



An Analysis of the Determinants that Influence Employee Loyalty in the
Banking Industry: A Case Study of Bank Central Asia
in Jakarta, Indonesia

Mr. Sukoco

A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration in Entrepreneurship
Graduate School of Business
Assumption University
Academic Year 2016
Copyright of Assumption Universit

An Analysis of the Determinants that Influence Employee Loyalty in the Banking
Industry: A Case Study of Bank Central Asia in Jakarta, Indonesia

By

Sukoco

A Thesis Submitted in Partial Fulfilment of the Requirements for the
Degree of Master of Business Administration

Examination Committee:

1. Asst. Prof. Sirion Chaipooirutana (Advisor)
2. Asst. Prof. Dr. Ranee Esichaikul (Chairman).....
3. Dr. Witsaroot Pariyaprasert (Member).....
4. Asst. Prof. Kriengsin Prasongsukarn (Member).....
5. Dr. Aphicart Intravisit (Member).....

Approved for Graduation on:

Graduate School of Business

Assumption University

Bangkok, Thailand

August, 2016


Thesis Title	An Analysis of the Determinants that Influence Employee Loyalty in the Banking Industry: A Case Study of Bank Central Asia in Jakarta, Indonesia
By	Mr. Sukoco
Major	Entrepreneurship
Thesis Advisor	Assistant Professor Sirion Chaipoopirutana, Ph.D.
Academic Year	2016

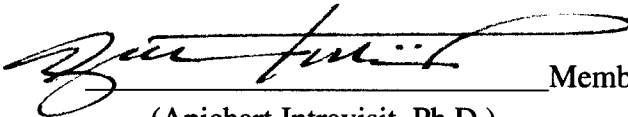
The Graduate School of Business, Assumption University, has approved this thesis as a partial fulfillment of the requirements for the Degree of Master of Business Administration in Entrepreneurship.

School of Business	 Dean of the Graduate (Kitti Phothikitti, Ph.D.)
--------------------	---

THESIS EXAMINATION COMMITTEE	 External Member (Associate Professor Ranee Esichaikul, Ph.D.)
------------------------------	---

	 Thesis Advisor (Assistant Professor Sirion Chaipoopirutana, Ph.D.)
--	--

	 Member (Witsaroot Pariyaprasert, Ph.D.)
--	---

	 Member (Apichart Intravisit, Ph.D.)
--	---

	 Member (Assistant Professor Kriengsin Prasongsukarn, Ph.D.)
--	---

ABSTRACT

Loyal employees are among an organization's most valuable assets at every level. They give more of themselves for their job. They are interested in contributing to increasing the company's value and can help it thrive.

The research aimed to find the determinants that influence employee loyalty in the banking industry. As a case study, data were collected from 380 staff persons in ten Bank Central Asia (BCA) branches in Jakarta, Indonesia. Multiple Linear Regression was used to examine the hypotheses with a confidence level of 95 percent. The research question was how (a) two different leadership styles, (b) organizational commitment, (c) employees' job satisfaction, (d) training and development opportunities, and (e) human relations and values influence employees' sense of loyalty.

The results show that training and development opportunities, and human relations and values significantly influence employees' job satisfaction, whereas a transformational leadership style and a transactional leadership style do not. However, those two leadership styles do have a significant impact on increasing the sense of employee loyalty. Furthermore, organizational commitment, job satisfaction, training and development, and human relations and values all have a statistically significant influence on the loyalty of BCA's employees in Jakarta.

Keywords: job satisfaction, employee loyalty, employee retention, banking industry, ASEAN

ACKNOWLEDGMENT

In the name of Allah, the Most Gracious and the Most Merciful

Alhamdulillah, all praises to Allah for the strengths and His blessing in completing this thesis.

First of all, I would like to express my deepest sense of gratitude to my supervisor Asst. Prof. Dr. Sirion Chaipoopirutana, who offered her continuous advice and encouragement throughout the course of this thesis. I thank her for the systematic guidance and effort in the scientific field.

I would like to thank my thesis committee, Dr. Witsaroot Pariyaprasert, Asst. Prof. Kriengsin Prasongsungkarn, and Dr. Aphicart Intravisit for their direction, dedication, and valuable advice along this project.

I would like to thank Mr. Eugene K. Galbraith, Deputy President Director for allowing me conducting research in Bank Central Asia. Also, thank Mr. Indra Widjaja, Mr. Amran Siahaan, and for all BCA' employees for the effort and help to finish the thesis.

I indebted to Mr. Alan Feinstein as my guardian, for give me a chance to continue my education, all support during my study, and discussions and debates to sharp my viewpoint.

Finally, I take this opportunity to express the profound gratitude from my deep heart to my beloved daughter, parents, and my siblings for their love and continuous supports both spiritually and materially.

TABLE OF CONTENTS

Committee’s Approval Sheet	i
Abstract	ii
Acknowledgment	iii
Table of Contents	iv
List of Figures	ix
List of Tables	xi
CHAPTER I: GENERALITIES OF THE STUDY	1
1.1 Introduction.....	1
1.2 Research Objective	9
1.3 Statement of Problems.....	10
1.4 Scope of Research.....	11
1.5 Limitation of Research.....	12
1.6 Significance of the Study.....	13
1.7 Definition of Terms.....	13
1.8 Overview of Indonesian working culture in the banking industry....	15
CHAPTER II: LITERATURE REVIEW	19
2. 1. Theory.....	19
2.1.1 Employee Loyalty.....	19
2.1.2 Transformational Leadership.....	20
2.1.3 Transactional Leadership.....	23
2.1.4 Organizational Commitment.....	24

2.1.5 Job Satisfaction.....	27
2.1.6 Training and Development.....	28
2.1.7 Human Relation and Values.....	29
2. 2. Related Literature.....	30
2.2.1 Relationship between Transformational Leadership, Job Satisfaction, and Employee Loyalty.....	30
2.2.2 Relationship between Transactional Leadership, Job Satisfaction, and Employee Loyalty.....	32
2.2.3 Relationship between Training and Development, Job Satisfaction, and Employee Loyalty.....	33
2.2.4 Relationship between Human Relation and Value, Job Satisfaction, and Employee Loyalty.....	34
2.2.5 Relationship between Organizational Commitment and Employee Loyalty	35
2.2.6 Relationship between Job Satisfaction and Employee Loyalty..	36
2. 3. Previous Studies.....	38
2. 4. Overview of Indonesian banking industry.....	40
CHAPTER III: RESEARCH FRAMEWORK.....	46
3.1. Theoretical Framework.....	46
3.2. Conceptual Framework.....	55
3.3. Research Hypothesis.....	59
3.4. Operationalization of Variables.....	60
CHAPTER IV: RESEARCH METHODOLOGY.....	66
4. 1. Method of Research Used.....	66

4. 2.	Respondents and Sampling Procedure.....	67
4.2.1	Target Population.....	68
4.2.2	Sampling Unit.....	71
4.2.3	Sample Size.....	72
4.2.4	Sampling Procedure.....	74
4. 3.	Research Instrument.....	78
4. 4.	Reliability Analysis.....	81
4. 5.	Collection of Data.....	82
4. 6.	Statistical Treatment of Data.....	83
4.2.5	Descriptive Analysis.....	84
4.2.6	Inferential Analysis.....	84
4. 7.	Summary of Statistical Tools Used in Examining Hypotheses....	85
4.7.1.	Multiple Linear Regression (MLR).....	85
4.7.2.	Standard Error of Estimation.....	86
4.7.3.	Coefficient of Multiple Determination (r^2).....	86
4.7.4.	Adjusted Coefficient of Multiple Determination (r^2 adj.)..	87
4.7.5.	ANOVA Table for Multiple Regression Analysis.....	88
4.7.6.	Testing Models for the Significance (F-test).....	89
4.7.7.	Test on Individual Regression Coefficient (t-test).....	90
CHAPTER V: DATA ANALYSIS		91
5.1	Descriptive Analysis of Demographic Factor.....	91
5.1.1	Age.....	92
5.1.2	Gender.....	92

5.1.3 Marital status.....	93
5.1.4 Educational level.....	93
5.1.5 Length of service.....	94
5.1.6 Salary.....	94
5.2 Descriptive Analysis of Variables.....	95
5.2.1 Transformational leadership style.....	95
5.2.2 Transactional leadership style.....	96
5.2.3 Organizational commitment.....	97
5.2.4 Job satisfaction.....	98
5.2.5 Training and development.....	99
5.2.6 Human relation and values.....	100
5.2.7 Employee loyalty.....	101
5.3 Inferential Analysis.....	101
CHAPTER VI: SUMMARY, CONCLUSION AND RECOMMENDATION	113
6.1 Summary of Findings.....	113
6.1.1 Summary of Demographic Characteristics.....	113
6.1.2 Descriptive Analysis of Variable.....	114
6.1.3 Testing of Hypotheses	115
6.2 Conclusions.....	117
6.3 Discussion and Implication.....	119
6.4 Recommendation.....	124
6.5 Further Study.....	127

Bibliography.....	129
Appendix A: Questionnaire in English.....	146
Appendix B: Questionnaire in Indonesian	152
Appendix C: Reliability Analysis (Pre-test).....	157
Appendix D: Reliability Analysis (Questionnaire).....	159



LIST OF FIGURES

Figure 1.1: Organizational Structure of Bank Central Asia.....	8
Figure 1.2: Countries and the industry challenges.....	15
Figure 1.3: The issues of employees in the banking industry.....	16
Figure 1.4 : Daily communication of employees.....	17
Figure 1.5: Tenure of service of employee in Indonesian banking industry.....	18
Figure 1.6: The reason of employees' turnover in Indonesian banking industry.....	18
Figure 2.1: Total Assets and Return On Assets.....	41
Figure 2.2: Net Interest Margin and Net Performing Loan growth.....	41
Figure 2.3: Penetration rate of Indonesian banking industry.....	42
Figure 2.4: Ratio of loan to GDP among APAC countries.....	43
Figure 2.5: Indonesian commercial banking distribution.....	43
Figure 2.6: Comparison of Loan, TPF, Assets, and NPL.....	44
Figure 2.7: Comparison of NIM with neighborhood countries.....	45
Figure 3.1: The research model of relationship between leadership styles, employee satisfaction and loyalty.....	47
Figure 3.2: The research model of the impact of leadership style on job satisfaction: a study of Iranian hotels.....	49
Figure 3.3: The research model of employee loyalty and organizational commitment in Pakistani organization...	51

Figure 3.4: The research model of empirical study of public sector employee loyalty and satisfaction.....	52
Figure 3.5: The research model of internal marketing: a study of employee loyalty, its determinants and consequences.....	54
Figure 3.6: Conceptual Framework of An Analysis of the Determinants that Influence Employee Loyalty in Banking Industry: Case Study on Bank Central Asia in Jakarta, Indonesia.....	58
Figure 4.1: Location of target population in Jakarta, Indonesia.....	68
Figure 4.2: Design of simple random sampling by drawing technique.	75
Figure 6.1: Result of hypothesis findings.....	119

LIST OF TABLES

Table 3.1: Operational measurement of the variables	60
Table 4.1: The branches of BCA in Jakarta.....	68
Table 4.2: Sub-districts of each district in Jakarta	69
Table 4.3: Branch and number of employees.....	70
Table 4.4: Sample sizes for different sizes of population at a 95% confidence level	72
Table 4.5: Proportion of sample in each branch of BCA	76
Table 4.6: Summary of Research Instrument.....	79
Table 4.7: The summary of reliability analysis	81
Table 4.8: The sum of square and formula.....	87
Table 4.9: The ANOVA of multiple regressions.....	88
Table 4.10: The Summary of Hypothesis and Statistical Analysis.....	90
Table 5.1: Breakdown by age.....	92
Table 5.2: Breakdown by gender.....	92
Table 5.3: Breakdown by marital status	93
Table 5.4: Breakdown by educational level	93
Table 5.5: Breakdown by length of service.....	94
Table 5.6: Breakdown by salary	94
Table 5.7: Transformational Leadership Style Analyzed by Mean and Standard Deviation	95

Table 5.8: Transactional Leadership Style Analyzed by Mean and Standard Deviation	96
Table 5.9: Employees' Commitment to Organization Analyzed by Mean and Standard Deviation	97
Table 5.10: Job Satisfaction Analyzed by Mean and Standard Deviation.....	98
Table 5.11: Training and Development Analyzed by Mean and Standard Deviation.....	99
Table 5.12: Human Relations and Values Analyzed by Mean and Standard Deviation	100
Table 5.13: Employee Loyalty Analyzed by Mean and Standard Deviation	101
Table 5.14: Model Summary of Hypothesis 1.....	102
Table 5.15: ANOVA of Hypothesis 1.....	103
Table 5.16: Coefficients of Hypothesis 1.....	103
Table 5. 17: Model Summary of Hypothesis 1 (re-run).....	105
Table 5.18: ANOVA of hypothesis 1 (re-run).....	105
Table 5.19: Coefficients of Hypothesis 1 (re-run).....	106
Table 5.20: Model Summary of Hypothesis 2.....	107
Table 5.21: ANOVA of Hypothesis 2.....	108
Table 5.22: Coefficients of Hypothesis 2.....	108
Table 5.23: Model Summary of Hypothesis 3.....	109

Table 5.24: ANOVA of Hypothesis 3.....	110
Table 5.25: Coefficients of Hypothesis 3.....	110
Table 5.26: Summary from hypothesis testing.....	111
Table 6.1: Demographic factors.....	120
Table 6.2: Descriptive Analysis of variables.....	121



CHAPTER I

GENERALITIES OF THE STUDY

1.1 Introduction

An organization's human resources are among its most valuable assets. At every organizational level, the company employs its staff according to its specific planning needs and requirements. Loyal employees are crucial because they give more of themselves for their jobs. They serve as positive public relations ambassadors outside the organization. Also, they go above and beyond the norm in doing the little things that can help the company thrive, and a loyal employee is interested in contributing to increasing the company's value (Mowday, Porter, and Steers, 1982; Organ 1988). Hoekstra *et al.*, (1999) also stressed the significance of focusing on employees. They stated that every employee in a firm has his/her responsibility for creating superior customer value. Managers have to empower employees in the company not only to solve leadership problems but also to increase employees' job satisfaction and loyalty (Leong, 2001). Moreover, the organization may have difficulties in retaining employees because they expect that their job compensation be increased as much as possible. Serious consequences can happen when the company loses its key employees (Stroh and Reilly, 1997; Reichheld, 1996; Michaud, 2002). And, according to U.S Department of Labor, the loss of key employees will cost a company one-third of a new employee's annual salary (Michaud, 2002).

The determinants affecting employee loyalty used in this research are

transformational leadership, transactional leadership, organizational commitment, job satisfaction, training and development, and human relations and values.

The first determinant in this study is *transformational leadership*, which is identified as a fundamental factor influencing employees' job satisfaction. Bahmanabadi (2015) found that leadership style have a significant impact on job satisfaction among bank' employees. Moreover, transformational leadership style has more influence toward employee satisfaction than transactional leadership style and relation-oriented style. The internal organizational environment affects job satisfaction (Seashore and Taber, 1975). The organizational environment consists of leadership styles, organizational atmosphere, and personnel leadership. Employee and leader will have a good-quality relationship that influences the self-esteem of employees in job satisfaction and workplace (Brockner, 1988; Chen & Spector, 1991; De Cremer, 2003). Ribelin, (2003) and Keashly, Trott, & MacLean (1994) stated that declining productivity, increasing turnover and absenteeism in the organization are caused by a negative relationship between employee and leader. The results from many studies indicate the significant effect of transformational leadership on employees' job satisfaction (Wiratmaja *et al.*, 2008; Griffith, 2004; Avolio and Bass, 2004; Antonakis *et al.*, 2003; Bass and Avolio, 1994).

Another leadership style examined in this research is *transactional leadership*, which creates the foundation for a relationship between leaders and subordinates that identifies outlooks or expectations, clarifies duties, and specifies recognition and rewards for completing the expected performance (Bass, 1985). The first two dimensions of transactional leadership are a system of contingent rewards and management-by-exception (active), which both have a positive correlation with job satisfaction. On the

other hand, a third dimension of transactional leadership, which is management-by-exception (passive), has a significantly negative correlation with job satisfaction (Stumpf, 2003). Muhammad *et al.* (2012) explained that a transformational leadership style has a more positive and stronger relationship with job satisfaction than a transactional leadership style. Pillai *et al.* (1999) used a direct effect model to investigate organizational leadership and established that accurately implemented transformational and transactional leadership styles had raised the employees' job satisfaction and performance, and had increased their trust in their leaders. Nevertheless, Grosso (2008) contradicted these findings and stated that there is no statistical relationship between transactional leadership and job satisfaction.

Another predictor in this study is *job satisfaction*. Some of the previous studies revealed the importance of this factor to gain employee loyalty. Employee loyalty is strongly associated with employee job satisfaction (see, for example, Chen and Wallace, 2011; Hom and Griffeth, 1995; Kazlauskaite *et al.*, 2012; Stum, 1998; Ting, 1996). Job satisfaction indicates the employee's attitude about their job. It refers to the employee's desire for happiness that they want to satisfy. Job satisfaction describes a positive effect of employees on their job or job situation (Locke, 1976). Job satisfaction relates to increasing productivity, though the nature of that causality continues to be vigorously debated (Katzell and Yankelovich, 1975). Also, George and Zakkariya (2015) found that employees of private banks have a lower degree of job satisfaction compared to public sector banks. Therefore, the latter encouraged improvement in management practices to reveal a humanistic concern for employees and to boost employee satisfaction.

The remaining factors in this study will be described as follows: *organizational*

commitment is the degree of employees' commitment to maintain their involvement in a particular organization (Robbins, 2003). Organizational commitment also involves employees' efforts and consideration to stabilize their dedication to the organization (Mester *et al.*, 2003). Tsai *et al.* (2011) stressed the importance of organizational commitment to increase company competitiveness in order to face the challenges in the banking industry. The next factor is *training and development*. According to Martensen and Gronholdt (2001), a training program has a positive impact on improving individual competencies, which in turn influences employees' job satisfaction. Moreover, training programs increase employees' skills as well as self-confidence in their work to develop opportunities (Jun *et al.*, 2006). Alrawabdeh (2014) mentioned that training and development is one of the six determinants that influence employee loyalty level as well as employees' performance in Jordanian banking industry. The outcome of this constructive situation is an increasing of employees' job satisfaction. The final factor in this study is *human relations and value*. Emotional and intellectual competencies are a core competency of basic human value. The leader should clearly demonstrate the importance of these fundamental values among employees in their daily relationships. To a great extent work colleagues have a significant effect on employees' well-being at work (Graversen, 1992). Isolation, harassment, or bad-mouthing by colleagues are significant sources of stress, especially in a poor working environment. Finally, Shukla and Sinha (2013) stated that positive relationship with colleagues and leader has a significant impact on employees' satisfaction and loyalty among employees in the banking industry.

P. T. Bank Central Asia Tbk (BCA) was established on August 10, 1955, and is headquartered in Jakarta, Indonesia. It is known as an Indonesia's largest lender by

market value and the second-largest bank by assets (<http://www.indonesia-investments.com/id/bisnis/profil-perusahaan/bank-central-asia/item193>, accessed data on 01/05/2016). BCA has experienced a remarkable recovery from the Asian Financial Crisis of the late 1990s, when the Indonesian banking system almost went bankrupt. In terms of market capitalization, BCA is one of the largest companies in Indonesia. It provides both commercial and personal banking services through its 1,000-plus branches across the country. Djarum Group, an Indonesian conglomerate, controls BCA which has also owns cigarette manufacturing, property development and management, and retail department store businesses.

With the initiation of the ASEAN Economic Community (AEC) at the end of 2015, many companies will be attracted to start doing business in the ASEAN region. Indonesia, with more than 250 million people, will be one of the most attractive markets among the ASEAN countries, and competition to survive there will be fierce. To succeed a company will need to have loyal employees who are willing to fight to increase the company's competitiveness.

This research aims to find the determinants that influence employee loyalty within BCA's employees in Jakarta, Indonesia. The management of BCA may find the results from this study to be useful in maintaining and cultivating employee loyalty for their company. By classifying the key influential forces behind employee loyalty for its business, BCA's management can employ its resources on nurturing the weakest associates and on boosting returns from the strongest ones. Moreover, the data gathered from this research could be used by BCA to improve its services and to identify the prerequisites for a successful and sustainable business.

Company profile of Bank Central Asia

P. T. Bank Central Asia Tbk. is an Indonesian company primarily engaged in the banking sector. (“P.T.” stands for *perseroan terbatas*, or limited liability company; “Tbk” indicates the shares are publicly listed for stock exchange trading.) It runs its bank under the name trade name Bank BCA or BCA. Besides conventional banking business, it also offers Syariah-compliant banking services through its subsidiary, Bank BCA Syariah. BCA Finance is another subsidiary that operates in the financing business, and includes PT BCA Sekuritas, which provides securities underwriting and brokering services; PT Asuransi Umum BCA, which offers insurance, and BCA Finance Ltd, which is involved in money lending business (<http://www.reuters.com/finance/stocks/company/Profile?symbol=BBCA.JK>, accessed data on 01/05/2016). BCA provides commercial and personal banking services through more than 1,100 branches and more than 17,000 ATMs across Indonesia. Its bank loan portfolio comprises corporate and business loans, consumer mortgages, auto loans, SME loans, and employee loans. Djarum Group owns about 47% of the stock of BCA.

Vision

To be the bank of choice and a major pillar of the Indonesian economy

Mission

To build centres of excellence in payment settlements and financial solution for businesses and individuals.

To understand diverse customer needs and provide the right financial services to optimize

customer satisfaction.

