null hypothesis (Ho4) and acceptance of the alternative hypothesis (Ha4). This implies that job satisfaction has a positive and significant impact on employee performance.

The F-test was also used to evaluate the overall effect of the variables. With \( df1 = k - 1 = 3 \) and \( df2 = n - k = 46 \), the F-table value is 2.21. The F-count value of 18.803 exceeds this threshold, and the significance level of 0.000 is less than 0.1, leading to the rejection of the null hypothesis (Ho1) and acceptance of the alternative hypothesis (Ha1). This indicates a significant combined influence of leadership, loyalty, and job satisfaction on employee performance. The coefficient of determination (R Square) is 0.551, suggesting that 55.1% of the variance in employee performance can be attributed to these variables, while the remaining 44.9% may be influenced by other factors not included in this study.

### Discussion

#### 1. The Effect of Leadership, Loyalty, and Job Satisfaction on Employee Performance

Based on the simultaneous analysis conducted in this study, it is evident that leadership, loyalty, and job satisfaction have a positive and significant impact on the performance of employees at PT XYZ Palembang. This indicates a unidirectional linear relationship where increases in leadership, loyalty, and job satisfaction correspond to improvements in employee performance. The coefficient of determination, which is 0.522, shows that these three variables...
collectively account for 52.2% of the variation in employee performance, highlighting their substantial role in influencing performance outcomes. This finding underscores the crucial role of leadership, loyalty, and job satisfaction in enhancing employee performance. The F value of 18.803 with a significance level of 0.1 further supports the significance of the combined effect of these variables on performance. The significant F value indicates that the model, including leadership, loyalty, and job satisfaction, explains a considerable portion of the variation in employee performance.

The observed low employee performance at PT XYZ Palembang is attributed to insufficient leadership that fails to address motivational needs, a lack of willingness among employees to prioritize organizational goals over personal interests, and inadequate support among coworkers. This aligns with Suardhita et al. [21] theory, which posits that employee performance is influenced by a range of factors including leadership, loyalty, and job satisfaction. The results of this study corroborate this theory and are consistent with the findings of Lee [24], who also found that leadership, loyalty, and job satisfaction significantly impact employee performance.

2. The Effect of Leadership on Employee Performance

Based on the results of the partial analysis, it is evident that leadership has a positive and significant impact on the performance of employees at PT XYZ Palembang. This demonstrates a clear, unidirectional relationship between leadership and employee performance. Specifically, improvements in leadership practices are associated with enhanced employee performance. The analysis reveals a t-value of 2.776 for leadership, which surpasses the critical t-value of 1.67, with a significance level of 0.008 (p < 0.1). This statistically significant result confirms that better leadership is positively correlated with better performance outcomes. The findings underscore the pivotal role of effective leadership in shaping employee performance. Leadership involves various dimensions such as emotional maturity, communication skills, decision-making ability, and motivational strategies. Effective leaders are those who can inspire and guide their teams, address motivational needs, and foster a supportive work environment. When leadership is strong and capable, it directly contributes to enhanced employee motivation, engagement, and productivity, which in turn improves overall performance.

These results align with the theoretical framework proposed by Mansor et al. [25], which posits that employee performance is influenced by several factors including leadership. According to this theory, leadership is a critical determinant of how employees perform their tasks and responsibilities. The positive impact of leadership observed in this study corroborates this theory, affirming the significant role that leadership plays in influencing performance outcomes. Furthermore, the study’s conclusions are consistent with previous research conducted by Huynh and Hua [20]. These studies also found that leadership significantly affects employee performance. For instance, Mastur et al. [26] highlighted that leadership behaviors and styles have a direct impact on how employees perform, while Iqbal et al. [27] emphasized the importance of leadership in motivating employees and enhancing their productivity.

3. The Effect of Loyalty on Employee Performance

Based on the results of the analysis, it is evident that the loyalty variable does not have a significant effect on the performance of employees at PT XYZ Palembang. The statistical analysis shows a t-value of -1.630 for loyalty, which is less than the critical t-value of 1.67, with a significance level of 0.110 (p > 0.1). This indicates that the relationship between loyalty and employee performance is not statistically significant. In other words, changes in employee loyalty do not have a measurable impact on their performance levels in this context. This finding suggests that the level of loyalty among employees at PT XYZ Palembang does not directly influence their performance. It appears that employees who are more focused on achieving specific work targets or goals set by the company might exhibit lower levels of loyalty. Their primary motivation is oriented towards meeting these targets rather than demonstrating allegiance to the organization [28]. As a result, the performance of employees who are intensely
goal-oriented may improve even if their loyalty is not strong. This reflects a scenario where productivity and target achievement become more critical to performance than the degree of employee loyalty.