To enhance our corporate franchise and stakeholder value

Core Value

Customer focus

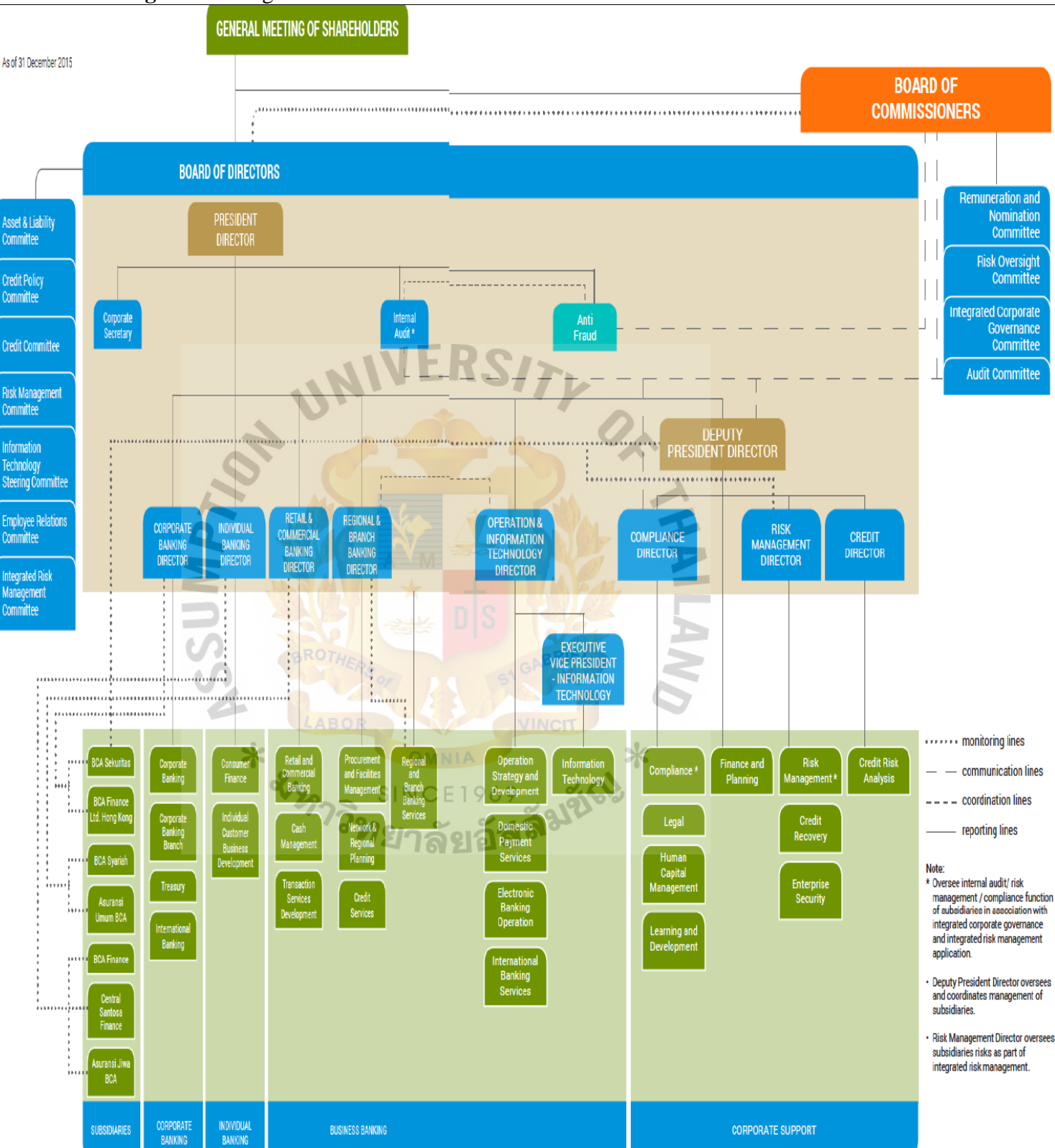
Integrity

Teamwork

Continuous pursuit of excellence



Figure 1.1: Organization Structure



Source: BCA annual report 2015, p. 556-557.

Business Summary

BCA provides products and services for both individuals and businesses. Its individual products and services comprise savings accounts, electronic or Internet banking, credit cards, assurance, lending products for consumer, remittance, collection, safe deposit facilities, and investment products. Meanwhile, its business products and services including BCA trade, savings accounts, working capital loans, investment loans and bank guarantees for small and medium-sized enterprises, as well as for corporate customers.

Corporate Social Responsibility

BCA has provided services to the community since 1957, and it is acutely aware that its decisions impact not only on the economy but also on short-term and long-term social environment issues. Therefore, it is committed to responsibly developing its business, among other ways, through its Corporate Social Responsibility (CSR) program named Bakti BCA. This program is conducted on an ongoing basis and arranged into three pillars: Smart Solution, Synergy Solution, and Excellent Business Solution.

The Smart Solution is a program to support the education of the younger generation in Indonesia. Synergy Solution is a program that supports synergies in the fields of culture, health, environment, and sports. The Excellent Business Solution Program actively supports community empowerment to build communities with the ability to grow and progress independently.

1.2 Research objective

This research aims to study the determinants that influence loyalty among BCA employees in Jakarta, Indonesia. Beyond cultural differences between employees, what

other factors -- such as job security, availability of training, opportunity for skills development, upward mobility -- lead the employees in Indonesia to a stronger sense of loyalty to the company? The researcher's objectives are as follows:

- 1) To examine the impact of transformational leadership, transactional leadership, training and development, and human relations and values on job satisfaction of BCA employees in Jakarta
- 2) To examine the impact of transformational leadership and transactional leadership on loyalty of BCA employees in Jakarta
- 3) To test the impact of organizational commitment, job satisfaction, training and development, and human relations and value on loyalty of BCA employees in Jakarta

1.3 Statement of problem

With the establishment of the ASEAN Economic Community (AEC) at the end of 2015, many companies will come and start up businesses in the region. Among the ASEAN countries, Indonesia, with more than 250 million people, is an attractive market for business, so one can expect increased competition for local companies. With the implementation of AEC Indonesia will be entirely opened up to investment from other ASEAN countries, including in its banking sector. Several major ASEAN banks, namely three Singaporean banks (DBS, UOB, and OCBC) and three Malaysian banks (CIMB, Maybank, and Maybank Syariah) are already present in Indonesia, even before AEC implementation. As foreign banks, they will hire local people who know the market. And it is very common for one company to take an employee from its competitors. Therefore,

it will be very crucial for BCA to keep its employees under increasing pressures from potential competitors.

Many researchers have conducted studies on the topic of employee loyalty in the banking sector and the most influential factors that increase a sense of loyalty. But, most of them studied those independent variables in a partial investigation. This study aims to find the determinants that influence employee loyalty if those variables are included together. Salient questions to be examined in this study are as follows:

- 1) Is there any influence of transformational leadership, transactional leadership, organizational commitment, training and development, and human relations and value on job satisfaction of BCA employees?
- 2) Is there any influence of transformational leadership and transactional leadership on loyalty of BCA employees?
- 3) Is there any influence of organizational commitment, job satisfaction, training and development, and human relations and value on loyalty of BCA employees?

1.4 Scope of research

This research focuses on studying the relationships between six independent variables -- i.e., transformational leadership, transactional leadership, organizational commitment, job satisfaction, training and development, human relations and values -- and one dependent variable, which job employee loyalty within BCA employees. The target population to be studied is the employees of BCA in ten sub-districts in Jakarta: Palmerah, Taman Sari, Kelapa Gading, Pademangan, Menteng, Tanah Abang, Matraman, Rawamangun, Pancoran, and Setia Budi.

A total of 380 questionnaires were distributed and divided equally among all the chosen branches. The survey questionnaire consists of four parts. The first part looks at leadership style, and is adopted from Arzi and Farahbod (2014). The second part looks at organizational commitment, job satisfaction, training and development, and human relation and value, and it is adopted from several previous researchers (Iqbal *et al.*, 2015; Arzi and Farahbod, 2014; Turkyilmaz *et al.*, 2011; Martensen and Gronhold, 2006). The third part inquires about employee loyalty, which is also adopted from the above-mentioned previous studies. The final part solicits demographic information about the respondents. The researcher will use many steps random sampling for this study.

1.5 Limitation of the research

Among the limitations facing the researcher are limited time, a large population that cannot all be cover individually, and a number of variables that may affect employee loyalty but cannot be included in the research. In this study, the researcher focuses on the banking industry in order to identify the main determinants of employee loyalty at BCA, Jakarta. The outcome may only be significant for BCA in Jakarta. The results, thus, might be irrelevant for other service industry or even the same service industry in other countries. Due to limitation of time, the researcher cannot gather data from the entire population of all BCA branches around Jakarta. Another limitation is the time to study all factors that influence employee loyalty apart from the five within the scope of this study. The time frame of this study is the month of June 2016. It is possible that the results of this study may not be applicable for another time period. Moreover, this study investigates general position of respondent. The researcher designed the questionnaire in the narrow description for each variables.

1.6 Significance of the study

The management of BCA may find the results from this research to be useful in maintaining and cultivating employee loyalty for their company. By classifying the key influential forces behind employee loyalty for its business, BCA's management can employ its resources by nurturing the weakest associates and boosting the performance of the strongest ones. Moreover, the data gathered from this research could be used by BCA to expand its services, perhaps enlarging to open more branches in other places in Southeast Asia or beyond.

Also, the author hopes the outcome of this study will contribute not only to developing the field of Business Administration, but also to the author's own career goals. As a Master of Business Administration student at Assumption University of Thailand majoring in entrepreneurship and with a career goal to be a successful businessman, the author needs to understand how to maintain loyalty of employees. This means analysing what are the significant determinants that influence employee loyalty, and how to strengthen the weakest links in the employee chain.

Finally, the author hopes the results of this research may be useful for the development of business administration generally. This study could serve as a reference in conducting new research or in testing the validity of other researchers' outcomes.

1.7 Definition of terms

Employee loyalty

Employee loyalty can be defined as employees' behavior: when an employee stays and maintain his/her involvement in the organization for long periods of time; when an employee dedicates himself/herself to attain organization goals; and when an

employee grows and contributes to company values (Voyles, 1999).

Human relations and values

The abilities to enhance relationships with other people in daily communication so that mutual respect can be developed among them; this may involve argumentation, rationalization, and skills to improve their work competencies. (McCusker & Wolfman, 1998; McGuiness, 1998; Selnow & Gibert, 1997; Vardi *et al.*, 1989).

Job satisfaction

Employees' feeling or emotional responses to a job can be the outcome of the employee's expectations and the actual consequences they experience from the work environment (Bartlett *et al.* 1999; Choi, 2001; Morrison, Jones & Fuller, 1997).

Organizational Commitment

Organizational commitment can be defined as employees' efforts and attention to building their dedication to the organization (Mester *et al.*, 2003).

Training and development

The specific process provided by a company that develops employees' skill, knowledge, and attitudes in order to improve their expertise in a specific field so that they will help to increase the company's competitiveness (Noe, 2008).

Transactional Leadership

A transactional leader lays the foundation for a relationship between himself/herself and subordinates, such as identifying outlooks or expectations, clarifying duties and determining recognition and rewards in order to achieve the expected performance (Bass, 1985).

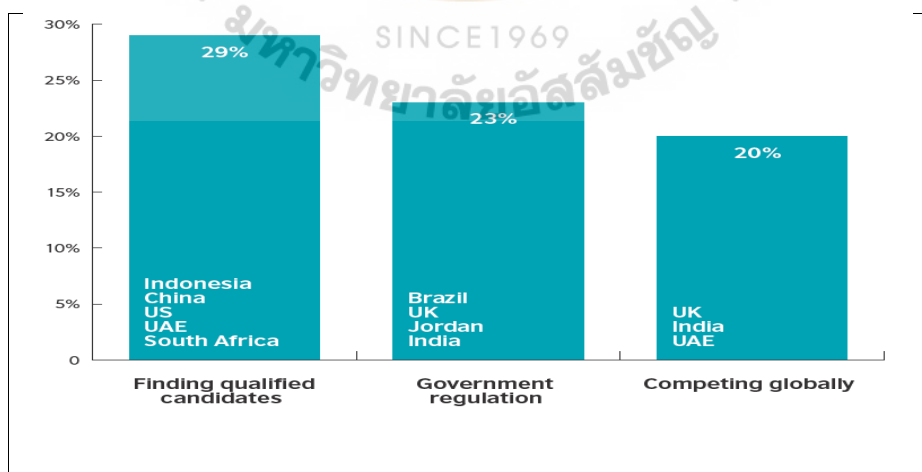
Transformational Leadership

A leader who influences employees and tries to bring new concepts and ideas to the company to make it successful can be said to be a transformational leader (Bass, 1985).

1.8 Overview of Indonesian working culture in the banking industry

Nowadays, business is progressively globalized and competitive. Everyday communication with clients, co-workers and associates beyond transnational borders occurs in any organization. The company needs employees who have a high knowledge of local culture and an ability to thrive in an international workplace. Consequently, employers face a difficult challenge to find appropriate and qualified candidates for the business, in addition to abiding by local government regulations and competing globally. According to the British Council, in Indonesia finding skilled and suitable workers is the greatest banking industry challenge. (see Figure 1.2)

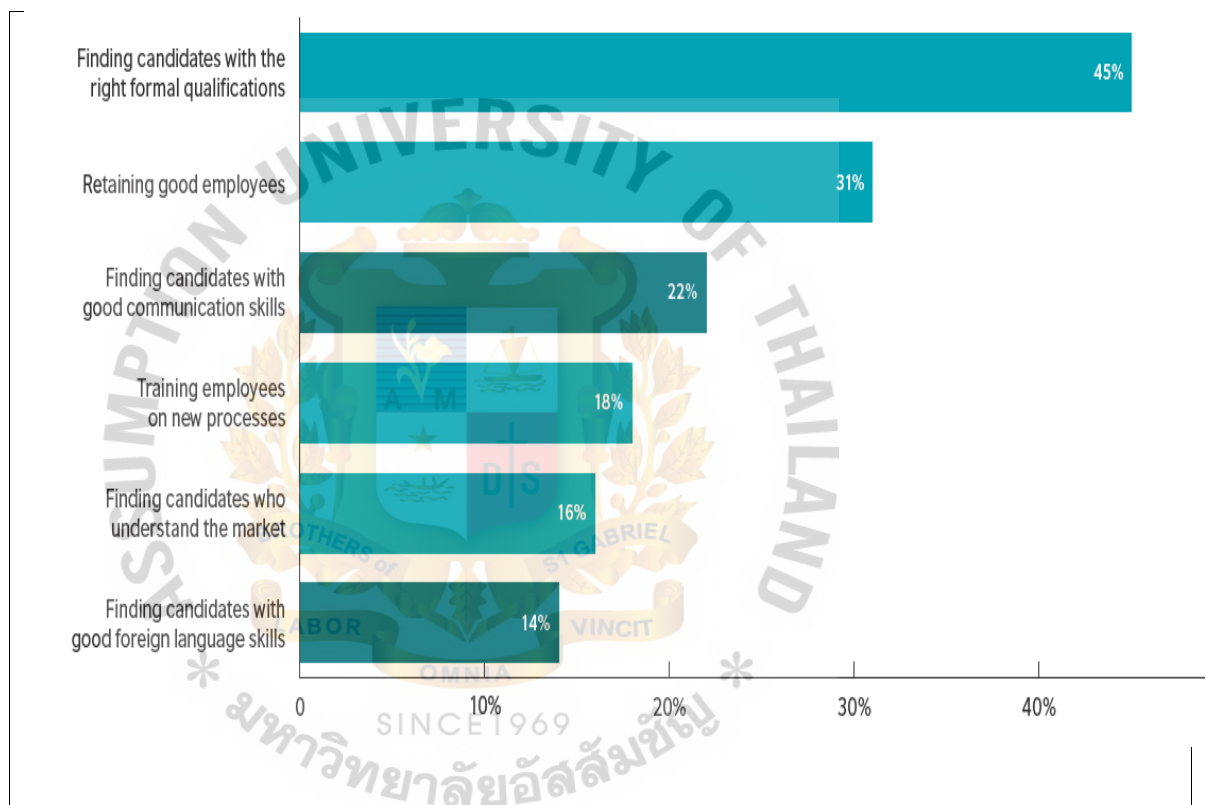
Figure 1.2: Countries and the industry challenges.



Source: <https://www.britishcouncil.org/sites/default/files/culture-at-work-report-v2.pdf> (page 5, accessed data on 06/07/2016)

Human resources department has a difficulty in facing some problems such as: how to find applicants with formal qualifications, good in communication and foreign language skills, and how to retain good staff members. The relative difficulty of these issues is shown in the following figure.

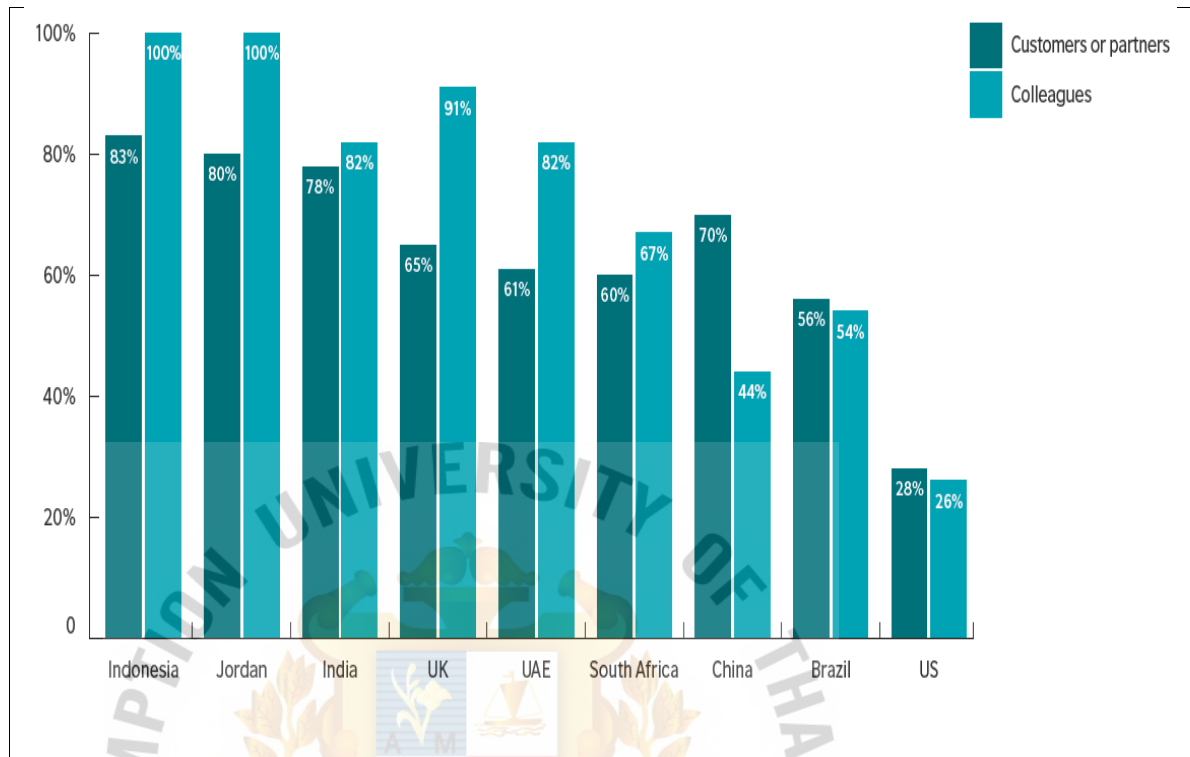
Figure 1.3: The issues of employees in the banking industry



Source: <https://www.britishcouncil.org/sites/default/files/culture-at-work-report-v2.pdf> (page 6, accessed data on 06/07/2016)

Interactions across international border are extensively seen in the daily work environment in the banking industry. Indonesian companies have one of the highest incidence levels of employees communicating with company partners, suppliers and colleagues.

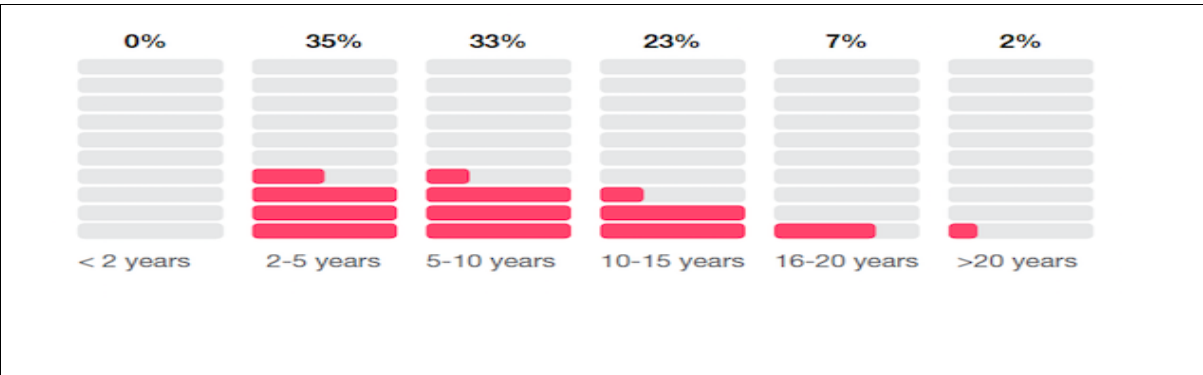
Figure 1.4 : Daily communication of employees



Source: <https://www.britishcouncil.org/sites/default/files/culture-at-work-report-v2.pdf> (page 7, accessed data on 06/07/2016)

The Indonesian banking sector also faces a high degree of employee turnover. It faces challenges in terms of the expansion of local and foreign banks. The lack of qualified workers who know the market is a crucial issue for this sector. According to Price Waterhouse Cooper (pwc.com), the turnover rate of banking staff in Indonesia is more than 10% per annum and the average length of service two to ten years for 68% of employees. Also, only 2% employees maintain their involvement with the current bank for more than 20 years.

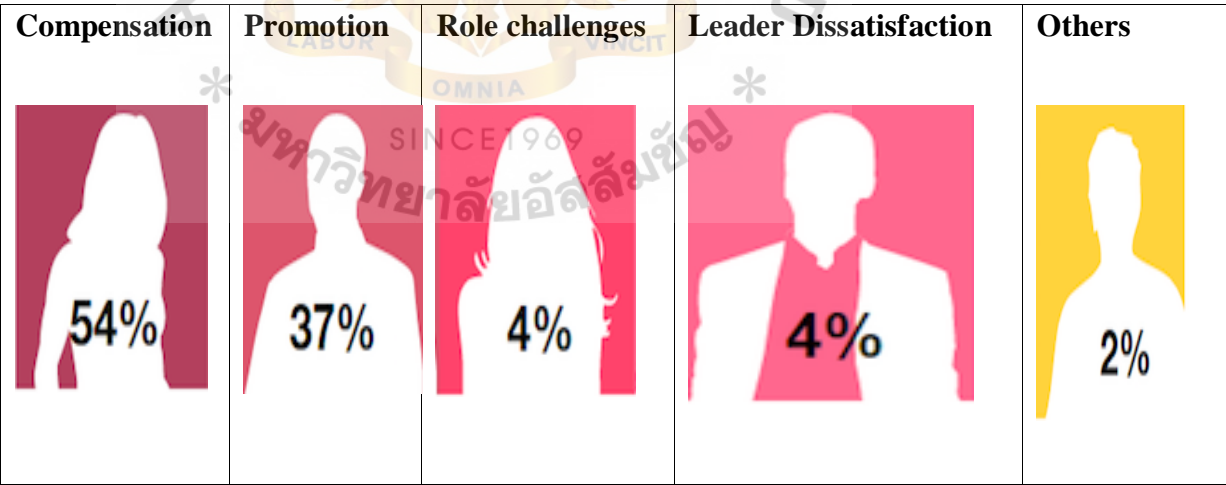
Figure 1.5: Tenure of service of employees in Indonesian banking industry



Source: <http://www.pwc.com/id/en/publications/assets/indonesian-banking-survey-2014>. (page 22, accessed data on 06/07/2016)

The critical issues causing employees’ turnover varies, but the most influential on their decision to change employers is a better compensation package and the opportunity of promotion. Much less influential are role challenges for their skills and abilities and dissatisfaction with their bosses. See Figure 1.6 for the relative strength of each reason.

Figure 1.6: The reason of employees’ turnover in Indonesian banking industry



Source: <http://www.pwc.com/id/en/publications/assets/indonesian-banking-survey-2014> (page 23, accessed data on 06/07/2016).

CHAPTER II

LITERATURE REVIEW

In this chapter, various relevant theories and abstractions from the literature considered in the study will be presented. There are three parts to this chapter: theory; a review of relevant literature; and previous studies. Firstly, theory will help us interpret the definition of all the variables: transformational and transactional leadership, organizational commitment, job satisfaction, training and development, and human relation and values. Secondly, a review of the literature will clarify the relationship between independent and dependent variable significant to the hypotheses put forward in the study. Lastly, previous studies will demonstrate the relevance of analysing other relevant studies.

2.1 Theory

2.1.1 Employee Loyalty

There is a distinctive relationship between the terms “loyalty” and “employee loyalty.” Ewin (1993) defined loyalty as an emotional affection and an emotional response to its entities. Similarly, Morrall (1999) stated that loyalty is a commitment to someone or something. Powers (2000) explained loyalty as one’s dedication and emotional attraction toward specific objects, which may be related to a person, group, task or purpose. Employee loyalty, on the other hand, concerns someone’s relationship to work, co-workers, supervisors, and their organization.

Voyles (1999) explained employee loyalty as related to their behavior; when an employee stays and maintain his/her involvement in the organization for extended

periods of time; when an employee dedicates himself/herself to attain organization goals; and when an employee grows and contributes to company values. Powers (2000) conceptualized employee loyalty as precise actions and behaviours (e.g., willingness to participate in company activities, willingness to remain late to finish a work task, helping co-workers). Drizin and Schneider (2004) seen employee loyalty as the tendencies of an employee to obligate and remain in the organization and help the company regardless of their job assignment and descriptions.

This research shows the following characteristics of employee loyalty:

- a. A loyal employee is less likely to look for work elsewhere, which means that they expect to stay with the company;
- b. A loyal employee is interested in performing his/her best at work, and makes an extra effort when required (e.g., they would recommend the company's product or service to outsiders);
- c. A loyal employee is proud to be working for the current organization, and he or she wants to positively contribute to company value;
- d. A loyal employee will recommend others to work for the company;
- e. A loyal employee has a strong relationship with the company, and he or she feels that the current company is more attractive than any other.

2.1.2 Transformational Leadership

Transformational leaders transform new ideas and concepts, which then influence not only individuals, but a whole group (Warrilow, 2012). Liu *et al.* (2010) proposed transformational leadership as a leader's positive style, assisting workers by improving

their job context, so that it matches their expertise and helps them to perform their jobs better.

Bass (1985) has seen transformational leadership as an influence of a leader on his/her employees that is intended to bring new concepts and ideas to the company to contribute to its success. The elements of the transformational leadership style are as follows:

- a. Individualized consideration can be defined as attention from the leader to his or her employees about their needs and activities, willingness to assist them as an advisor, and admiration for what they have done for the company (Warrilow, 2012). This is supported by Avolio (1999), who notes that individualized consideration involves the leader acting as a mentor focusing on subordinates' success and development to their highest level or achievement. This is leadership that is conducive to employee's job satisfaction by giving close attention to the individual needs of employee, be willing to be a coach for the workers, and inspiring them to develop and self-actualize.
- b. Intellectual stimulation: the leader challenges the workers to be more productive and creative by giving them examples, so that the employees can solve problems in the organization (Warrilow, 2012). Similarly, intellectual stimulation characterizes a transformational leader who stimulates his/her subordinates to pass through any struggles by encouraging reflection on questions that can increase employees' innovation and creativity (Bass and Avolio, 1994). It also supports employees to implement new perspectives and ideas to achieve their best

performance. In the other words, these leaders support the workers to discover new solutions and to try out those new solutions in practice.

- c. Inspirational motivation: a leader's belief in his/her workers about the job challenges and obstacles they face, so that employees can be more optimistic about carrying out their duties successfully (Warrilow, 2012). Yammarino and Dubnisky (1994) defined an inspirational leadership as a communication of vision with fluency and confidence, raising optimism, warmth, and providing inspirational examples and behavior to employees. It consists of eagerly building a shared vision or shared determinations. It indicates a leader who inspires his/her employees by emotional applications and good ideas, helping employees' goals to match with the company's goals, and showing passion and optimism (Northouse, 2007). As a result of such behaviors, an employee can feel affection and attachment with the leader, and identify with him/her. Also, it can make subordinates achieve ambitious objectives through producing enthusiastic enjoyment, increasing employees' career prospects, and communicating self-confidence (Bass and Avolio, 1994).
- d. Idealized influence: the admiration created in the employee for a leader who is a role model and who helps identify a set of particular values (Warrilow, 2012). It also refers to the charismatic actions of the manager, where the employees go beyond their self-centeredness to increase company value and benefit, and develop a collective sense of mission and purpose (Brymann *et al.*, 1996). The employees feel admired, respected, and trusted when they work for this type of leader. In the other words, the employees will imitate in action and behavior what

their leader does because of the latter's charismatic personality. Furthermore, such leaders pay more attention to their employees than to themselves, and develop and practice high ethical and moral principles. They always avoid using their power and authority to their own benefit (Bass and Avolio, 1994).

2.1.3 Transactional Leadership

Transactional leadership can be described as a communication style of leaders to subordinates to justify a particular task or work that has to be completed and commonly rewards subordinates when they finish the said task (Avolio *et al.*, 1991). Transactional leadership creates the foundation for a relationship between leaders and subordinates that identifies outlooks or expectations, clarifies duties, and specifies recognition and rewards when the expected performance is achieved (Bass, 1985). In implementation, this style exhibits the following elements: Firstly, contingent rewards express the degree of effectiveness of the transaction, which is set up by a leader with his or her subordinates. It is very common that leaders attract their employees to work as hard as they can to receive benefits. Secondly, management-by-exception can be defined as an action of a leader who preventatively solves a problem or resolves a problem that occurs in the course of work. As an active manager, he or she will anticipate bad results before the work starts, and provide a solution just in time when a problem comes up.

The characteristics of transactional leadership can be described as follows:

- a. Contingent Reward: subordinates who perform well will receive rewards as compensation for work well done.
- b. Management-by-Exception (Active): subordinates are supervised and if necessary the leader intervenes and adjusts their performance of tasks to be more efficient.

- c. Management-by-Exception (Passive): subordinates will receive a punishment in reaction to apparent inconsistencies in their regular performance.

2.1.4 Organizational commitment

The concept of organizational commitment refers to a psychological bond between the worker and the company, including the worker's awareness of job involvement, loyalty, and belief in the values of the organization (O'Reilly, 1989). According to Miller and Lee (2001), organizational commitment is characterized by an individual's acceptance of the company's goal and his or her willingness to exert efforts on behalf of the organization. Miller (2003) defined organizational commitment as an employees' perception about the company that makes the worker stay with it for an extended period. Morrow (1993) noted that manner and performance can be used to characterize the organizational commitment, which means that attachment, identification and loyalty reflect attitudes and feelings.

O'Reilly and Chatman (1986) mentioned that organizational commitment is a basis of an individual's psychological attachment to the company or organization. The basis of this attachment is distinct from either its consequences or the antecedents of involvement. In their view, the effects of commitment vary according to the individual's basis for attachment. Commitment to an organization thus has three separate bases of connection: identification, compliance, and internalization (Kelman, 1958). Moreover, identification refers to an attachment based on a desire for association with the organization, compliance refers to instrumental affection undertaken for a particular reward. Finally, internalization signifies congruence between the values of the individual and the company.

Organizational commitment thus means the strength of a person's involvement, identification, and motivation in a particular organization (Mowday *et al.*, 1982). The manager and human resources officer should pay attention to the concept of workers' organizational commitment because of its association with practical issues. When the understanding of organizational commitment in cross-cultural circumstances increases, it will help managers understand more precisely how and why individuals form bonds in their environment and how people find purpose in their lives (Mowday *et al.*, 1982)

Meyer and Allen (1997) conceptualized three dimensions to theorize organizational commitment, which are an affective commitment, continuance commitment, and normative commitment. These theories define the different concepts of organizational commitment elaboration and the consequence for employee's behaviour in a company:

a. Affective commitment

An affective commitment represents the emotional relationship between individual employees with the current organization. Also, it refers to the emotional attachment, identification, and involvement in the company, which is influenced by job challenge, role and goal clarification, feedback, management's receptiveness, participation and dependability (Meyer and Allen, 1997). The member in an organization who are committed to involving in an affective basis, continue their dedication in a current company because of their desire (Meyer and Allen, 1991). Besides, Beck and Wilson (2000) stated that affective commitment views on the employee's personal relationship as harmonious with the goal and values of the organization, which involves identification and internationalization.

b. Continuance commitment

A continuance commitment signifies to the awareness of the costs linked with leaving the current company, and the workers decide to continue the involvement with the organization because they need to do so. It means that the workers are willing to keep their attachment because of the benefit that they get from the company. Also, the extrinsic reward significant influence employee's decisions to stay in the current organization regardless identify the goal and value of its organization (Beck and Wilson, 2000). In this viewpoint, the commitment will be declining when there is a lot of availability of alternatives outside the organization. Thus, it clearly defines a definite difference between affective and continuance commitment.

c. Normative commitment

This dimension refers to an employees' feeling to continue their attachment as a mutual obligation between the organization and its members. It means that, when someone received benefit from its company, he/she will repay in some way. Meyer and Allen (1990) stated that internalized normative views a duty and obligation make someone indebted to maintain their membership in a current organization. Also, it clarifies that employees consider remaining the relationship with the organization, regardless the degree of satisfaction in the present company over the years. Investing programs such as training and development is a good example to describe the employees' obligation to repay to the organization.

2.1.5 Job Satisfaction

Allen and Grisaffe (2001) defined job satisfaction as a psychological state of mind that generates the relationship between an employee and his/her organization. Implied is the employee's willingness to stay with the company for a long time. Similarly, Mathieu and Zajac (1990) defined job satisfaction as an employee's emotional response attached to an organization, following on their faithfulness to the organization's goals and values such that they are willing to continue their connection with the organization. Thus, job satisfaction comprises an employee's whole feelings about the job (Locke, 1969). Job satisfaction can be seen as employees' feelings about a job, about the work atmosphere, and about work compensation (Jong *et al.*, 2000). For Hsiao and Kohnke (1998) job satisfaction is an emotional reaction to a job caused by people's expectations of the job and the reality of the job condition. Additionally, job satisfaction is determined by a negotiation between workers' needs and employers' need. In other words, the good feeling of an employee about the job will affect their impression of the organization, which, when realized as something worthy and meeting company expectations, shows that workers are satisfied with their jobs.

Job satisfaction is the most simple work attitude indicator and a constant feature to assess an employee's judgment regarding their job experience in a company (Spector, 1997). It is a significant element that can positively influence employee performance. The employees' positive behavior reflects their job satisfaction, and they exhibit feelings of wanting to become more responsible, committed and accountable, and to thus to stay in the company for a long time (Ellickson and Logsdon, 2002).

Finally, job satisfaction is an important determinant for employees' general emotions and for what employees think about their job and workplace. It relates to worker expectations of the workplace and their attitudes forward the job. Furthermore, job satisfaction is an indicator of the extent to which one's needs are satisfied in a job and future career (Togia *et al.*, 2004). This research will look as a crucial topic at employees' emotional feelings regarding rewards, upward mobility, and job security.

2.1.6 Training and development

Training and development refers to the particular process used by the company to develop employees' skills, knowledge, and attitudes and to improve their expertise to increase the company's competitiveness (Noe, 2008). It can be an option to enrich the workers' skill and knowledge to perform their work successfully (Cheney *et al.*, 2014). Kraiger (2002) described training and development as a process of certifying employees' competencies with the latest knowledge and skills while facing organizational change.

Employee training requires an understanding of all the modifications and adjustments that take place as a result of learning. It can help generate new knowledge when placed within a larger strategic context of human resource management. Such a program implies not only obtaining new knowledge, skills, and ability, but also the possibility of promoting a spirit of entrepreneurship, leading employees to change, inspiring attitude changes on their part, and involving them actively in the decision-making process.

According to Noe (2008), training and development refer to systematic procedures initiated by the organization resulting in reasonably permanent changes in skills, knowledge, or attitudes of employees. More specifically, training is reserved for

activities directed at the acquisition of knowledge, skill, and attitudes for which there is an immediate or short-term application (e.g., an upcoming promotion), whereas development is reserved for the acquisition of features or abilities that may be no immediate use. To achieve an effective training and development program, there are some practical lists of characteristics developed by Noe and Colquitt (2002) as follows:

- a. Trainees understand the objectives, purpose, and the intended outcomes of the training and development agenda
- b. The training and development content is meaningful and applicable to job experiences (i.e., exercises, examples, and assignments should be based on job information)
- c. The trainer provides learning aids for trainees to learn, organize, and recall training content (i.e. diagrams, models, and advanced organizers)
- d. Trainees have the opportunity to practice in a relatively safe environment
- e. Trainees receive feedback on their learning from trainers, observers, peers, or from the task itself.
- f. Trainees have the opportunity to discuss and interact with other trainees
- g. The training program is efficiently coordinated and arranged.

2.1.7 Human Relations and Values

Human relations can refer to abilities to enhance relationships with other people in daily communication. People will thereby gain mutual respect that is developed among them through argumentation, rationalization, and skills acquisition in order to improve their work competencies (McCusker & Wolfman, 1998; McGuiness, 1998; Selnow & Gibert, 1997). Meanwhile, a value can be defined, as by Schwartz (2005), as an

“appropriate, trans-condition goal, erratic in importance, that serves as guiding principles in people’s lives.” Schwartz writes that this value derives from ten bases of significance, as follows:

- a. **Self-direction:** Independent thinking and action; choosing to create; exploring
- b. **Stimulation:** Excitement, novelty, and challenge in life
- c. **Hedonism:** Pleasure and sensuous gratification for oneself
- d. **Achievement:** Individual success through demonstrating competence according to social standards
- e. **Power:** Social status and prestige, control or dominance over people and resources
- f. **Security:** Safety, coherence, and stability of society or relationship
- g. **Conformity:** Restraint of action, inclinations, and impulses likely to upset or harm others and violate social expectations or norms
- h. **Tradition:** Admiration, assurance, commitment, and acceptance of the customs and ideas that traditional culture or religion provide the self
- i. **Benevolence:** Maintaining and enhancing the welfare of those with whom one is in frequent personal contact
- j. **Universalism:** Accepting, appreciation, tolerance, and protection for the well-being of all people and for nature

Vardi *et al.* (1989) noted the importance of basic human values as essential for job satisfaction as well as employee loyalty. They divide the core competencies of basic human values into emotional and intellectual competencies. An emotional competency refers to human abilities that focus on having good relationships with other people and

being able to communicate with them. Meanwhile, an intelligent competency refers to human abilities including rationalization, argumentation, decision skills, analytical and assessment skills to improve their work.

2.2 Related literature

2.2.1 Relationship between Transformational Leadership, Job Satisfaction, and Employee Loyalty

Humayun *et al.* (2014) studied job satisfaction of employee in the banking industry in Pakistan. The result shows that supervision from the leader has a very strong positive relationship with job satisfaction. Also, Bahmanabadi (2015) reviewed the impact of leadership style on bank employee' job satisfaction. He found that leadership style have a significant impact on job satisfaction among bank' employees. Moreover, transformational leadership style has more influence toward employee satisfaction than transactional leadership style and relation-oriented style.

Employees and leaders should have a good quality relationship that depends on the self-esteem of employees in job and workplace satisfaction (Brockner, 1988; Chen & Spector, 1991; De Cremer, 2003). Ribelin, (2003) and Keashly, Trott, & MacLean (1994) stated that declining productivity, increasing turnover, and absenteeism in the organization can be caused by a negative relationship between employees and leaders. The results from many studies indicate a significant effect of transformational leadership on employees' job satisfaction (Wiratmaja *et al.*, 2008; Griffith, 2004; Avolio and Bass, 2004; Antonakis *et al.*, 2003; Bass and Avolio, 1994). Leadership style is well known as a crucial factor in the employees' job satisfaction (Rast and Tourani, 2012)

In the view of Arzi and Farahbod (2014) intellectual stimulation, vision, and

supportive leadership can significantly influence job satisfaction, and other components, such as inspirational communication and personal recognition, have less influence on job satisfaction. According to Robbins (2003), the degree of employee turnover when transformational leadership is applied is less compared to companies using transactional leadership among its workers. Assistance from a transformational leader will improve employee's performance, meet employees' needs for expertise and lead to their performing their jobs better as a whole (Liu *et al.*, 2003). Moreover, Seashore and Taber (1975) suggested that determinants like leadership style and employee relations with their leader have an influence on employee job satisfaction

2.2.2 Relationship between Transactional Leadership, Job Satisfaction, and Employee Loyalty

The first two dimensions of transactional leadership, which are contingent reward and management-by-exception (active), have a positive correlation with job satisfaction. On the other hand, the third dimension of transactional leadership, which is management-by-exception (passive), has a significantly negative correlation with job satisfaction (Stump *et al.*, 2003). Muhammad (2012) explained that a transformational leadership style has a positive and stronger correlation with job satisfaction compared to transactional leadership style.

Pillai *et al.* (1999) used a direct effect model to discover what effect accurately implemented transformational and transactional leadership styles have on raising employee job satisfaction, performance, and increased trust in their leaders. Their results were positive. Nevertheless, Grosso (2008) contradicted these findings, and states that there is no statistical relationship between transactional leadership and job satisfaction.

On the other hand, Gasthi *et al.* (2014) found that transactional leadership has a weak negative correlation with employee job satisfaction, and there is a low positive correlation between transactional leadership style and employee job loyalty. In contrast, Mohammad *et al.* (2011) stated that there is a strong positive correlation between transactional leadership with job satisfaction, and it can improve an employee's skills and productivity.

2.2.3 Relationship between Training and Development, Job Satisfaction, and Employee Loyalty

Alrawabdeh (2014) mentioned that training and development is one of the six determinants that influence employee loyalty level as well as employees' performance in Jordanian banking industry. It means that this program is very crucial for staffs to increase their abilities that support bank performance level. According to Martensen and Gronholdt (2006), a training program has a positive impact on improving individual competencies that then influences employees' job satisfaction and leads to increased loyalty. Training programs can increase skills as well as self-confidence in employees' development of opportunities (Jun *et al.*, 2006). The outcome of this constructive situation is increased employees job satisfaction. Turkeyilmaz *et al.* (2011) stated that there is a strong positive relationship between employee' job satisfaction and loyalty in a branch of a public sector Social Security Institution in Istanbul, Turkey. In their view, training and personal development were the most influential factor in customer satisfaction.

Costen and Salazar (2011) showed the significant impact of training and development programs in an organization on job satisfaction, employee loyalty, and

employees' intent to stay in a case study of four lodging properties in the United States. Their results show that employees who perceive the opportunity to develop new skills and knowledge are more satisfied with their jobs, become more loyal, and are more likely to extend their involvement with their current employer. Similarly, Poulston (2008) showed that employees can reduce stress if they receive proper training and development; and it will increase their commitment to an organization, will strengthen overall staff retention and loyalty to the company. In the view of Walker (2005) when the company offers opportunities to learn and grow and provides a clear career path at the same time, it will increase the employees' loyalty to the company. Thus, a training and development program can be one of the strongest factors leading to employee loyalty.

2.2.4 Relationship between Human Relations and Values, Job Satisfaction, and Employee Loyalty

According to Shukla and Sinha (2013) in their research topic of employee turnover in banking industry in India. They stated that positive relationship with colleagues and leader has a significant impact on employees' satisfaction and loyalty. Loyal human resource can save the organization because they drive forward in any condition of the workplace. Thus, it is crucial for the company to provide harmonious and sociable atmosphere to retain and to develop their workers. Cowan and Todorovic (2000) stated that organizational leaders should be aware its members' values. It means that the congeniality between their values with business strategy will be easily accepted and implemented by the people from different level in organization.

Emotional and intellectual competencies are the core competency of basic human value. Vardi *et al.* (1989) stated that positive relationships among employees in a

company and the importance of basic human values are fundamental aspects of increasing job satisfaction and employee loyalty. A leader should clearly demonstrate the importance of these basic values among employees in their daily relationship. Employees' colleagues have a critical role in employees' well-being at work (Graversen, 1992). Isolation, harassment, or bad-mouthing by colleagues are significant source of stress, especially in a poor working environment.

Verplanken (2004) found that human relations value congruence has a direct correlation with job satisfaction. Moreover, human relations value congruence appears to be an essential ingredient for a person in an organization. In contrast, Martensen and Gronhold (2006) claimed that human relation and values have an insignificant effect on employee loyalty and company values.

2.2.5 Relationship between Organizational Commitment and Employee Loyalty

Tsai *et al.* (2011) studied significances factors that related to organizational commitment such as leadership style, emotional intelligence, and self-efficacy in the banking industry in Taiwan. They found the importance of organizational commitment to increase company competitiveness in order to face the challenges in banking industry. Organizational commitment involves employees' efforts and will to stabilize their dedication to the organization (Mester et al., 2003). Grusky (1966) stated that if an employee receives rewards from a company, it will increase his or her commitment to stay in the organization for an extended period. Brimeyer et al. (2010), too, noted that when employees reach a decline phase, they will likely start or prepare to resign from their jobs and may experience a decline in commitment and involvement in the organization.

Yousef (2001) studied the relations between job satisfaction, organizational commitment, and turnover intention among impermanent employees. The results show that there is a positive relationship between job satisfaction and organizational commitment. Furthermore, a high degree of job satisfaction will lower turnover intention.

2.2.6 Relationship between Job Satisfaction and Employee Loyalty

A loyal employee is one of the essential goals for success of a company. A loyal employee offers many advantages for business because he or she will devote extra energy to their work, perform as active public relations ambassadors outside the organization, and will go above and beyond the norm in doing the little things that help the company's role effectively (Mowday, Porter, and Steers, 1982; O'Reilly & Chatman, 1986; Organ 1988). Hoekstra *et al.* (1999, p. 72) also stressed the significance of focusing on employees. They stated that every employee in a firm has his/her responsibility for creating superior customer value. Managers have to empower employees in the company to solve not only leadership problems but also to increase employees' job satisfaction and loyalty (Leong, 2001). Conversely, an organization may have difficulties in retaining employees if they suspect that their job and demands have already reached an upward limit.

George and Zakkariya (2015) compared job related stress and job satisfaction among bank employees. They found that employees of private banks have a lower degree of job satisfaction compared to public sector banks. Also, it can affect on their job performance as well as it can caused problem in term of employee's relationship. Hassan *et al.* (2013) found the strong significant influence of job satisfaction on employee loyalty

in public sector banks in Pakistan. This finding indicates the crucial aspect to increase sense of loyalty among employee in the banking industry.