In practical terms, employees who concentrate on reaching predefined work targets often show a high level of productivity, which might overshadow the role of loyalty. Their commitment to achieving specific objectives can drive their performance to meet or exceed the company’s expectations [29]. Consequently, the focus on productivity and skill enhancement becomes a more significant determinant of performance than the demonstration of loyalty. This suggests that, for PT XYZ Palembang, fostering an environment that emphasizes goal achievement and productivity may be more effective in improving employee performance than merely promoting loyalty.

This observation aligns with the research conducted by Dimyati and Subagio [30], which also found that loyalty does not significantly impact employee performance. Their study emphasizes that performance is more closely related to the ability to meet work targets and achieve high productivity rather than the extent of employee loyalty. They argue that while loyalty is an important aspect of organizational culture, it does not necessarily translate into improved performance outcomes. Conversely, these findings contrast with the results of studies by Park et al. [22], which indicated that loyalty does have a partial effect on employee performance. These studies suggest that employees who display higher levels of loyalty tend to perform better, as their commitment and alignment with organizational goals can enhance their work effectiveness and dedication. Their findings highlight that loyalty can positively influence performance by fostering a sense of belonging and motivation to contribute to the organization’s success.

4. The Effect of Job Satisfaction on Employee Performance

Based on the results of the analysis conducted, it is evident that job satisfaction has a significant effect on the performance of employees at PT XYZ Palembang. The analysis reveals a t-value of 4.678 for job satisfaction, which substantially exceeds the critical t-value of 1.67, with a significance level of 0.000 (p < 0.1). This statistically significant result indicates a strong positive relationship between job satisfaction and employee performance. Specifically, as job satisfaction levels increase, employee performance also improves, demonstrating that employees who are more satisfied with their jobs tend to perform better.

This finding aligns with the theoretical framework proposed by Kasmir (2019: 189), which posits that employee performance is influenced by a range of factors, including job satisfaction. According to this theory, job satisfaction is a crucial determinant of performance, in addition to other factors such as abilities, skills, knowledge, work design, personality, work motivation, leadership, organizational culture, work environment, loyalty, commitment, and work discipline. The significant effect of job satisfaction on employee performance observed in this study supports this theoretical perspective. It underscores the idea that job satisfaction is integral to enhancing employee performance [28]. Employees who derive satisfaction from their work are more likely to exhibit high levels of motivation, engagement, and overall effectiveness, which contributes to improved performance outcomes.

Furthermore, the results of this study are consistent with findings from previous research conducted by Suardhita et al. [21], [28], [31]. These studies also report that job satisfaction has a significant impact on employee performance. Their research reinforces the notion that job satisfaction is a key factor in driving performance outcomes. High job satisfaction leads to increased employee motivation, engagement, and productivity, thereby positively influencing performance levels [32]. This alignment with previous studies further validates the importance of job satisfaction as a determinant of performance. In this context, job satisfaction can be understood as a comprehensive indicator that reflects employees’ emotional and psychological responses to their work environment and job roles. Job satisfaction encompasses various aspects of the work experience, including the nature of the job, compensation, career...
opportunities, and the work environment [33]. When employees experience high levels of job satisfaction, they are more likely to be motivated and committed to their roles, which translates into better performance [8]. Conversely, low job satisfaction can lead to decreased motivation, lower productivity, and higher turnover rates, negatively affecting overall performance.

Therefore, organizations should focus on enhancing job satisfaction through effective management practices, supportive work environments, and opportunities for personal and professional growth. By addressing factors that contribute to job satisfaction, organizations can improve employee performance, achieve higher levels of productivity, and ultimately enhance organizational success. This approach not only benefits employees but also contributes to the overall effectiveness and competitiveness of the organization.

D. CONCLUSION

Based on the analysis and discussion from the previous chapter, several conclusions can be drawn. Firstly, Leadership, Loyalty, and Job Satisfaction collectively have a significant impact on employee performance at PT XYZ Palembang. Specifically, these factors explain 55.1% of the variance in employee performance, indicating their substantial influence. However, 44.9% of the variance is attributed to other factors not examined in this study. Secondly, Leadership is found to have a significant effect on employee performance, underscoring its crucial role in enhancing performance outcomes. Conversely, Loyalty does not demonstrate a significant impact on employee performance, suggesting that it may not be as influential in this context. Lastly, Job Satisfaction is shown to have a significant effect on employee performance, highlighting its importance in driving employee engagement and productivity at PT XYZ Palembang.

E. ACKNOWLEDGMENT

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F. AUTHOR DECLARATION

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Competing interests - The authors declare no competing interests.

Did you use generative AI to write this manuscript? - I do not use AI assistance in my manuscript.

Declaration of generative AI and AI-assisted technologies in the writing process - During the preparation of this work the author did not use AI to write, edit, or other things related to the manuscript.

G. REFERENCES


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