Pandey and Khare (2012) concluded that job satisfaction and organizational commitment have a significant impact on employee loyalty in the manufacturing industry, and they claim that job satisfaction influences employee loyalty, although organizational commitment has no relationship with employee loyalty in the case of the service industry. Abdullah *et al.* (2009) found that an increase in employee satisfaction can result in increased employee participation and has the potential for making employees more loyal to the organization.

Khuong and Tien (2013) revealed that job satisfaction is the most crucial determinant that influences employee loyalty in the banking industry in Ho Chi Min City (HCMC), Vietnam. Also, another factors such as supervisor support, teamwork, and working environment have a significant impact to increase job satisfaction as well as loyalty of banks' employees. Meanwhile, training and development and fringe benefit have no impact on job satisfaction, but those elements do positively influence on employee loyalty in the banking Sector in HCMC. It means that, banks' staffs do not care whether there is a training and development program or not. Shaw (1999) asserted that there is a high inclination for employees to quit their jobs if their level of job satisfaction is low. Serious consequences can happen when a company loses its key employees (Michaud, 2002; Reichheld, 1996, p. 96; Stroh and Reilly, 1997). According to the U.S Department of Labor, the loss of key employees will cost a company one-third of a new employee's annual salary (Michaud, 2002; p. 36).

2.3 Previous studies

The researcher uses secondary data in the form of previous empirical studies. The focus of discussions in these studies is on transformational leadership style, transactional leadership style, organizational commitment, training and development, human relations and values as connected to job satisfaction and employee loyalty.

Gasthi *et al.* (2015) studied the relationship between leadership styles, employee satisfaction, and loyalty. Their study chose the employees in the car manufacturing industry in Iran as a target population. Self-administered questionnaires were distributed to collect the data. A total of 305 respondents participated in their study. The researchers used descriptive statistics and inferential analysis to analyze the data collected. They examined the relationship between leadership styles -- traditional leadership, transformational leadership, and transactional leadership -- that affect job satisfaction and employee loyalty in Iran. Pearson moment correlation was used to analyze the data to test the relationship between the variables. Gasthi *et al.* found that traditional leadership has a negative impact on employees' job satisfaction and employee loyalty. They concluded, too, that the transactional leadership style had a negative relationship with job satisfaction, but a weak positive correlation with employee loyalty. Furthermore, the transformational leadership style had a low positive correlation with job satisfaction, but a higher impact on employee loyalty.

Arzi and Farahbod (2014) studied the impact of leadership style on job satisfaction. Their study examined the relationship between two types of leadership style, transformational and transactional leadership. The researchers' target population was the employees of an Iranian hotel, and the sample size was 121 respondents. The researchers

used descriptive statistics and inferential analysis to analyze the data collected. They also tested the data collected using Multiple Regression Analysis. The result was that three of transformational leaderships' components -- intellectual stimulation, vision, and supportive leadership -- significantly influenced job satisfaction. The other components, namely inspirational communication and personal recognition, insignificantly influenced job satisfaction. Furthermore, Arzi and Farahbod found that the most significant influence on job satisfaction was supportive leadership. Two components of transactional leadership significantly positively influenced job satisfaction, and management expectation had less of an influence on job satisfaction than contingent rewards.

Iqbal *et al.* (2015) studied employee loyalty and organizational commitment in Pakistani organizations. The target population of their research was the employees of organizations in Pakistan, and they collected data from survey questionnaires distributed to 200 employees. The researchers used Linear Regression analysis to examine the relationship between independent and dependent variables. Iqbal *et al.*'s results showed that there is a positive correlation between organizational commitment, financial benefit, and employee loyalty. On the other hand, there is a negative relationship between owners' attitudes and employee loyalty.

Turkyilmaz *et al.* (2011) studied public sector employee loyalty and satisfaction. The population was the employees of a Social Security Institution in Istanbul, Turkey, from whom the researchers collected data from survey questionnaires distributed to 220 employees. The Pearson moment correlation was used to test the relationship between independent and dependent variables. The result showed that there is a strong positive relationship between employee satisfaction and loyalty in that public sector institution in

Turkey. Furthermore, training and personal development was the factor that most affected customer satisfaction. Additionally, there was a positive correlation between working conditions and job satisfaction.

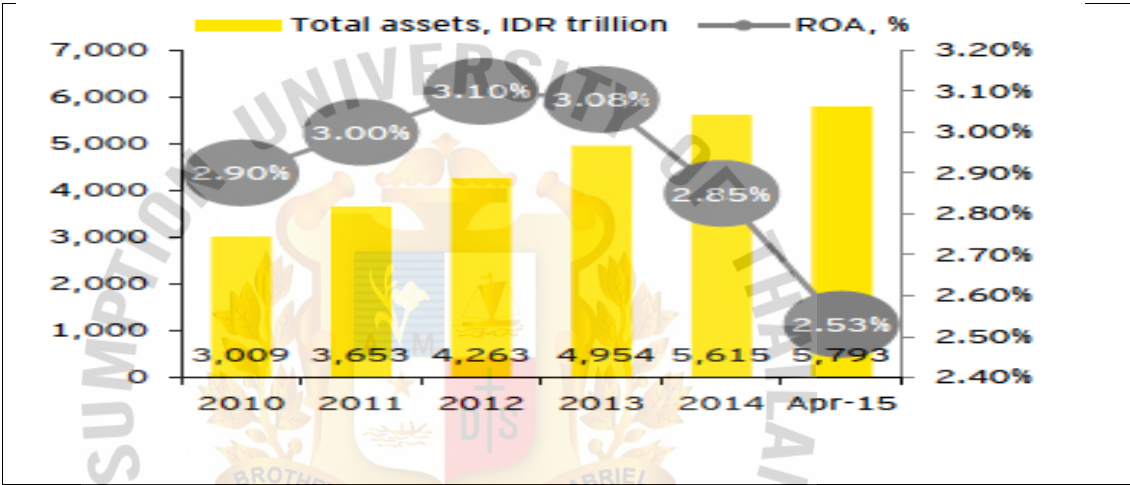
Martensen and Gronhold (2006) studied the determinants and consequences of employee loyalty. They proposed to develop and apply a model of employee loyalty, its determinants and its effect on company values. The target population was the employees from Denmark, Norway, and Sweden. The data was collected from full-time employees in a Swedish hotel gathered from 532 questionnaires. The equation structural model (ESM) by using partial least square (PLS) was used to analyze the correlation between independent and dependent variables. The result showed that “leadership,” “customer orientation,” and “personal development and competencies” had a crucial role not only on employee loyalty but also on company values. On the other hand, “job content” and “human relations and values” had an insignificant effect on employee loyalty and company values. The estimated indexes indicated that “personal development and competencies” had the lowest index, the highest score being achieved by “customer orientation,” which influenced both employee loyalty and company value. The rest of the determinants had a medium index score.

2.4 Overview of Indonesian Banking Industry

In the past few years, the Indonesian banking industry has enjoyed a stable growth. Loan growth of approximately 20% contributed to the growth of total assets. Even though the average of net interest margin (NIM) has declined due to intense competition, it is still the one of the highest in Southeast Asia, even globally. Although non-performing loans (NPL) have increased, the numbers are still well controlled., the

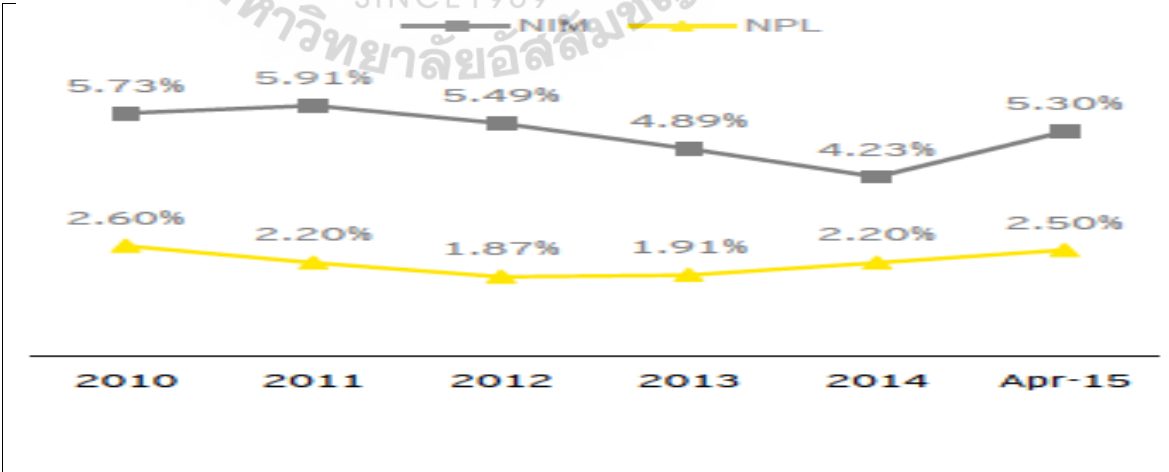
compound annual growth rate (CAGR) in 2015 was 16.9%, and it will likely continue to grow. Furthermore, Return on Assets (ROA) of Indonesian banks is in an excellent condition at around 2%. The factors influencing growth in this industry in Indonesia are an underpenetrated banking market, a large consumer base, and the rise of a middle-income population.

Figure 2.1: Total Assets and Return on Assets



Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 5, accessed data on 06/06/2016)

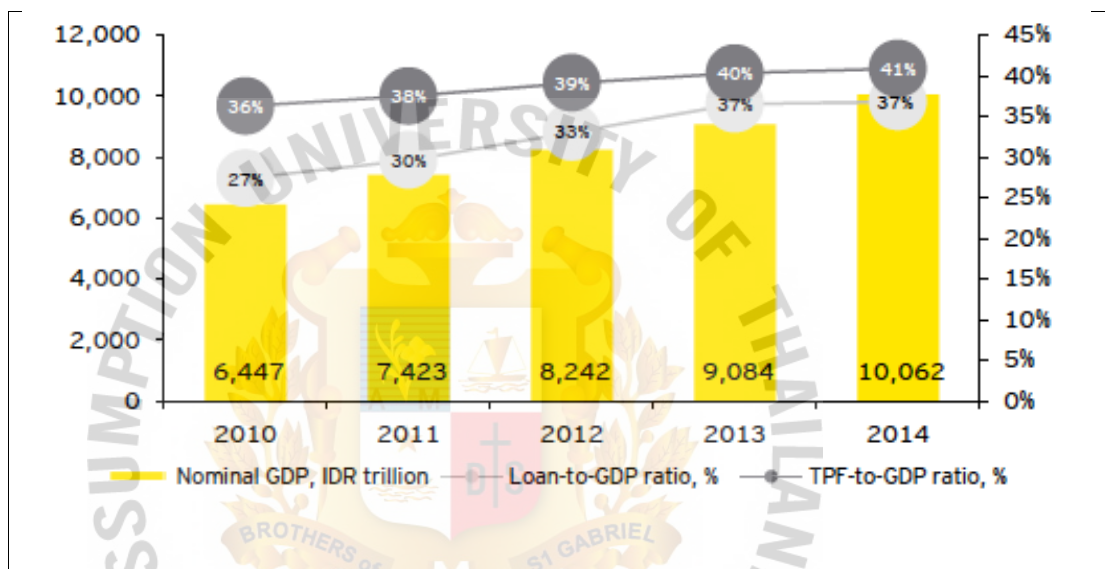
Figure 2.2: Net Interest Margin and Non-Performing Loan growth



Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 5, accessed data on 06/06/2016)

The penetration of banking industry in Indonesia is increasing. Figure 2.3 shows the growth of the Indonesian banking sector's penetration in terms of nominal Gross Domestic Product (GDP), loan-to-GDP, and Third Party Funds (TPF).

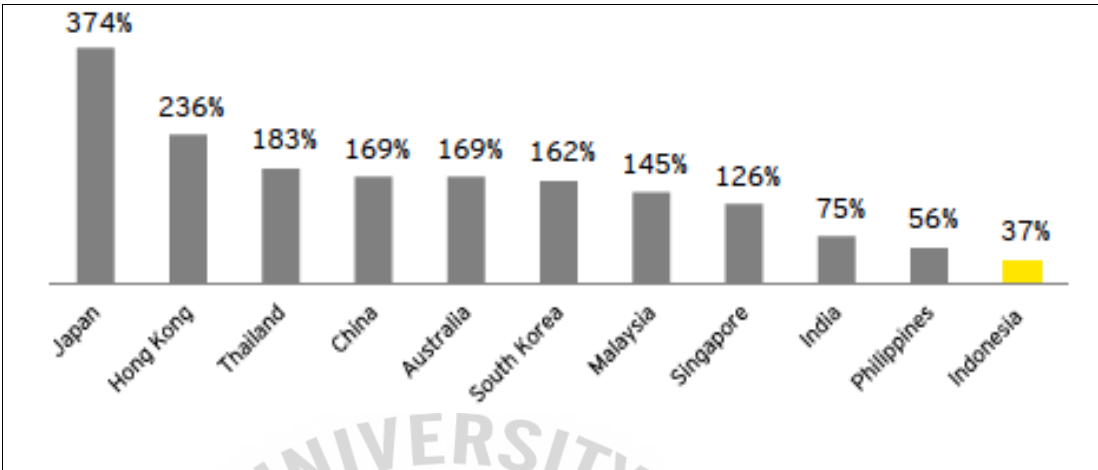
Figure 2.3: Penetration rate of Indonesian banking industry



Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 6, accessed data on 06/06/2016)

However, the growth is still the lowest among Asia-Pacific countries, even neighbouring countries. The low ratio of loan to Gross Domestic Product (GDP) creates enormous opportunities in the industry.

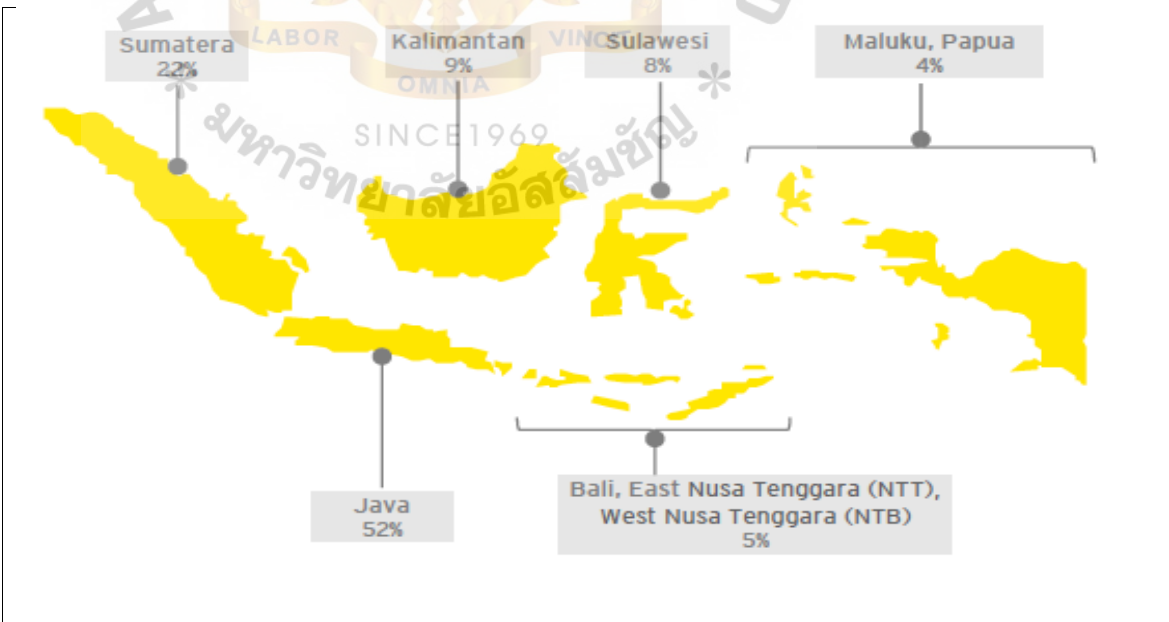
Figure 2.4: Ratio of loan to GDP among APAC countries



Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 6, accessed data on 06/06/2016)

The geographical position is one of the reasons for under-penetrations in the banking sector, which is causing the problem of accessing financial service providers. The island of Java is dominant, containing half of the commercial banks in Indonesia.

Figure 2.5: Indonesian commercial banking distribution

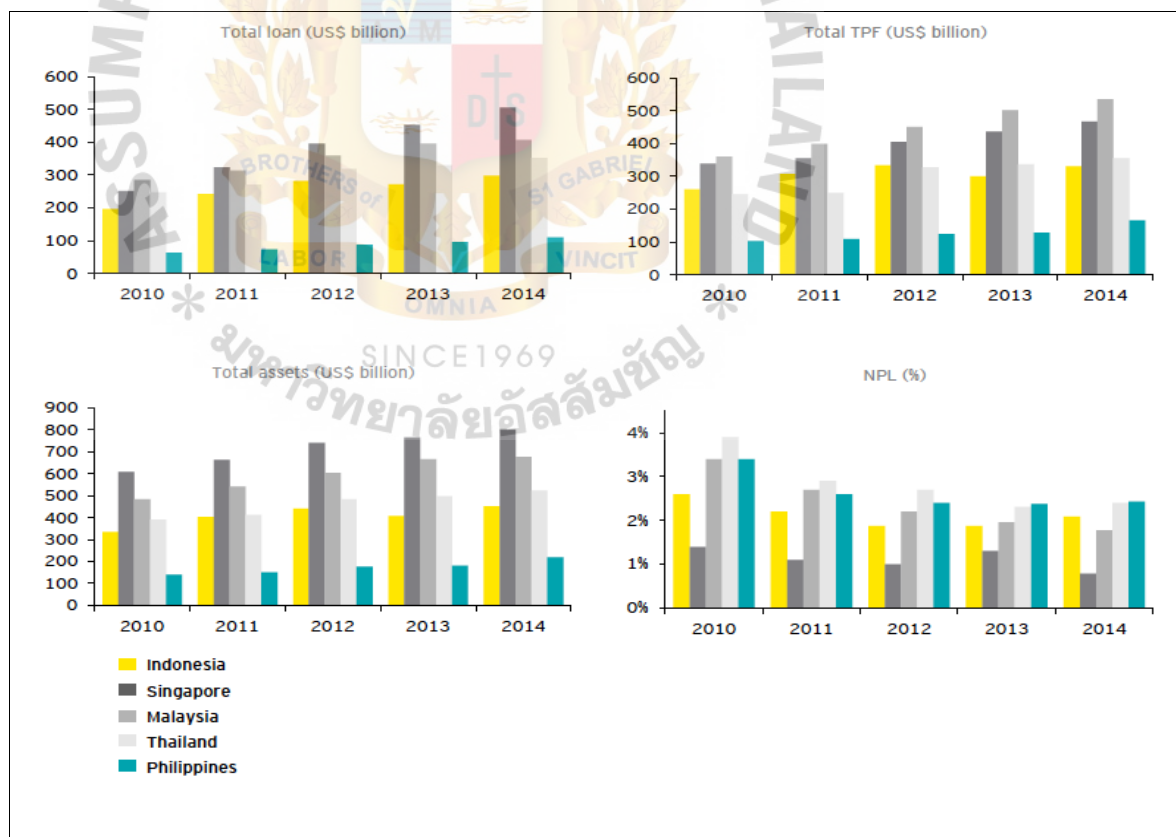


Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 5, accessed data on 06/06/2016)

Indonesian banks face higher competition from foreign banks that are invading the business in this country. The high average of net interest margin, large population, and the government's policy to push infrastructure development that require more loans are some of the reasons that are attracting them to do business in Indonesia. Also, the Indonesian government's stimulus package has had a positive impact on strengthening domestic business and improving the investment.

Compared to the Southeast Asian banking industry in general, the Indonesian banking sector has a smaller amount of loans, TPFs, and assets. The percentage of non-performing loans of Indonesian banks is the lowest after Singaporean banks.

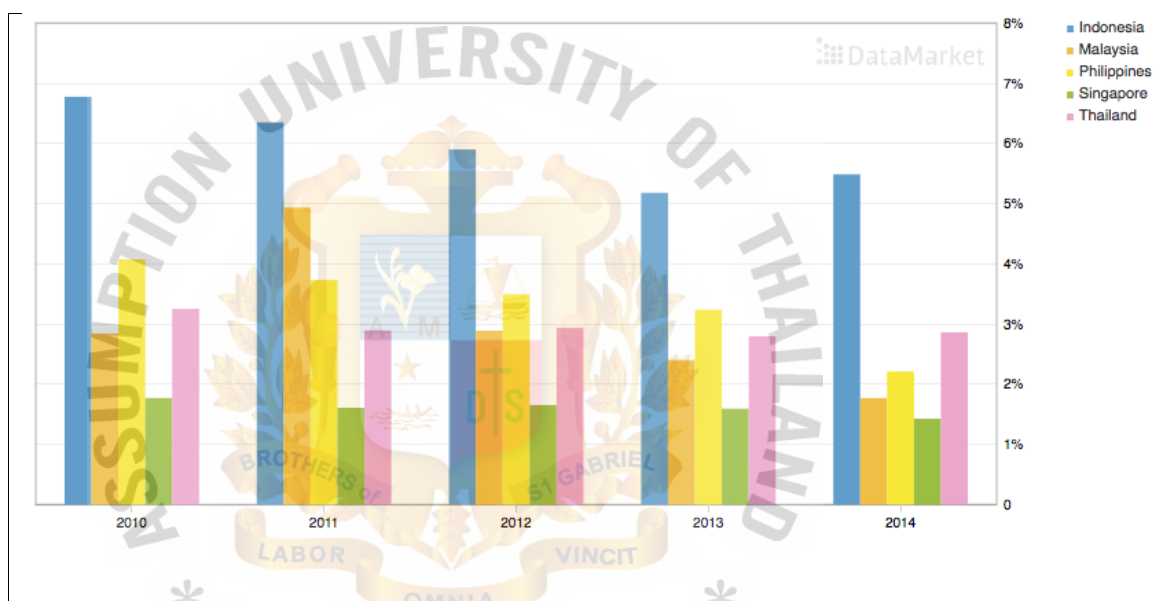
Figure 2.6: Comparison of Loan, TPF, Assets, and NPL



Source: <http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising> (page 9, accessed data on 06/06/2016)

In term of net interest margin, the Indonesian banking industry is the highest among Southeast Asian banks. The following figure shows the comparison of NIM in the region's banks. This is one of the factors that attracts many foreign banks to come and establish their business in Indonesia.

Figure 2.7: Comparison of NIM with neighbouring countries



Source: Created by author from <https://datamarket.com/data/set/28ls/bank-net-interest-margin#!ds>, accessed data on 06/07/2016

CHAPTER III

RESEARCH FRAMEWORK

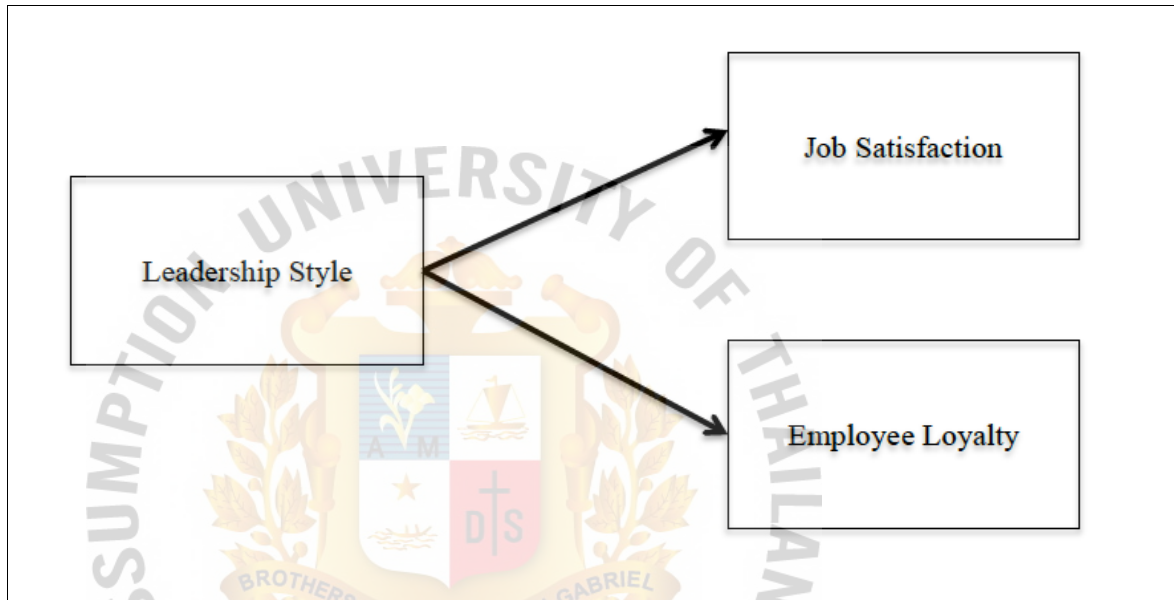
This chapter consists of four parts. The first part is the theoretical framework based on the five previous studies consulted for this research. This section describes research methodology, target population, and the result of each study. The second part is a conceptual framework and some of the variables to be explored, followed by the research hypothesis, which aims to portray the relationship among all variables and to build a concise statement of the research objective. The final part is operationalization of the variables, including description of each variable, the operational components, and the measurement of variables.

3.1 Theoretical Framework

In this part, the researcher considers the literature review and related studies on factors affecting job satisfaction and employee loyalty. These previous studies have shown the interrelationship between each variable to job satisfaction and employee loyalty. The first research model is that settled on by Gasthi *et al.* (2014) in which the theme was “the relationship between leadership styles, employee satisfaction and loyalty.” The second research model was conceptualized by Arzi and Farahbod (2014) with the topic, “the effect of leadership style on job satisfaction.” The third research model was developed by Iqbal *et al.* (2015), and the topic was “employee loyalty and organizational commitment in Pakistani organizations.” The fourth research model was used by Turkyilmas *et al.* (2011) with the topic “empirical study of public sector employee loyalty and satisfaction.” The final research model was designed by Martensen

and Gronholdt (2006), and their topic was “internal marketing: a study of employee loyalty and, its determinants and consequences.” The detail of all these previous research models will be presented below.

Figure 3.1: The research model of relationship between leadership styles, employee satisfaction and loyalty



Source: Gashti, A. H. M., Torbehbar, V. S., and Farhoudnia, B. (2015). The relationship between leadership styles, employee satisfaction and loyalty. *International Journal of Human Research & Industrial Research*, 1(2), 39.

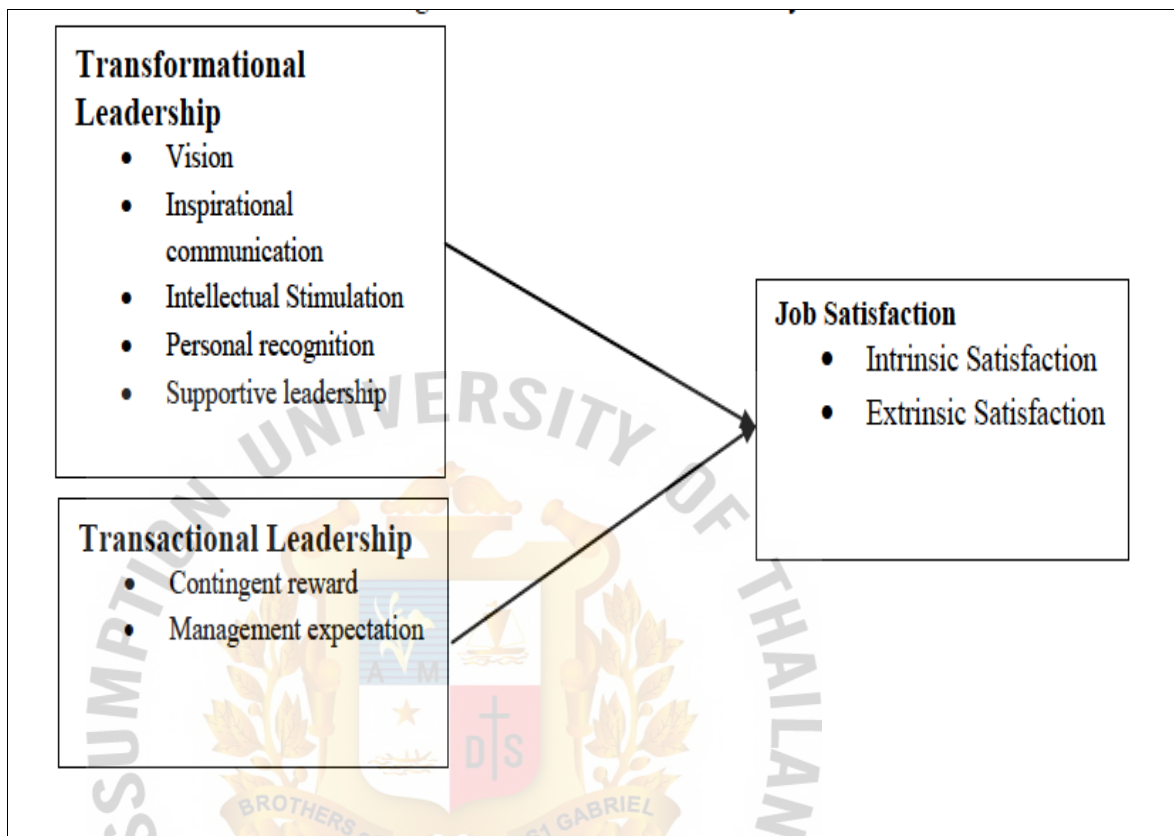
Gasthi *et al.* (2015) studied the relationship between leadership styles, employee satisfaction and loyalty. Their first major hypothesis examined the relationship between leadership style and job satisfaction. Also, they looked at three minor hypotheses: traditional leadership as an initiating structure that affected employee job satisfaction; transformational leadership as it influenced employee job satisfaction, and transactional leadership as it affected job satisfaction. The second major hypothesis of their research analyzed the relationship between leadership styles and job employee loyalty. Additionally, three minor hypotheses were examined: traditional leadership as an

initiating structure that affected employee job satisfaction, transformational leadership as it influenced employee job loyalty, and transactional leadership as it influenced employee job loyalty.

The target population of the Gasthi *et al.* study was employees of the car manufacturing industry in Iran. To collect data, self-administered questionnaires were distributed to 305 respondents. The researchers used descriptive statistics and inferential analysis to analyze the data collected. Furthermore, Pearson moment correlation was used to test the relationship between the variables.

The results showed that traditional leadership style had a negative correlation with job satisfaction. Meanwhile, traditional leadership as an initiating structure had no influence on job satisfaction. Traditional leadership and employee job loyalty showed a positive correlation, and traditional leadership style as an initiating structure had a weak negative relationship with employee job loyalty. There was a low positive correlation between the transformational leadership style and employee job satisfaction, and transformational leadership style had a moderate positive relationship with employee job loyalty. Finally, transactional leadership style had a weak negative correlation with employee job satisfaction, and there was a low positive correlation between transactional leadership style and employee job loyalty.

Figure 3.2: The research model of the impact of leadership style on job satisfaction: a study of Iranian hotels



Source: Arzi, S. and Farahbod, L. (2014). The impact of leadership style on job satisfaction: A study of Iranian hotels. *Interdisciplinary Journal of Contemporary Research in Business*, 6(3), 173.

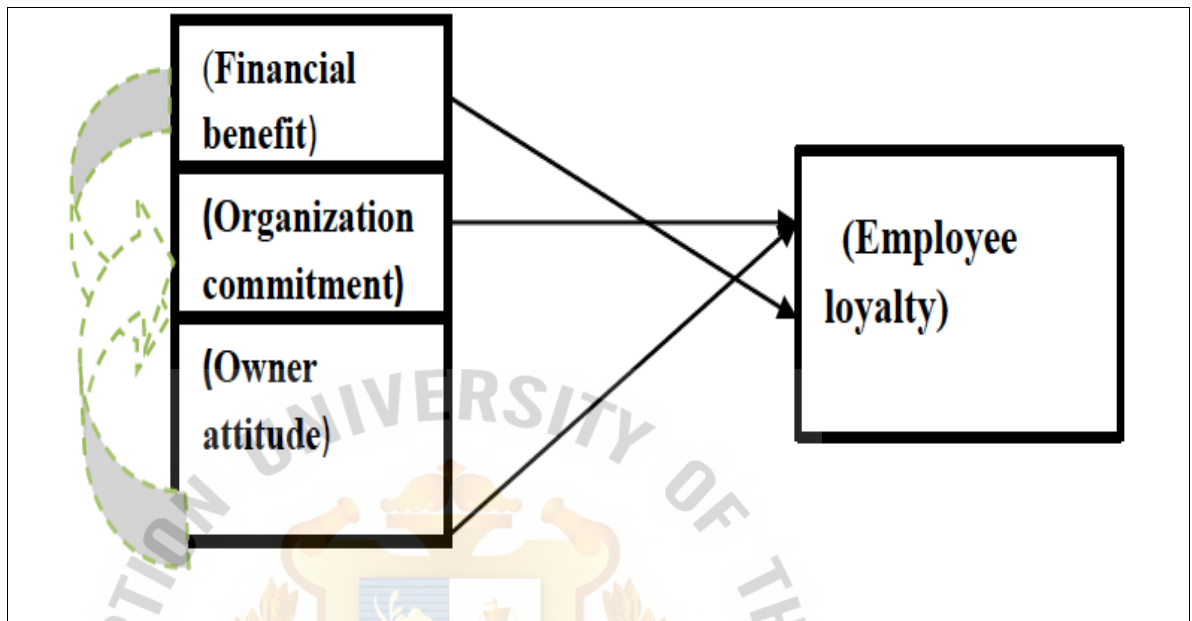
Arzi and Farahbod (2014) studied the impact of leadership style on job satisfaction. The first objective of this study was to examine the relationship between transformational leadership style -- specifically relating to the leader's vision, inspirational communication, intellectual stimulation, personal recognition, and supportive leadership -- and its effect on intrinsic and extrinsic job satisfaction. The second purpose was to test the relationship between transactional leadership regarding contingent reward, and management expectation and its effect on intrinsic and extrinsic job satisfaction. Intrinsic job satisfaction comprises achievement, ability utilization,

authority, and activity. On the other hand, extrinsic job satisfaction comprises compensation, advancement, company practices and policies, and recognition.

The population was the employees of an Iranian hotel. A total of 150 questionnaires were distributed among respondents, but only 121 could be used for conducting the statistical test. The data collected were examined by multiple regression analysis to facilitate all factors in each leadership styles.

The results of Arzi and Farahbod's research was as follows: three of the transformational leaderships style's components -- intellectual stimulation, vision, and supportive leadership -- had significant influence on job satisfaction, and the rest of the components -- inspirational communication and personal recognition -- had an insignificant effect on job satisfaction. The most significant impact on job satisfaction was from supportive leadership. On the other hand, two components of transactional leadership -- contingent reward and management expectation -- had a significant positive impacted on job satisfaction. Finally, management expectation had less influence on job satisfaction than contingent rewards did.

Figure 3.3: The research model of employee loyalty and organizational commitment in Pakistani organizations

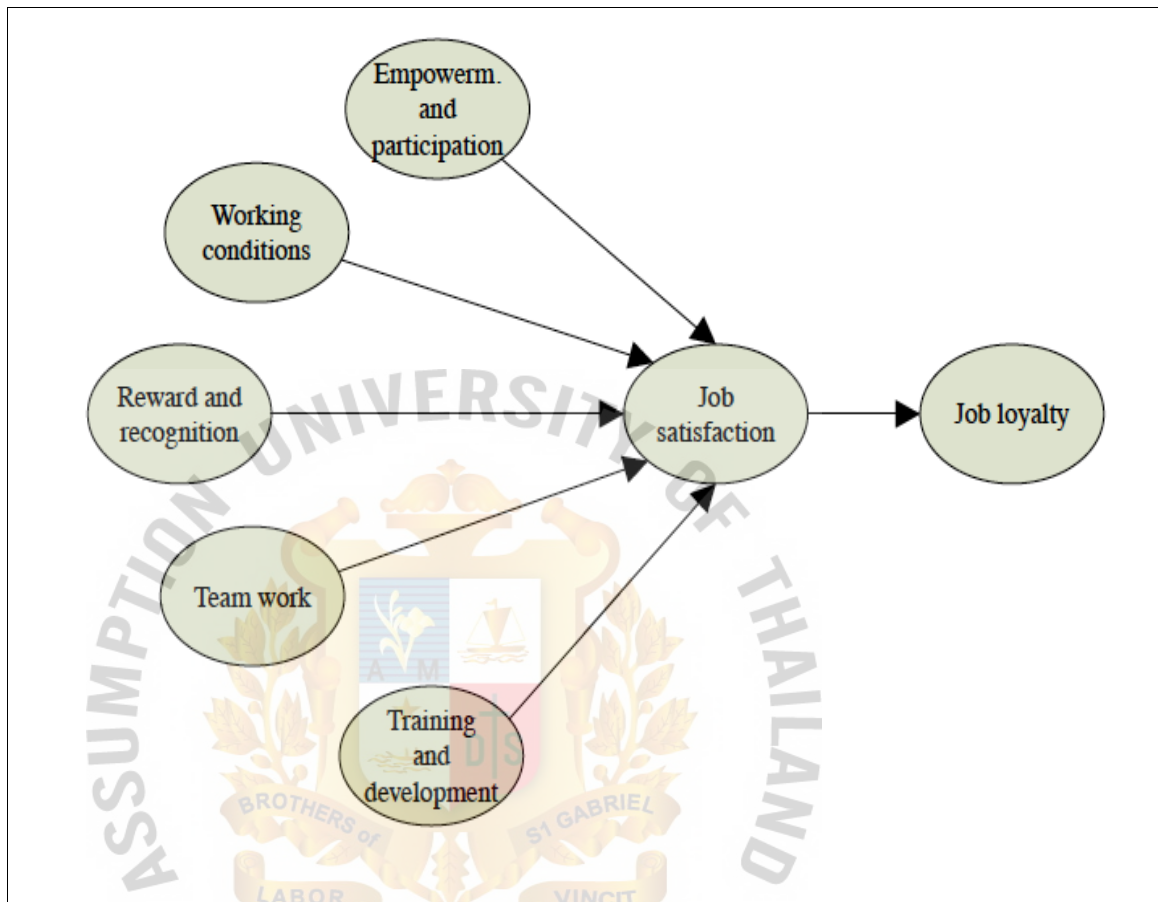


Source: Iqbal, A., Tufail, S. M., and Lodhi, N. R. (2015). Employee loyalty and organizational commitment in Pakistani organizations. *Global Journal Of Human Resource Management*, 3(1), 4.

Iqbal *et al.* (2015) studied employee loyalty and organizational commitment in Pakistani organizations. They observed the determinants that influence employee loyalty in Pakistan. The population of their study was employees of Pakistani organizations and they took a total of 200 employees as a sample size. The researchers collected data through self-administered surveys. Linear regression analysis was used to test the relationship between independent variables and dependent variables.

The results of Iqbal *et al.*'s research showed that there is a positive correlation between organizational commitment and employee loyalty. And financial benefit has a positive impact on employee loyalty. On the other hand, there is a negative relationship between owner's attitude and employee loyalty in Pakistani organizations.

Figure 3.4: The research model of empirical study of public sector employee loyalty and satisfaction



Source: Turkyilmaz, A., Akman, G., Ozkan, C., and Pastuszak, Z. (2011). Empirical study of public sector employee loyalty and satisfaction, *Industrial Management & Data Systems*, 111(5), 683.

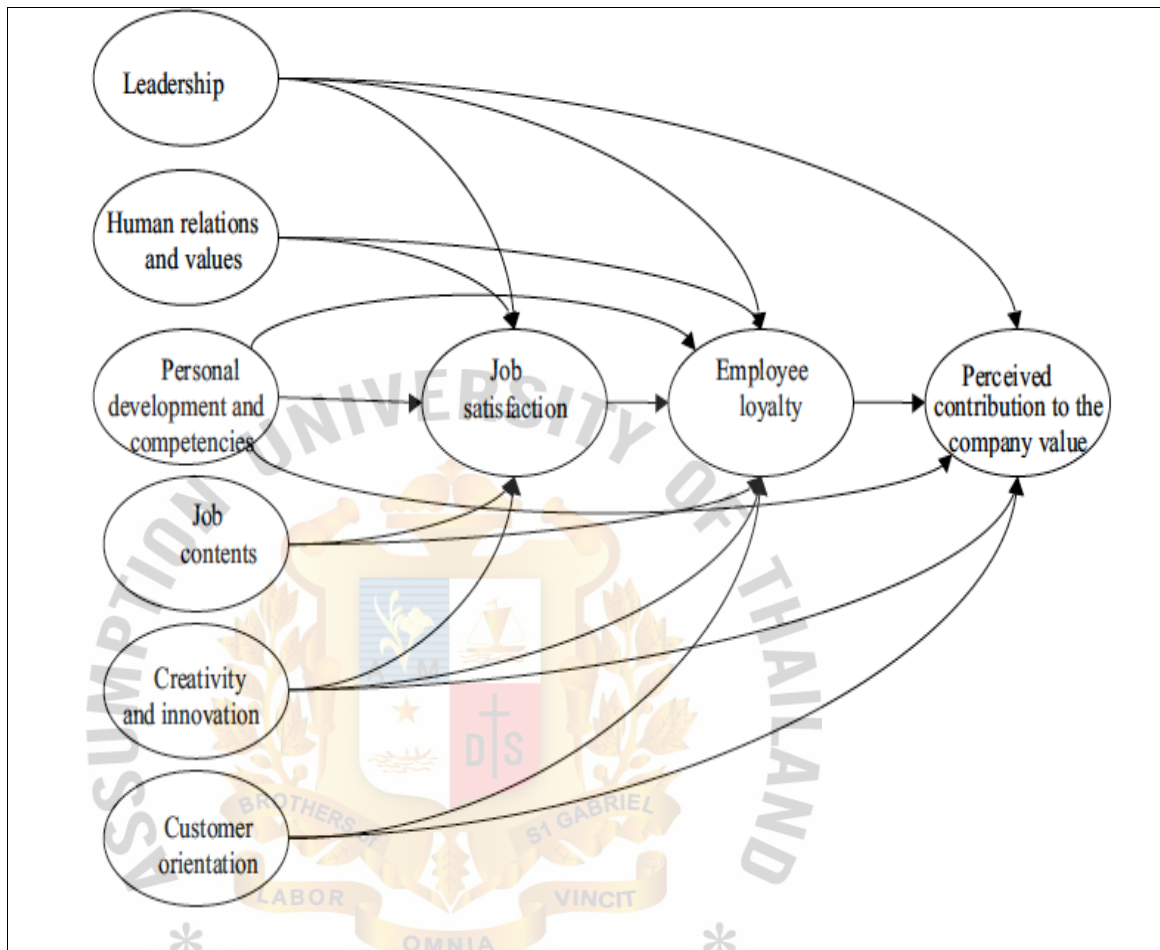
Turkyilmaz *et al.* (2011) studied employee loyalty and satisfaction in a Turkish public sector institution. The research examined how the factors of empowerment and participation, working conditions, reward and recognition, teamwork, and training and development influenced the levels of employee loyalty and job satisfaction. The target population was the employees in the Turkish public sector, using as a sample the workers of the Istanbul branch of the Social Security Institution. Data was collected from self-administered survey questionnaires distributed to 220 employees. The researchers used

Pearson moment correlation to analyze the relationship between independent and dependent variables.

The results of the Turkeyilmaz *et al.* study showed that training and personal development was the factor with the greatest effect on employee satisfaction, followed by working conditions and job satisfaction. Reward and recognition had a moderate influence on job satisfaction. On the other hand, empowerment and participation had a low effect on job satisfaction. Additionally, teamwork was the factor with the least impact on job satisfaction. Finally, the researcher concluded that there is a strong positive correlation between employee satisfaction and employee loyalty.



Figure 3.5: The research model of internal marketing: a study of employee loyalty, its determinants and consequences



Source: Martensen, A., and Grønholdt, L. (2006). Internal marketing: a study of employee loyalty, its determinants and consequences, *Innovative Marketing*, 2(4), 94.

Martensen and Gronhold (2006) studied the determinants and consequences of employee loyalty. Their goal was to develop and apply a model of what are the determinants affecting employee loyalty, and what are the perceived effects on company values. The researchers conducted a survey by using a large international hotel chain to test their model. The target population in this study was employees from the Nordic countries, such as Denmark, Norway, and Sweden. But the researchers decided to focus only on employees in a Swedish hotel, who were all full-time employees. The researchers

distributed a self-administered survey, and a total of 532 usable questionnaires were gathered.

Martensen and Gronhold applied the structural equation model (SEM) by using a partial least square (PLS) method to examine the relationship between independent and dependent variables. Because of its advantage for research, the Partial Least Square method was used since it is considered to be “distribution free, secure in the face of multicollinearity, misspecification and data noise, and small samples could be validated by this method” (Chin, 1998). Moreover, PLS is a powerful technique for predictive functions, because it can be applied to explain variances (Fornell and Bookstein, 1982). On a case-wide basis, PLS eliminates estimations neglecting values.

The result showed that “leadership,” “customer orientation,” and “personal development and competencies” had a crucial role not only on employee loyalty, but also the effect on company value. On the other hand, “job content” and “human relations and values” had an insignificant effect on employee loyalty and company value. The estimated indexes indicated that “personal development and competencies” had the lowest index, with the highest score achieved by “customer orientation,” which influenced both employee loyalty and company value. The rest of determinants showed a medium index scored.

3.2 Conceptual Framework

The conceptual framework proposed in the current research will be based on the five previous studies discussed above and illustrated in figures 3.1, 3.2, 3.3, 3.4, and 3.5. By adopting relevant variables, the researcher has designed the conceptual framework to explain the structure of theoretical thinking concerning the factors that influence job

satisfaction and employee loyalty to attain the objective of this research.

In this research, the transformational leadership style is used as a predictor, because it not only can maintain the ethical standards of a company, but can also lead to civic commitment and establish a safe and equitable work environment. This kind of leader can bring new ideas and concepts in facing business competition to gain a competitive edge and to sustain profitability. In Indonesia, as a developing country, it is very common to see issues relating to salary, benefits, reward, and punishment to force employees in achieving certain target. The concept of transactional leadership, which deals with reward and punishment, might be relevant to address these issues. Organizational commitment involves dealing with the willingness of employees to spend more time on the job and their responsibilities at the company to help it to be more effective, efficient, and competitive. Training and development can guarantee workers upward mobility and security, which means that it can help improve their skills, and lead them to be better at their jobs. Human relations and values assure that the employees feel comfortable working in an organization. Finally, job satisfaction reveals the degree of employees' happiness working in an organization. When employees feel happy, it means that they are comfortable staying with the company.

In this study, there are six independent variables (transformational leadership style, transactional leadership style, organizational commitment, job satisfaction, training and development, and human relations and values) and one dependent variable (employee loyalty). All of these variables appeared in the previous studies and the present researcher will adopt a linkage among them to form a new framework concept. Firstly, leadership style and employee loyalty was adopted from Gasthi *et al.*' (2015) study. Meanwhile,

Arzi and Farahboud' (2014) research for leadership style and job satisfaction is following in the second frame. Third, study by Iqbal *et al.* (2015) was initiated the link of organizational commitment and employee loyalty. The linkage of training and development with job satisfaction as well as employee loyalty was implemented from Turkeyilmas *et al.* (2011) in the forth sequence. Finally, the research design by Martensen and Gronhold (2006) was commenced the researcher to embrace into the linkage of human relation and values, job satisfaction and employee loyalty. The design of this conceptual framework is as follow:



Figure 3.6: Conceptual Framework of An Analysis of the Determinants That Influence Employee Loyalty in the Banking Industry: Case Study on Bank Central Asia in Jakarta, Indonesia

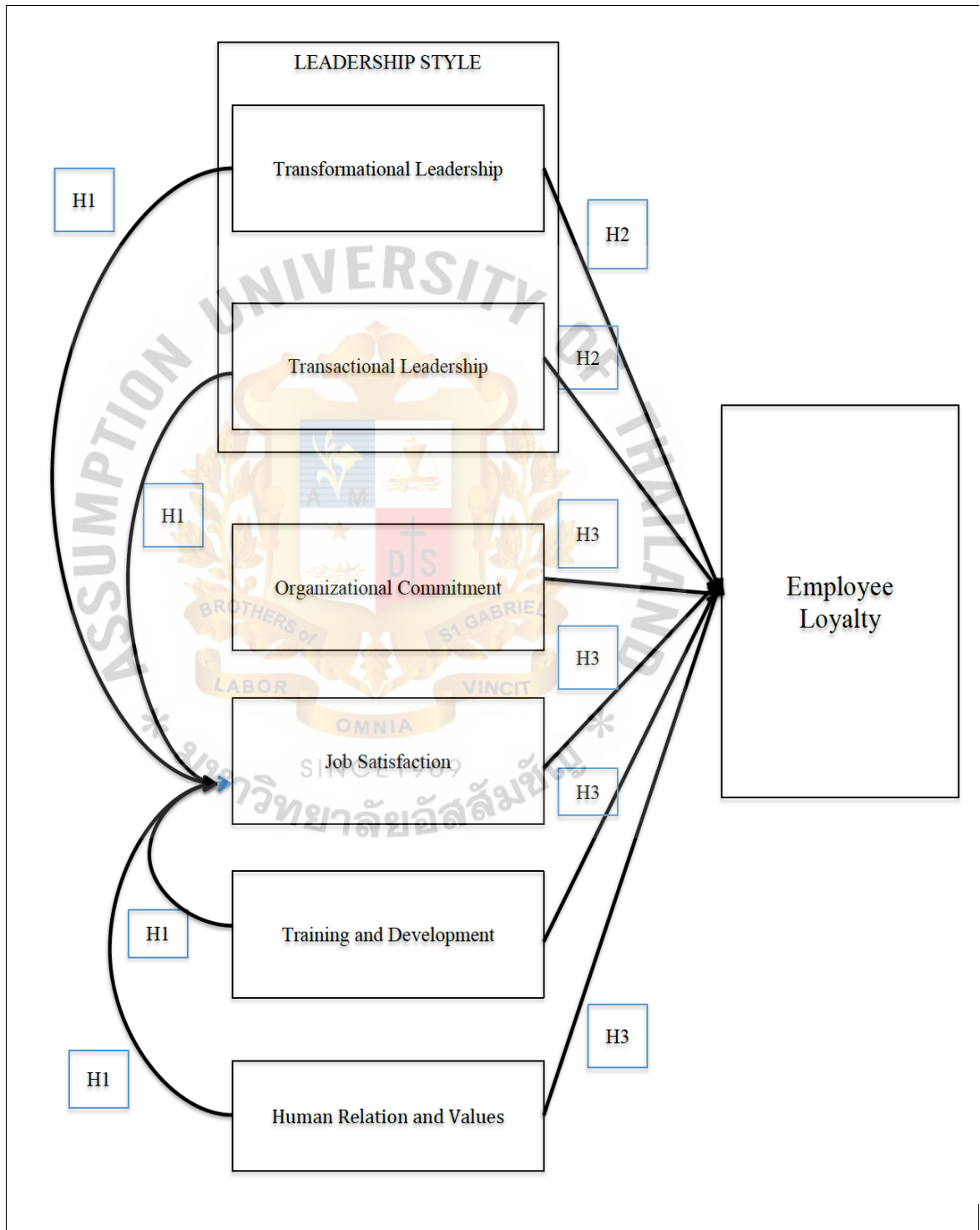


Figure 3.6 shows that there are six independent variables: transformational leadership, transactional leadership, organizational commitment, job satisfaction, training and development, and human relations and values. The dependent variable is employee loyalty. All the variables used in the present research apply the conceptual framework and were selected based on their significant relationship to employee loyalty. Consequently, the researcher will use five theoretical models from the previous studies to design a new conceptual framework and has decided to apply six independent variables as a predictor of loyalty using employees of Bank Central Asia (BCA) in Jakarta, Indonesia, as the target population.

3.3 Research Hypothesis

Based on the conceptual framework, the researcher proposes the three following possible hypotheses to examine the factors affecting employee loyalty in the banking industry:

H1o: Transformational leadership, transactional leadership, training and development, and human relations and values do not influence job satisfaction among BCA employees in Jakarta, Indonesia

H1a: Transformational leadership, transactional leadership, training and development, and human relations and values do influence job satisfaction among BCA employees in Jakarta, Indonesia

H2o: Transformational leadership and transactional leadership do not influence the loyalty of BCA employees in Jakarta, Indonesia

H2a: Transformational leadership and transactional leadership do influence the loyalty of BCA employees in Jakarta, Indonesia

H3o: Organizational commitment, job satisfaction, training and development, and human relations and values do not influence the loyalty of BCA employees in Jakarta, Indonesia

H3a: Organizational commitment, job satisfaction, training and development, and human relations and values do influence the loyalty of BCA employees in Jakarta, Indonesia

3.4 Operationalization of Variables

Table 3.1: Operational measurement of the variables

No	Variable	Concept of variable	Operational of component	Measure- ment
1	Transformational Leadership	The concept of a leader who influences his/her employees and tries to bring new concepts and ideas to make the company achieve success (Bass, 1985)	<ul style="list-style-type: none"> - My supervisor challenges me to solve problems in new ways - My supervisor challenges me to re-think some of my basic assumptions about my work and responsibilities - My supervisor facilitates his/her employees to give an idea at work - My supervisor makes others feel good to be around him/her - My supervisor listens to me when I have a problem and 	Interval scale

			talks to me about how to solve it	
2	Transactional Leadership	The foundation for relationships between leaders and subordinates relates to identifying outlooks or expectations, clarifying duties, and specifying recognition and rewards in achieving the expected job performance (Bass, 1985)	<ul style="list-style-type: none"> - My supervisor motivates his/her employees to achieve certain targets - My supervisor provides rewards when his/her employees achieve the certain targets - My supervisor takes an action right away before something goes wrong - My supervisor solves the problem by seeking various and differing perspectives - My supervisor always waits for things to go wrong before taking action 	Interval scale
3	Organizational commitment	Organizational commitment can be defined as employees' efforts and attention to	<ul style="list-style-type: none"> - I will be very happy to spend the balance of my career with my current organization. - I enjoy discussing my organization with outsiders. 	Interval scale

		<p>stabilize their dedication to the organization (Mester et al., 2003).</p>	<ul style="list-style-type: none"> - I feel a strong sense of belonging to my organization. - I feel like “part of the family” at my organization. - I feel emotionally attached to my organization and there is no organization that can replace it 	
4	Job satisfaction	<p>Employees’ feelings or emotional responses to a job can be the outcome of the employee’s expectations and the actual consequences from the work environment (Bartlett et al. 1999)</p>	<ul style="list-style-type: none"> - I am satisfied with my salary and benefits - As an employee, I am sure that our effort will be appreciated - I feel that there is a respect for the employees’ work - As an employee, I am satisfied with the promotion opportunity in the organization - I can do my work independently 	Interval scale
5	Training and development	<p>The specific process from a company that develops employees’ skills, knowledge,</p>	<ul style="list-style-type: none"> -My organization has a training and development policy applicable to all employees -My organization associates 	Interval scale

		<p>and attitudes to improve their expertise in a particular field so that they will help to increase the company's competitiveness (Jun <i>et al.</i>, 2006)</p>	<p>training and development with our company business strategy</p> <p>-My supervisor helps employees set realistic performance goals after training</p> <p>-I am motivated to learn the concepts that will be covered in the training program</p> <p>-I willing to improve my knowledge of the material that program covers</p>	
6	Human relations and values	<p>The abilities to enhance the relationships with other people in daily communication so that mutual respect can be developed between each other involve argumentation,</p>	<p>- Overall, I am satisfied with the working relationship with my colleagues</p> <p>- I can easily obtain help and support when I am under pressure at work</p> <p>- The way we talk to each other in my department is pleasant and respectful</p>	Interval scale

		<p>rationalization, and skills to improve their work competencies.</p> <p>(McGuiness, 1998)</p>		
7	Employee loyalty	<p>The employee's behaviour when he/she stays and maintains his/her involvement in the organization for long periods of time; when an employee dedicates himself/herself to help attain the organization's goals; and when an employee grows and contributes to company value</p> <p>(Voyles, 1999)</p>	<ul style="list-style-type: none"> - I desire to continue working in this company - I will recommend this company's service to others - Overall, I satisfied being employed in this company - I would recommend others to be employed at this company - In general, this company is more attractive as a place to work compared to other company 	Interval scale

CHAPTER IV

RESEARCH METHODOLOGY

In this chapter, the researcher describes and specifies step-by-step how this study will proceed. The researcher divides this chapter into six parts; the first part explains the research methods to be used in this study; the second part describes the target population and sample size; the third part shows the procedures for collecting the data; the research instrument will be discussed in the fourth part; the reliability of questions for each variable will be evaluated by Cronbach's Alpha in the fifth part; and the final part will clarify how to analyse the data and statistics that are used in this study.

4.1 Method of Research Used

Research method explains the procedures or techniques that are used to collect information and data. Moreover, this step inspects the related information that is needed to understand the research problems. This may include published research, surveys and other methods.

The researcher has chosen descriptive research for this study because the intention is to direct the respondents in a precise way. Furthermore, the researcher aims to describe the respondents who will take part in this study. The main idea of descriptive research is to explain the characteristics of a target population. Questions such as who, what, when, where and how can be answered precisely by this method. Sekaran (1992) states that descriptive research can define and interpret each situation of the target population and its precise characteristics. Similarly, Churchill (1999) asserts that the evaluation of the proportion of people in a specific target population who behave in a certain way can be best evaluated by descriptive research.

The researcher chooses to use the survey method to collect the data. The survey method can be described as “a technique in which composition data is collected from a sample to fulfil a questionnaire, a technique of data collection based on interaction with a representative sample of respondents” (Zikmund, 2003). Similarly, Pickcard (2007) also recommends using the questionnaire as one of the most common tools for surveys. For this research, the researcher will distribute self-administered questionnaires. As Aaker *et al.* (1997) points out, communication by survey with a representative sample of a target population is the most common technique for collecting primary data. Using self-administered questionnaire is a technique to collect data, in which each respondent reads and answers the questions by him or herself (Saunders *et al.*, 2007). The aim of this technique is to collect primary data from people who represent the target population by getting them to fill out questionnaires. The researcher feels that this simple survey method is thus the most appropriate approach. It requires only a short period of research time, is economical, is efficient, and it can represent the target group for concrete purposes. The objective of the survey strategy is to examine the relationship between variables.

4.2 Respondents and Sampling Procedure

This section consists of four parts. The first part is the target population the researcher will survey. The second part is the sampling unit used in the research. The third part is the sampling procedure that explains step by step how to determine the sample size. And the last part is sample size that is used in this study.

4.2.1 Target Population

A target population can be described as a group of persons, units, components or entities that we are interested in examining (Phillips *et al.*, 2013). Similarly, Babit *et al.* (2010) define a target population as a whole group of of a specific population with features relevant to the research project. Polit and Hungler (1999:37) define the population as a comprehensive or entirety of all the objects, subjects or participants that fit into a set of characteristics. In other words, it is the group that holds information and appearances that meet the requirement to be selected for the study. The target population of this study is the employees of Bank Central Asia (BCA) employees in Jakarta, Indonesia.

There are five districts in Jakarta: Central, North, East, South, and West Jakarta. The population of this research focuses on both males and females in distinctive age groups, education and income levels, who currently work at BCA. At present BCA has a total of 9,560 employees in Jakarta alone (Widjaja, Personal communication, 9th May 2016). Figure 4.1 shows the location where the questionnaires were distributed to employees of BCA in Jakarta, Indonesia.

Figure 4.1: Location of target population in Jakarta, Indonesia



Source: <http://dkijakarta.id/peta-jakarta/>

There are 31 branches of BCA in Jakarta, with details shown in Table 4.1.

Table 4.1: The branches of BCA in Jakarta

District	No. of Main Branches
1. Central Jakarta	8
2. North Jakarta	6
3. East Jakarta	3
4. South Jakarta	6
5. West Jakarta	8
Total	31

Each district in Jakarta is divided into a number of different sub-districts. The details are shown in Table 4.2.

Table 4.2: Sub-districts of each district in Jakarta

District	Central	North	East	South	West
Sub-district	Cempaka Putih	Cilincing	Cakung	Cilandak	Cengkareng
	Gambir	Kelapa Gading	Cipayung	Jagakarsa	Grogol Petamburan
	Johar Baru	Koja	Ciracas	Kebayoran Baru	Kali Deres
	Kemayoran	Pademangan	Duren Sawit	Kebayoran Lama	Kebun Jeruk
	Menteng	Penjaringan	Jatinegara	Mampang Prapatan	Kembangan
	Sawah Besar	Tanjung Priok	Kramat Jati	Pancoran	Palmerah
	Senen		Makasar	Pasar Minggu	Taman Sari
	Tanah Abang		Matraman	Pesanggrahan	Tambora
			Pasar Rebo	Setia Budi	
			Pulo Gadung	Tebet	

Based on the sub-districts listed in Table 4.2, the researcher selected two sub-districts from each district by using simple random sampling by drawing technique. After drawing from each district, the researcher draws the branch, only one branch from each sub-district. Thus, there are 10 branches as shown in Table 4.3. The researcher randomly selects the branch by using simple random sampling by drawing technique. The next step is to use stratified random sampling to get the proportion of the sample for each branch. In the last step, the researcher distributes a self-administered questionnaire to the employees of BCA in each branch. The details of branches chosen are presented in Table 4.3.

Table 4.3: Branch and number of employees

District	Sub-District	Main Branches	No. of Employees
West	1. Palmerah	KCU Wisma Asia	197
	2. Taman Sari	KCU Gajahmada	203
North	3. Kelapa Gading	KCU Kelapa Gading	188
	4. Pademangan	KCU Mangga Dua Raya	193
Central	5. Menteng	KCU Thamrin	85
	6. Tanah Abang	KCU Wahid Hasyim	190
East	7. Matraman	KCU Matraman	175
	8. Rawamangun	KCU Rawamangun	115
South	9. Pancoran	KCU Kuningan	171
	10. Setia Budi	KCU Sudirman	158
TOTAL			1675

4.2.2 Sampling Unit

The sample is a number of respondents selected who represent the total population as far as possible in order to produce a miniature cross-section (Kothari, 2004). Therefore, the researcher selected a certain number of BCA's employees in Jakarta, who represent the total of all employees of BCA, so that the researcher can draw wider conclusions and complete the project.

A sampling unit has been described as “a single component or group of subject features to be selected in the sample” (Zikmund, 2003). Davis (2004) defined sample unit as a small number of a population, which represents the entire elements of its group. This means that the sample unit can be individuals, departments, companies, or any other logical unit that is relevant to the research. The aim of sampling is to facilitate the researcher to estimate some unidentified characteristics of the total population. In this study, the sampling unit will focus on both males and females in different age groups, with diverse education and income levels, from among the employees of BCA in Jakarta.

4.2.3 Sample size

The sample size should be large enough to portray the whole population in order to get a valid result (Hair *et al.*, 2009). Berenson *et al.* (2000) adds that the sample size is a number of observations or cases, identified by the predictable variance of the population, the greatness of tolerable error, and the confidence level. Sample size can be described as a sub-group or sub-unit of the population selected for participation in a certain research project (Malhotra, 2004). Additionally, sample size can be defined as the number of observations that estimate the variance of the population, the size of tolerable error, and the confidence level (Zikmund, 2003).

The researcher has gone to the Human Capital Management Division of BCA headquarters and gotten the details about the information of the total number of 9,560 employees in Jakarta. Secondly, the researcher has identified the sample size by using Krejcie and Morgan's table for determining sample size for a given population and arrived at the precise number of 370; this number has been rounded up to 380 respondents. The reason to increase the number is to gain more opinions, which is very useful to optimize the result of the research. And the last step was distributed questionnaires to be filled out by the respondents.

This study applies many-steps random sampling to gather the data from BCA employees in Jakarta. Simple random sampling is the technique that is used for a known probability sample, in which all members of the population have an equal chance to be selected as a representative (Phillips *et al.*, 2013). The sample is selected according to their positions, jobs, responsibilities, and availability at the time of data collection. To get the sample size for this study, the researcher uses the random numbers table from a

statistics textbook as in Table 4.4:

Table 4.4: Sample sizes for different sizes of population at a 95% confidence level

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Source: Krejcie, R.V. & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and psychological measurement*. (30), 607-610.

Table 4.4 shows how the researcher obtained the appropriate number of respondents. Population (N) is 10,000 and the sample size (S) is 370 respectively.

Due to the lack of bank branches established in small neighbourhoods, the researcher decided to choose BCA branches in sub-districts for the purpose of distributing the questionnaires. The researcher took a proportional number of respondents from each branch so that the total of 380 samples can be collected.

4.2.4 Sampling procedure

This study uses a mixed random sampling design, which combines probability sampling and non-probability sampling techniques. As Phophueksanand (2014) stated, the researcher has the right to use a mixed method, a combination between probability sampling and non-probability sampling technique for the most suitable results. Probability sampling is an organized procedure that guarantees each population element given a known nonzero chance of selection or each target population has an equal chance to be selected, which means that this method is based on the concept of random assortment (Cooper and Schindler, 2003). Meanwhile, non-probability sampling is a technique to obtain data from unknown population and the unit or element has no equal chance to be selected as a sample (Sekaran, 1992).

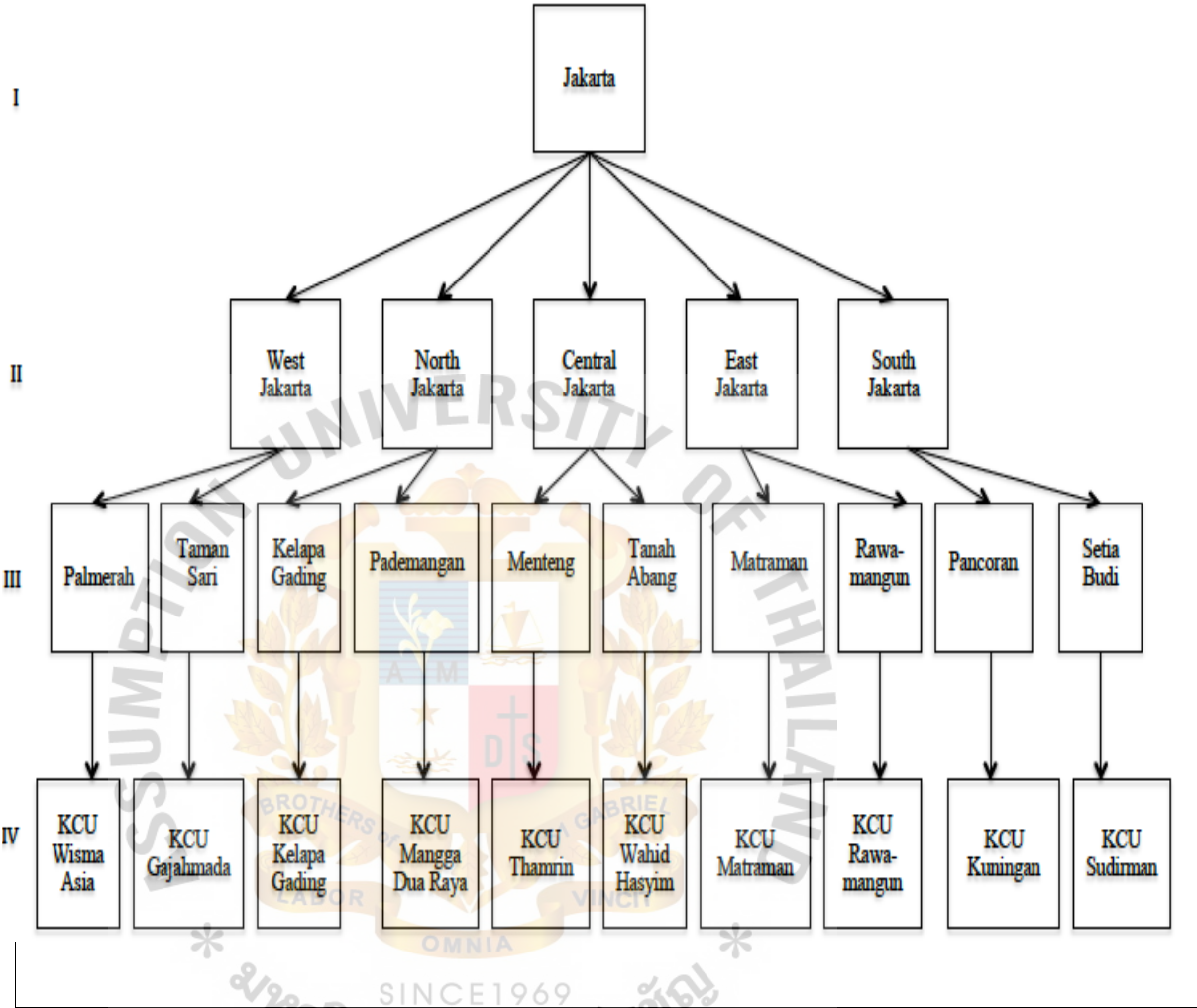
In this study, the researcher used several steps of random sampling to get at the sample unit. There are four steps: Steps 1 and 2 are simple random sampling by using the drawing technique, Step 3 is stratified random sampling, and Step 4 is convenience sampling. The researcher uses these methods to cover a population throughout a large environmental zone. The researcher decided to use this method because all sampling

procedures are possible to cover a large target population over a large area. The details will be presented below.

Step 1, simple random sampling can be described as a sampling procedure that all items from a population have the same chance to be selected as a representative to conduct a research (Levine *et al.*, 2008). This method that can be used to achieve an accurate and easily accessible sampling frame if the entire population is known. In this step, the researcher randomly draws 2 (two) sub-districts of each district where branch of BCA located. And the result from this method is 10 (ten) sub-district chosen.

Step 2, simple random sampling by drawing technique is also well known as chance sampling where every unit or item in the population has an equal chance of participation to be selected as a sample (Kothari, 2004). In this step, the researcher draws one branch of BCA that is located in sub-district chosen. One branch from each sub-district, and the researcher get total of 10 (ten) branches. Table 4.5 shows the design of simple random sampling by drawing technique to get the appropriate number of respondents.

Figure 4.2: Design of simple random sampling by drawing technique



Note: I =Province, II = Districts, III = Sub-District, IV = Main Branches

Step 3, stratified random sampling, can be defined as a sampling procedure that divides the number of items as a percentage of population (Christensen *et al.*, 2015). The sample size of each branch is proportionate to the population size of the stratum. This provides a greater precision and ensures a sufficient sample. Following this step, the researcher has used a proportion of the total employees in each BCA branch to arrive at the right number of respondents. See the details in Table 4.5.

Table 4.5: Proportion of sample in each branch of BCA

No	Main Branches	No. of Employees	Sample
1	KCU Wisma Asia	197	45
2	KCU Gajahmada	203	46
3	KCU Kelapa Gading	188	43
4	KCU Mangga Dua Raya	193	44
5	KCU Thamrin	85	19
6	KCU Wahid Hasyim	190	43
7	KCU Matraman	175	40
8	KCU Rawamangun	115	26
9	KCU Kuningan	171	39
10	KCU Sudirman	158	35
Total		1675	380

Step 4, convenience sampling, refers to collection of data from respondents who are conveniently available to provide the information (Sekaran, 1992). Hair *et al.* (2006) state that convenience sampling is frequently applied in descriptive and explanatory types of study where time and funds are significantly limited. The researcher has chosen to use this method because it can cover a large sample, and it is fast, and less expensive to collect data from respondents (Cooper and Schindler, 2006). In this study, the researcher distributed the questionnaire to employees who are accessible to provide information in the collecting period, namely 10 to 30 June 2016.

4.3 Research Instrument

For this study, the researcher has designed a questionnaire that is divided into two parts. Part 1 focuses on independent factors in term of leadership styles that is transformational leadership style and transactional leadership style. Part 2 focuses on four other independent factors, namely, organizational commitment, job satisfaction, training and development, human relations and values. Part 3 focuses on the one dependent variable, employee loyalty. And, part 4 elicits information on demographic factors. The details of the research instrument are described below:

Part 1: Independent Variable: Leadership styles

There are two independent variables relating to leadership style: transformational leadership and transactional leadership. There are five questions for each variable, as implemented, too, by Arzi and Farahbod (2014). The Likert scale is used to get the respondent to declare to what extent they agree or disagree with a particular statement.

In fact, the researcher has chosen the five-point Likert scale for all questions relating to independent and dependent variables. Hair (2000) asserts that the Likert scale is a precise rating scale that asks respondents to indicate whether they agree or disagree with a series of statements given; and it is also a cognitive-based scale measurement. Thus, the Likert scale can be defined as “a measure of attitudes proposed to allow respondents to signify how strongly they agree or disagree with carefully composed statements that range from very positive to very negative toward an attitudinal entity” (Zikmund, 2003). Each scale consists of the following levels:

1 = strongly disagree

2 = disagree

3 = neither agree nor disagree

4 = agree

5 = strongly agree.

This five-point Likert scale thus not only organizes objects or alternatives according to their magnitudes, but also classifies the methodical arrangement in units of equal intervals (Zikmund, 2003).

Part 2: Independent Variable: Organizational commitment, Job satisfaction, Training and development, and Human relation and values

This part comprises four independent variables: organizational commitment, job satisfaction, training and development, human relations and values. Organizational commitment has five questions, as used in the research of Iqbal *et al.* (2015). Job satisfaction has five questions, also influenced from the published research of others in the field: Arzi and Farahbod, 2014; Iqbal *et al.*, 2015; Turkyilmaz *et al.* 2011; and Martensen and Gronhold, 2006. Training and development has five questions that were adopted from Turkyilmaz *et al.* (2011). And the last one, human relations and values, has three questions that were derived from Martensen and Gronhold (2006). All these independent variables utilize a 5-point Likert scale, to elicit the agreement or disagreement level of the respondent.

Part 3: Dependent Variable: Employee loyalty

Employee loyalty is the one dependent variable in this part. The five questions relating to it were adopted from the abovementioned published research: Arzi and Farahbod, 2014; Iqbal *et al.*, 2015; Turkyilmaz *et al.* 2011; and Martensen and Gronhold, 2006. Again, the dependent variable questions utilize a 5-point Likert scale.

Part 4: Demographic factors

In the part relating to demographic factors, the questions are divided into multiple choice alternatives to facilitate elicitation of information about employees' age, gender, marital status, educational level, length of service, and salary. Firstly, there are five ranges of multiple choice answer for age. For gender, male and female. Third, marital status allows choice of single or married. Fourth, educational level consists of four choices. Fifth, there are four choices for length of employment. And finally, there are five options for income level. These six factors thus apply a categorical scale, which pose categorical questions with two or more alternative answers (Zikmund, 2003).

Table 4.6 summarizes the design and contents of the current research instrument.

Table 4.6: Summary of Research Instrument

Variable		No. of Questions
Part 1	Independent Variable	
	Transformational Leadership	5
	Transactional leadership	5
Part 2	Independent Variable	
	Organizational commitment	5

	Job satisfaction	5
	Training and development	5
	Human relations and values	3
Part 3	Dependent Variable	
	Employee Loyalty	5
Part 4	Demographic Factor	6
Total		39

4.4 Reliability Analysis

All research questions have to be tested for their reliability so that they can be used in an instrument (Sekaran and Bougie, 2009). Pre-testing can be described as “an experimentation procedure with a group of respondents for the purpose of requirement problems in the questionnaire commands or design” (Zikmund, 2003). The pre-test reveals to the researcher whether respondents are confused by the questionnaires, or if questions on them are unclear or biased (Zikmund, 2003). Churchill (1999) says that reliability indicates the consistency of the instrument for the research; if an instrument shows a consistent measurement of values, it means that the instrument is reliable and appropriate for use in the research. The number of respondents involved in pre-test can be set between 20-100 respondents as a sample (Vanichbancha, 2003). In the current research, the researcher has run a pre-test by allocating 30 questionnaires to BCA’s employees in Jakarta. Sekaran (1992) asserts that the value of reliability for each variable must be greater than 0.60, otherwise it cannot be considered reliable. The detailed reliability analysis for pre-test of each variable is shown in Table 4.7.

Table 4. 7: The summary of reliability analysis

Variables	Pre-test (α –test)	Questionnaire (α –test)
Transformational leadership	.710	.898
Transactional leadership	.705	.723
Organizational commitment	.885	.884
Job satisfaction	.737	.785
Training and development	.786	.900
Human relations and values	.604	.868
Employee loyalty	.646	.927

Table 4.7 showed the result of reliability test for all variables. The alpha values are greater than .6, which means that the questions of each variable are acceptable as a research instrument. Also, it means that all variables have a high consistency and reliable to be applied for this research.

4.5 Collection of Data

Both primary and secondary data are collected in this study in order to achieve a greater latitude of research, as recommended by Churchill (1999), who states that there are two ways to collect data: primary data and secondary data. Zikmund *et al.* (2013), too, notes that data collection can be described as behavioural observation, interviews and survey methods. These are the data gathered and assembled particularly for the current researcher's research project.

The primary data used specifically for the purposes of the present study are collected directly from the respondents by observation, interview, and survey methods. In this research, the researcher circulates self-administered questionnaire to the

respondents. In a self-administered questionnaire the respondent is facilitated to fill out or answer the questions on his/her own (Seymour et al., 1965). The researcher is collecting primary data through survey by using the questionnaires to be distributed to a sample of 380 employees who work at the main branches of BCA in Jakarta, Indonesia. The survey will be conducted from 10 to 30 June 2016; the questions on the questionnaire will be translated into Indonesian-language versions.

Secondary data is “data that have been earlier collected for some purpose other than the one at hand” (Zikmund, 2003). In the current project, the researcher has collected secondary data from published books and textbooks, journal articles, newspaper articles, and Internet sources; the data from these published sources provides additional information to support the research and arrive at new ideas and perspectives.

4.6 Statistical treatment of data

The data collected by questionnaires is used for statistical analysis using statistical software, Statistical Package for Social Science, or SPSS. This software can help produce a summary of the data where needed. The collected data of 380 copies of the questionnaires will be organized into representative form using statistical software, and simple interpretation data will be used to present the results. Neter (1996) claims that statistical software is a distinctive software solution for application with a completely integrated survey investigation system. In this current study, the researcher uses two treatments to interpret the analysis. Firstly, the researcher uses descriptive statistics to summarize information about population or sample. The computation form of average mean, standard deviation, frequency and percentage distributions are used in this research for demographic factors. Secondly, the researcher uses inferential analysis, which is

Multiple Linear Regression Analysis (MLR) to examine the relationship of each variable. The data analysis of this research will be described below.

4.6.1 Descriptive Analysis

In this study, the researcher applies descriptive analysis to analyse the information about demographic factors relating to the respondents. As Hair *et al.* (2009) writes, descriptive analysis is “a procedure of collection, summarization, classification, and presentation of data.” According to Aaker (2000), descriptive analysis can be used to define the data by using frequency and percentage tables, bar charts, histograms, graphics, or tables that can illustrate the summarization of the collected data in well-defined and understandable forms. It is thus a procedure of classifying, interpreting, analysing, and describing the data. In this research, the data will be summarized by calculation of average, frequency and percentage distributions. The researcher will analyse the data using the SPSS software application in order to achieve maximal accuracy.

4.6.2 Inferential Analysis

Inferential analysis shows how variables can relate to each other, i.e., whether there is any difference or not between two or more groups (Sekaran, 1992). As asserted by Gravetter and Wallnau (2000), inferential statistics comprise approaches to investigate a sample and generalize the populations from which it was designed. In this research, the researcher applies the Multiple Linear Regression Analysis (MLR) method to examine the relationship between independent variables and dependent variables.

4.7 Summary of Statistical Tools Used in Examining Hypotheses

4.7.1 Multiple Linear Regression Analysis (MLR)

The Multiple Linear Regression (MLR) analysis is used to examine the relationship between multiple independent variables and a single dependent variable (Hair *et al.*, 2006). Aaker *et al.* (2000) defines MLR as a technique that is applied by dividing all factors into independent and dependent variables. MLR is a dependent statistical method that can only be utilized when independent and dependent variable are metric and all the data can be correctly measured. The aim of using MLR is to predict the significance of the relationship between the dependent variable chosen with some independent variables, whose values are known. Regression analysis weights each independent variable. The weight calculation of independent variables will express their contribution to the overall prediction. Davis (2005) states that multiple linear regressions is an effect by two or more independent variables, which are affected by change in another variable. Selection of independent variables and a dependent variable for using MLR depends on the theoretical relationship between them.

The equation of multiple regression developed by Hair *et al.* (2006) is as follow:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + \varepsilon$$

Note:

Y = dependent variable

$X_1, X_2, X_3, \dots, X_n$ = values of independent variable

$\beta_0, \beta_1, \beta_2, \beta_3, \dots, \beta_n$ = model of parameters (regression coefficient)

ε = random error

4.7.2 Standard Error of Estimation

The standard error of estimation (S_e) is a measurement that is used to predict the precision of a model (Hair *et al.*, 2006). “It postulates intimation of verified explanations with estimated values on a regression line.” Additionally, it can be used to describe the differences around a regression line (Sharma, 2004).

The formula of standard error of estimation is presented as follows:

$$S_e = \sqrt{MSE} = \sqrt{\frac{SSE}{n-(K+1)}}$$

Note:

S_e = standard error of estimation

MSE = mean of squared error

SSE = sum of squared error

n = number of observations in the sample

K = number of independent variables

4.7.3 Coefficient of Multiple Determination (R^2)

Coefficient determination is one of the suitable tools used to evaluate the quality of an appropriate model in regression analysis (Hair *et al.*, 2006). The value of coefficient of determination, according to Hair *et al.*, commonly determines the proportion of the variance that is predicted by other variables, which can range from zero (0) to one (1). Thus, r^2 of zero means dependent variable (Y) could not be predicted by independent variable (X); a r^2 value of 1 means that the dependent variable could be predicted by independent variable without any error. Therefore, the higher value of r^2 means a more

probable prediction of dependent variable by independent variable. The equation to calculate coefficient of determination is as follows:

$$R^2 = \frac{SSR}{SST}$$

$$SSR = \sum_{i=1}^n (\hat{y}_i - \bar{y})^2$$

$$SST = \sum_{i=1}^n (y_i - \bar{y})^2$$

Note:

R^2 = coefficient of determination

SSR = sum of square of deviations between predicted value and mean

SST = sum of square that represents the difference between the actual value and mean

4.7.4 Adjusted Coefficient of Multiple Determination (R^2_{adj})

The coefficient of multiple determination indicates the variation of Y (dependent variable) percentage that is interpreted by the effect of the independent variables (Hair *et al.*, 2006). Also, adjusted r^2 calculation exposes the number of independent variables and sample size (Berenson *et al.*, 2011). Moreover, comparison of two or more regression models in predicting the same dependent variable becomes essential.

The adjusted r^2 equation is as follows:

$$\bar{R}^2 = 1 - \left[(1 - R^2) \frac{n-1}{n-k-1} \right]$$

Note:

\bar{R}^2 = adjusted coefficient of multiple determination

R^2 = coefficient of multiple determination

- n = number of observations in the sample
- k = number of independent variables

4.7.5 ANOVA Table for Multiple Regression Analysis

According to Anderson *et al.* (2011), the Analysis of Variance (ANOVA) multiple regression tables provides the following very useful information for the researcher:

- 1) Degree of freedom (df)
- 2) Sum of squares (SS)
- 3) Mean of squares (MS)
- 4) F value

The ANOVA table contains the regression sum of squares (SSR), and total sum of squares (SST), and the residual sum of squares (error sum of squares). The computations of sums of the squares are presented in table 4.8:

Table 4.8: The sum of square and formula

Square	Formula
SST	$\sum_{j=1}^n (y_i - \bar{y})^2 = SSR + SSE$
SSR	$\sum_{j=1}^n (\hat{y}_i - \bar{y})^2 = SST - SSE$
SSE	$\sum_{j=1}^n (y_i - \hat{y}_i)^2 = \sum_{j=1}^n e_j^2 = SST - SSR$

Table 4.9: The ANOVA of multiple regressions

Source	df	SS	MS	F
Regression	1	SSR	$MSR = \frac{SSR}{1}$	$F = \frac{MSR}{MSE}$
Error	n - 2	SSE	$MSE = \frac{SSE}{n-2}$	
Total	n - 1	SS total		

4.7.6 Testing Models for the Significance (F-test)

In this study, the researcher uses F test to analyse a hypothesis based on multiple regression analysis. The statistical hypotheses test is applied to define the relationship between independent variables and dependent variable (Heizer and Render, 2006). If the value of β is equal to 0, that means there is no relationship between X and Y and null hypothesis is not rejected. But if the value of β is not equal to 0, it means that there is a relationship between X and Y and null hypothesis is rejected.

F test equation is as follow:

$$F = \frac{MSR}{MSE}$$

Note:

F = F–statistic

MSR = mean of squared regression

MSE = mean of squared error

A significance level has to be determined for calculating the F-value. In this study, the significance level of 0.05 is used for the F-test. Thus, if the result of F-value is lower than 0.05, null hypothesis is rejected and there is a linear relationship between

independent and dependent variables. On the other hand, if the outcome of F-test value is greater than 0.05, null hypothesis is not rejected, and there is no linear relationship between independent and dependent variables.

The researcher is using the Multiple Linear Regression Analysis (MLR) technique to provide the F-test. All of hypotheses will be tested by this multiple linear regression analysis, and the F-test will be utilized to examine individual coefficients and to test the significance of a number of regression coefficients.

4.7.7 Test on Individual Regression Coefficient (t-Test)

Individual regression coefficient (t-test) is a technique to validate the significance of single regression measurement for multiple regression models. Furthermore, when an important variable is added, it will become more effective than adding an unimportant variable.

The hypothesis statement to test the substance of a regression coefficient (β_n) is as follows:

$$H_0: \beta_n = 0$$

$$H_1: \beta_n \neq 0$$

And the t-test equation is as follows:

$$t_n = \frac{\beta_n}{s_{\beta_n}}$$

Note:

t_n = t-statistic

β_n = estimation of regression coefficients

s_{β_n} = standard error of β_n

The hypotheses and statistical analyses used in this study are summarized in the following table:

Table 4.10: The Summary of Hypothesis and Statistical Analysis

Hypothesis	Statistical
<p>H1o: Transformational leadership, transactional leadership, training and development, and human relations and values do not influence the job satisfaction of BCA employees in Jakarta</p> <p>H1a: Transformational leadership, transactional leadership, training and development, and human relations and values do influence the job satisfaction of BCA employees in Jakarta</p>	Multiple regression analysis
<p>H2o: Transformational leadership and transactional leadership do not influence the loyalty of BCA employees in Jakarta</p> <p>H2a: Transformational leadership and transactional leadership do influence the loyalty of BCA employees in Jakarta</p>	Multiple regression analysis
<p>H3o: Organizational commitment, job satisfaction, training and development, and human relations and values do not influence the loyalty of BCA employees in Jakarta</p> <p>H3a: Organizational commitment, job satisfaction, training and development, and human relations and values do influence the loyalty of BCA employees in Jakarta</p>	Multiple regression analysis

CHAPTER V

DATA ANALYSIS

This chapter presents an interpretation and analysis of all data collected. The researcher evaluated the data gathered using statistical software. This chapter is in three parts: The first part presents the demographic characteristics of the respondents who work at Bank Central Asia (BCA), such as: age, gender, marital status, educational level, length of service, and salary. The second part provides a descriptive analysis of the independent variables and single dependent variable that were used in this research. The third part presents the inferential analysis for all hypotheses, which were processed by using multiple linear regression analysis.

5.1 Descriptive Analysis of Demographic Factors

The researcher used the descriptive statistical method to analyze the gathered data into a comprehensible form (Aaker, *et al.* 2000). As Saunders *et al.* (2007) stated, descriptive analysis facilitates in comparing variables numerically. Below, then, the researcher presents demographic and general information on the respondents' age, gender, marital status, educational level, length of service, and salary level.

5.1.1 Age

Table 5.1: Breakdown by age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 25 or younger	124	32.6	32.6	32.6
26-30	75	19.7	19.7	52.4
31-35	20	5.3	5.3	57.6
36-40	34	8.9	8.9	66.6
41 or above	127	33.4	33.4	100.0
Total	380	100.0	100.0	

As indicated on Table 5.1, the highest percentages of respondents were in the two groups of “41 or older” (33.4%) and “25 or younger” (32.6%). The majority of respondents (57.6%) are under 35; the rest are 36 and older (42.4%).

5.1.2 Gender

Table 5.2: Breakdown by gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	139	36.6	36.6	36.6
Female	241	63.4	63.4	100.0
Total	380	100.0	100.0	

Table 5.2 indicates that the female respondent is 63.4% (241), higher than male respondent, which is 36.6% (139), respectively.

5.1.3 Marital Status

Table 5.3: Breakdown by marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	183	48.2	48.2	48.2
Married	197	51.8	51.8	100.0
Total	380	100.0	100.0	

As shown in Table 5.3, a majority of respondent (51.8%) are married, while the rest (48.2%) are unmarried, respectively.

5.1.4 Educational Level

Table 5.4: Breakdown by educational level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Up to diploma	76	20.0	20.0	20.0
Bachelor degree	293	77.1	77.1	97.1
Master degree	11	2.9	2.9	100
Total	380	100.0	100.0	

As indicated in Table 5.4, the great majority (77%) of respondents hold bachelor's level degrees; the next largest group (20%) hold only high school diploma; while post-graduate degrees only account for 2.9 percent of all respondents.

5.1.5 Length of Service

Table 5.5: Breakdown by length of service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5 years or less	176	46.3	46.3	46.3
6-10 years	41	10.8	10.8	57.1
11-15 years	22	5.8	5.8	62.9
16 years or more	141	37.1	37.1	100.0
Total	380	100.0	100.0	

As shown in Table 5.5, just short of majority of respondents (46.3%) have worked for BCA for 5 or fewer years; a considerable number of the rest (37.1% of the total) have worked more than 16 years there.

5.1.6 Salary

Table 5.6: Breakdown by salary

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid IDR 5,000,000 or less	86	22.6	22.6	22.6
IDR 5,000,001 - IDR 10,000,000	132	34.7	34.7	57.4
IDR 10,000,001 - IDR 15,000,000	92	24.2	24.2	81.6
IDR 15,000,001 - IDR 20,000,000	50	13.2	13.2	94.7
IDR 20,000,001 or more	20	5.3	5.3	100.0
Total	380	100.0	100.0	

From Table 5.6 we see that the majority (57.4%) of respondents earn less than RP 15 million (USD 1,145) per month, while 42,6% earn more than that amount.

5.2 Descriptive Analysis of Variables

The second descriptive analysis confirms the following independent and dependent variables by using mean and standard deviation: transformational leadership, transactional leadership, employees' commitment to organization, job satisfaction, training and development, human relation and values, and employee loyalty.

5.2.1 Transformational Leadership Style

Table 5.7: Transformational Leadership Style Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
My supervisor challenges me to solve problems in new ways	380	4.05	.765
My supervisor challenges me to re-think some of my basic assumption about my work and responsibilities	380	4.11	.806
My supervisor facilitates his/her employees to offer their ideas at work	380	4.24	.750
My supervisor makes others feel good to be around him/her	380	4.15	.818
My supervisor listens to me when I have a problem and talks to me about how to solve it	380	4.22	.787
Valid N (list-wise)	380		

As seen in Table 5.7, the response “My supervisor facilitates his/her employees to offer their ideas at work” has the highest mean, 4.24. The lowest mean is “My supervisor challenges me to solve problems in new ways,” at 4.05. The lowest standard deviation is “My supervisor facilitates his/her employees to offer their ideas at work,” at .750, and the highest standard deviation is “My supervisor makes others feel good to be around him/her,” at .818.

5.2.2 Transactional Leadership Style

Table 5.8: Transactional Leadership Style Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
My supervisor motivates his/her employees to achieve certain targets	380	4.22	.746
My supervisor provides rewards when his/her employees achieve certain targets	380	4.09	.828
My supervisor takes action right away before something goes wrong	380	4.06	.795
My supervisor solves a problem by seeking various and differing perspectives	380	4.09	.780
My supervisor always waits for things to go wrong before taking action	380	3.45	1.235
Valid N (list-wise)	380		

As seen in Table 5.8, the researcher discovered that the response “My supervisor motivates his/her employees to achieve certain targets” has the highest mean, which is 4.22. The lowest mean is “My supervisor always waits for things to go wrong before

taking action,” at 3.45. The lowest standard deviation is for the response “My supervisor motivates his/her employees to achieve certain targets,” at .746, and the highest standard deviation is “My supervisor always waits for things to go wrong before taking action,” at 1.235.

5.2.3 Organizational Commitment

Table 5.9: Employees’ Commitment to Organization Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
I would be very happy to spend the balance of my career with my current organization	380	3.90	.938
I enjoy discussing my organization with outsiders	380	3.82	.931
I feel strong a sense of belonging to my organization	380	4.05	.817
I feel like “part of the family” at my organization	380	4.06	.809
I feel emotionally attached to my organization and there is no organization that can replace it	380	3.82	.951
Valid N (list-wise)	380		

The researchers found, as shown in Table 5.9, that the response “I feel like ‘part of the family’ at my organization” has the highest mean, at 4.06. Two questions elicited the lowest mean: “I enjoy discussing my organization with outsiders” and “I feel emotionally attached to my organization and there is no organization that can replace it,” both at 3.82. The lowest standard deviation is the response “I feel like ‘part of the family’ at my organization,” at .809, and the highest standard deviation is “I feel emotionally attached to my organization and there is no organization that can replace it,” at .951.

5.2.4 Job Satisfaction

Table 5.10: Job Satisfaction Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
I am satisfied with my employee salary and benefits	380	3.60	.926
As an employee, I am sure that our efforts will be appreciated	380	3.87	.797
I feel that there is respect for the employee's work	380	3.92	.810
As an employee, I am satisfied with the promotion opportunities for employees in the organization	380	3.81	.856
I can do my work independently	380	3.80	.880
Valid N (list-wise)	380		

Results in Table 5.10 show that the response “I feel that there is respect for the employee's work” has the highest mean, at 3.92. The lowest mean is for “I am satisfied with my employee salary and benefits,” at 3.60. The lowest standard deviation is “As an employee, I am sure that our efforts will be appreciated,” at .797, and the highest standard deviation is “I am satisfied with my employee salary and benefits,” at .926.

5.2.5 Training and Development

Table 5.11: Training and Development Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
My organization has a training and development policy applicable to all employees	380	4.37	.682
My organization links training and development with our company business strategy	380	4.28	.694
My supervisor helps employees set realistic performance goals after training	380	4.06	.785
I am motivated to learn the concepts that will be covered in the training program	380	4.19	.701
I want to improve my knowledge of the material that the training program covers	380	4.18	.690
Valid N (list-wise)	380		

Table 5.11 shows that the response “My organization has a training and development policy applicable to all employees” has the highest mean, at 4.37. The lowest mean is “My supervisor helps employees set realistic performance goals after training,” at 4.06. The lowest standard deviation is “My organization has a training and development policy applicable to all employees,” at .682, and the highest standard deviation is “My supervisor helps employees set realistic performance goals after training,” at .785.

5.2.6 Human Relations and Values

Table 5.12: Human Relations and Values Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
Overall, I am satisfied with the working relationship with my colleagues	380	4.10	.716
I can easily obtain help and support when I am under pressure at work	380	4.06	.758
The way we talk to each other in my department is pleasant and respectful	380	4.16	.752
Valid N (list-wise)	380		

The researcher found that the response “The way we talk to each other in my department is pleasant and respectful” has the highest mean, at 4.16. The lowest mean is “I can easily obtain help and support when I am under pressure at work,” at 4.06. The lowest standard deviation is “Overall, I am satisfied with the working relationship with my colleagues,” at .716, and the highest standard deviation is “I can easily obtain help and support when I am under pressure at work,” at .758.

5.2.7 Employee Loyalty

Table 5.13: Employee Loyalty Analyzed by Mean and Standard Deviation

	N	Mean	Std. Deviation
I desire to continue working in this company	380	4.03	.874
I will recommend the company's service to others	380	4.17	.782
Overall, I am satisfied being employed in this company	380	4.16	.744
I would recommend others to be employed at this company	380	4.12	.774
In general, this company is more attractive as a place to work than other companies	380	4.15	.780
Valid N (list-wise)	380		

Table 5.13 shows that the response “I will recommend the company's service to others” has the highest mean, at 4.17. The lowest mean is “I desire to continue working in this company,” at 4.03. The lowest standard deviation is “Overall, I am satisfied being employed in this company,” at 1.151, and the highest standard deviation is “I desire to continue working in this company,” at .874.

5.3 Inferential Analysis

Inferential analysis applies a statistical design to test the hypotheses -- that is, by using Multiple Regression Analysis. In this study, the researcher tested the influence of independent variables to dependent variable. The data was collected using a questionnaire based on an interval scale. After collecting the data, the researcher analyzed it by using SPSS. There are three hypotheses in this research and the examination will be presented as follows:

Hypothesis 1

Here the question tested is whether two leadership styles and two other variables influence employees' job satisfaction. Thus:

H1o: Transformational leadership, transactional leadership, training and development, and human relations and value do not influence the job satisfaction of BCA employees in Jakarta

H1a: Transformational leadership, transactional leadership, training and development, and human relations and value do influence the job satisfaction of BCA employees in Jakarta

Table 5.14: Model Summary of Hypothesis 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 ^a	.464	.458	.46140

a. Predictors: (Constant), MeanHRV, MeanTR, MeanTD, MeanTF

From Table 5.14, we see that the variance of the dependent variable was affected by the variance of the independent variables. Regarding BCA's employees, the Coefficient of Determination is .681, which means that transformational leadership style, transactional leadership style, training and development, and human relations and values have a strong positive statistically significant influence on job satisfaction; or, in other words, the variables move in the same direction.

Also, the strength of association (R^2) is .464. This means that the four determinants could increase the level of job satisfaction of BCA employees by 46.4%, with the rest increased by other variables outside this model.

Table 5.15: ANOVA of Hypothesis 1

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.046	4	17.261	81.081	.000 ^a
	Residual	79.834	375	.213		
	Total	148.880	379			

a. Predictors: (Constant), MeanHRV, MeanTR, MeanTD, MeanTF

b. Dependent Variable: MeanJS

The F test was used to analyze whether there is a simultaneous influence of all independent variables on the dependent variable. As shown in Table 5.15, the result from ANOVA Regression showed that the significance level is equal to .000, which is less than .05 ($.000 < .05$). The F value is equal to 81.081, which is higher than F table's value ($81.081 > 2.396$). This means that the null hypothesis was rejected. Thus, at least one independent variable influenced on employees' job satisfaction.

Table 5.16: Coefficients of Hypothesis 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.553	.185		2.994	.003
MeanTF	.089	.056	.094	1.596	.111
MeanTR	.061	.059	.060	1.038	.300
MeanTD	.394	.061	.378	6.503	.000
MeanHRV	.237	.048	.250	4.921	.000

a. Dependent Variable: MeanJS

From the results seen in the Regression Coefficient table, the t-statistics showed that training and development, and human relations and values were sig. at .000, which is less than .05 (.000 < .05), which means that both determinants influenced job satisfaction. The t value of training and development is 6.503, while the t value of human relations and values is equal to 4.921, both of which are higher than the t table's value of 1.966 (6.503 > 1.966 and 4.921 > 1.966). On the other hand, the two leadership styles do not influence job satisfaction. The t statistic for the transformational leadership style is .111, which is higher than .05 (.111 > .05) and the t value is 1.596, which is less than the t table's value (1.596 < 1.966). The t statistic for the transactional leadership style is .300, which is higher than .05 (.300 > .05), and the t value is 1.038, which is less than the t table value (1.038 < 1.966).

The researcher has come up with the following equation for the first hypothesis:

$$\hat{y} = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + B_nx_n$$

$$\hat{y} = .553 + .394 x_3 + .237 x_4$$

However, if the researcher re-runs the multiple regression analysis for hypothesis 1 and deletes the leadership styles, the result for the hypothesis is as follow:

Hypothesis 1 (re-run)

H1o: Training and development, and human relations and value do not influence job satisfaction of BCA employees in Jakarta

H1a: Training and development, and human relations and value do influence job satisfaction of BCA employees in Jakarta

Table 5.17: Model Summary of Hypothesis 1 (re-run)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674 ^a	.454	.451	.46449

a. Predictors: (Constant), MeanHRV, MeanTD

As indicated in Table 5.17, the result showed the variance of the dependent variable was affected by the variance of the independent variables. Regarding BCA's employees, the analysis of Coefficient of Determination as equal to .674, which means that training and development, and human relations and values have a strong positive statistically significant influence on job satisfaction or the variables move in the same direction.

Also, the strength of association (R^2) is equal to .454. It means that four determinants could increase the level of job satisfaction of BCA employees by 45.4%. And the rest is determined by other variable outside this model.

Table 5.18: ANOVA of hypothesis 1 (re-run)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.540	2	33.770	156.521	.000 ^a
	Residual	81.340	377	.216		
	Total	148.880	379			

a. Predictors: (Constant), MeanHRV, MeanTD

b. Dependent Variable: MeanJS

The researcher used F-test to analyze the impact of all independent variables and dependent variable simultaneously. As indicated in Table 5.18, the result from ANOVA

Regression showed that the sig. is equal to .000, which is less than .05 (.000 < .05). Also, F-value is equal to 156.521, which is higher than F table's value (156.521 > 3.019). It means that null hypothesis was rejected. Then, at least one independent variable influenced job satisfaction of BCA employees in Jakarta.

Table 5.19: Coefficients of Hypothesis 1 (re-run)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.695	.177		3.922	.000
MeanTD	.478	.052	.459	9.223	.000
MeanHRV	.266	.047	.280	5.623	.000

a. Dependent Variable: MeanJS

Based on the result of Regression Coefficient's table, the t-statistics showed that training and development, and human relation and values were sig. at .000, which is less than .05 (.000 < .05), which mean that both determinants influenced on job satisfaction of BCA employees. Also, t-value of training and development is equal to 9.223 and t-value of human relation and values is equal to 5.623, which are higher than t table's value (9.223 > 1.966 and 5.623 > 1.966). Furthermore, the researcher built new model for the first hypothesis after re-run is as follow:

$$\hat{y} = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + B_nx_n$$

$$\hat{y} = .695 + .478 x_3 + .266 x_4$$

Hypothesis 2

Here the question asked is whether the two leadership styles influence employee loyalty.

H2o: Transformational leadership and transactional leadership do not influence the loyalty of BCA employees in Jakarta

H2a: Transformational leadership and transactional leadership do influence the loyalty of BCA employees in Jakarta

Table 5.20: Model Summary of Hypothesis 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654 ^a	.428	.425	.52858

a. Predictors: (Constant), MeanTR, MeanTF

Table 5.20 shows the variance of the dependent variable was affected by the variance of the independent variables. The analysis shows the Coefficient of Determination at .654, which means that the transformational leadership style and the transactional leadership style have a strong positive statistically significant influence on employee loyalty, or, in other words, the variables move in the same direction.

Also, the strength of association (R^2) is equal to .428. This means that these two determinants can account for the level of loyalty of BCA employees by 42.8%, with the rest accounted for by other variables outside this model.

Table 5.21: ANOVA of Hypothesis 2

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.763	2	39.382	140.951	.000 ^a
	Residual	105.334	377	.279		
	Total	184.097	379			

a. Predictors: (Constant), MeanTR, MeanTF

b. Dependent Variable: MeanEL

The results from ANOVA Regression in Table 5.21 show that the significance level is .000, which is less than .05 ($.000 < .05$). Also, the F value is 81.081, which is higher than F table's value ($140.951 > 3.019$). This means that the null hypothesis was rejected. Thus, at least one independent variable influenced employee loyalty.

Table 5.22: Coefficients of Hypothesis 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.001	.188		5.314	.000
MeanTF	.391	.059	.372	6.624	.000
MeanTR	.377	.063	.334	5.944	.000

a. Dependent Variable: MeanEL

From Table 5.22 the t-statistics show that both leadership styles were sig. at .000, which is less than .05 ($.000 < .05$); this means that these determinants influence employee loyalty. Since the t value of transformational leadership style is equal to 6.624 and the t value of transactional leadership style is equal to 5.944, both higher than t table's value of

1.966, the two leadership styles do influence the loyalty of BCA's employees to the organization.

The equation for the second hypothesis is as follow:

$$\hat{y} = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + B_nx_n$$

$$\hat{y} = 1.001 + .391 x_1 + .377 x_2$$

Hypothesis 3

Here the question asked is whether four other variables – aside from two leadership styles as analyzed in hypothesis 2 – affect employee loyalty to the organization.

H3o: Organizational commitment, job satisfaction, training and development, and human relations and value do not influence the loyalty of BCA employees in Jakarta

H3a: Organizational commitment, job satisfaction, training and development, and human relations and value do influence the loyalty of BCA employees in Jakarta

Table 5.23: Model Summary of Hypothesis 3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.859 ^a	.738	.735	.35875

a. Predictors: (Constant), MeanHRV, MeanJS, MeanTD, MeanOC

Table 5.23 shows how the variance of the dependent variable was influenced by the variance of the independent variables. The Coefficient of Determination is .859, which means that organizational commitment, job satisfaction, training and development, and human relations and values have a very strong positive statistically significant influence on the loyalty of BCA's employees, or the variables move in the same direction.

Also, the strength of association (R^2) is .738, which means that the four determinants can explain the level of loyalty of BCA employees by 73.8%, with the rest explained by other variables outside this model.

Table 5.24: ANOVA of Hypothesis 3

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	135.835	4	33.959	263.864	.000 ^a
Residual	48.262	375	.129		
Total	184.097	379			

a. Predictors: (Constant), MeanHRV, MeanJS, MeanTD, MeanOC

b. Dependent Variable: MeanEL

As seen in Table 5.21, ANOVA Regression shows that the sig. is equal to .000, which is less than .05 ($.000 < .05$). Also, the F value is 81.081, which is higher than F table's value ($263.864 > 2.396$). This means that the null hypothesis was rejected. Thus, at least one independent variable influenced the loyalty of BCA employees.

Table 5.25: Coefficients of Hypothesis 3

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.127	.141		.905	.366
MeanOC	.476	.041	.503	11.695	.000
MeanJS	.100	.043	.090	2.322	.021
MeanTD	.275	.048	.237	5.697	.000
MeanHRV	.144	.039	.137	3.711	.000

a. Dependent Variable: MeanEL

In the Regression Coefficient table above (Table 5.22), the t-statistics show that commitment to the organization, training and development, and human relations and values were sig. at .000, which is less than .05 (.000< .05). This means that all determinants influenced employee loyalty. Meanwhile, the t-statistic for job satisfaction was sig. at .02, which is less than .05 (.02 < .05), which means that job satisfaction also influenced the loyalty of BCA’s employees. The t value of organizational commitment is 11.695, which is greater than the t table’s value (11.695 > 1.966), and the t value of training and development is 5.697, also higher than 1.966, and the t value of human relations and values is 3.711, also higher than 1.966. The t value of job satisfaction, at 2.322, is the lowest among the determinants, but is still higher than 1.966.

The equation for the third hypothesis is as follows:

$$\hat{y} = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + B_nx_n$$
$$\hat{y} = .127 + .476_{x1} + .100_{x2} + .275_{x3} + .144_{x4}$$

Table 5.26: Summary from hypothesis testing

Hypothesis	Statistical Treatment	Significance Level	Beta Coefficient Value	Results
H1o: Transformational leadership, transactional leadership, training and development, and human relation and values do not influence on the job satisfaction of BCA’ employees in Jakarta. - Transformational leadership	Multiple Regression Analysis	<div>□□ □□</div>	<div>□□□ □</div>	Failed to reject H1o

<ul style="list-style-type: none"> - Transactional leadership - Training and development - Human relations and value 		<p>□ □</p> <p>□ □</p> <p>□ □ □ □</p> <p>□ □</p> <p>□ □</p>	<p>□ □ □</p> <p>□</p> <p>□ □ □</p> <p>□</p> <p>□ □ □</p> <p>□</p>	<p>Failed to reject H1o</p> <p>Reject H1o</p> <p>Reject H1o</p>
<p>H1o (after re-run): Training and development, and human relations and value do not influence the job satisfaction of BCA' employees in Jakarta</p> <ul style="list-style-type: none"> - Training and development - Human relation and values 	Multiple Regression Analysis	<p>.000</p> <p>.000</p>	<p>.478</p> <p>.266</p>	<p>Reject H1o</p> <p>Reject H1o</p>
<p>H2o: Transformational leadership and transactional leadership do not influence the loyalty of BCA' employees in Jakarta</p> <ul style="list-style-type: none"> - Transformational leadership - Transactional leadership 	Multiple Regression Analysis	<p>.000</p> <p>.000</p>	<p>.391</p> <p>.377</p>	<p>Reject H2o</p> <p>Reject H2o</p>
<p>H3o: Organizational commitment, job satisfaction, training and development, and human relations and value do not influence the loyalty of BCA' employees in Jakarta.</p> <ul style="list-style-type: none"> - Organizational commitment - Job satisfaction - Training and development - Human relations and values 	Multiple Regression Analysis	<p>.000</p> <p>.021</p> <p>.000</p> <p>.000</p>	<p>.476</p> <p>.100</p> <p>.275</p> <p>.144</p>	<p>Reject H3o</p> <p>Reject H3o</p> <p>Reject H3o</p> <p>Reject H3o</p>

CHAPTER VI

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The researcher here provides: (1) a summary of the demographic characteristics of the case study respondents, an analysis of the six variables used to measure employee loyalty in this study (transformational leadership, transactional leadership, organizational commitment, job satisfaction, training and development, human relations and values), and the results of testing the study's three hypotheses; (2) research conclusions; (3) a discussion of the implications of the research; (4) recommendations for Bank Central Asia (BCA); and (5) suggestions for the further research.

6.1 Summary of Findings

The researcher collected 380 useable questionnaires from ten branches of Bank Central Asia (BCA) in Jakarta. The summary of the findings from these questionnaires is presented in three segments below: demographic characteristics, variables, and hypotheses testing.

6.1.1 Summary of Demographic Characteristics

Six demographic characteristics are summarized in Table 6.1: age, gender, marital status, education level, length of service, and salary. For each, the frequency of replies and the percentage out of 380 are listed. While out of 380 respondents the largest single age group in the samples is between 41 years or older, representing 33.4% of the respondents, in fact the majority of respondents (57.6%) are under 35; the rest are 36 and older (42.4%). Female employees out number male at a ratio of 63 to 37 respectively. Married respondents form a slight majority, at 51.8%. Meanwhile, a large majority

(77.1%) of respondents hold bachelor's degrees. Just short of a majority of respondents (46.3%) have worked for BCA for 5 or fewer years, but a considerable number of the rest (37.1% of the total) have worked more than 16 years there. Finally, the majority of respondents (57.4%) earn less than Rp 15 million (\$1,145) per month, while 42.6% earn more than that amount. The largest category for monthly salary, at 34.7%, is in the range Rp 5 to 10 million.

To summarize, respondents are mostly young, female, married, BA holders, who have worked for about five years for BCA and who earn less than \$1,145 per month.

Table 6.1: Demographic factors

Demographic factors	Majority group of respondents	Frequency	Percentage
Age	41 years or older	127	33.4%
Gender	Female	241	63.4%
Marital status	Married	197	51.8%
Educational level	Bachelor's degree	293	77.1%
Length of service	5 years or less	176	46.3
Salary (per month)	Rp 5 – 10 million	132	34.7%

6.1.1 Descriptive Analysis of Variables

Based on the data analysis from Chapter 5, Table 6.2 sets out a summary of the mean for all variables used in this study.

Table 6.2: Descriptive Analysis of Variables

Variable	Mean
Transformational leadership	4.15
Transactional leadership	3.98
Organizational commitment	3.93
Job satisfaction	3.8
Training and development	4.22
Human relations and values	4.17
Employee Loyalty	4.13

The highest mean for the independent variables used in this study was for training and development, at 4.22. Within this category, employee responses that “My organization has a training and development policy applicable to all employees” scored a mean value of 4.37. Ranked in order below training and development were human relations and values, transformational leadership, transactional leadership, organizational commitment, and, finally, job satisfaction. The one dependent variable in this study, employee loyalty, has a mean equal to 4.13.

6.1.3 Testing of Hypotheses

In this study, using the analyzed data, three hypotheses were examined by using Multiple Linear Regression. All the null hypotheses were rejected; thus, the results showed that all independent variables were a significant influence on the dependent variable, employee loyalty. In order to achieve a precise beta value, the researcher

decided to re-run the test deleting some of the variables that did not influence the dependent variable. Below are the outcomes for the testing of the three hypotheses:

Hypothesis 1: Here the question tested was whether two leadership styles and two other independent variables influence employees' job satisfaction. The null hypothesis is that they do not influence job satisfaction. The researcher found that the two variables training and development, and human relations and values do influence the job satisfaction of BCA employees. However, transformational leadership and transactional leadership do not influence the job satisfaction of BCA employees in Jakarta. Furthermore, after re-running the test by deleting the leadership styles, the researcher discovered that training and development, and human relation and values have a strong positive significant influence with a Coefficient Determination (R^2) of .674.

Hypothesis 2: Here the question posited is whether the two leadership styles influence employee loyalty. The researcher found that transformational leadership and transactional leadership do have a positive significant impact on increasing the loyalty of BCA employees in Jakarta. Moreover, with a Coefficient Determination (R^2) of .654, the result implies a statistically strong influence of the two leadership styles on increased employee loyalty.

Hypothesis 3: Here the question asked was whether four other variables – aside from the two leadership styles analyzed in Hypothesis 2 – affect employee loyalty to the organization. The researcher found that organizational commitment, job satisfaction, training and development, and human relations and values do have a significant influence on increasing the loyalty of BCA employees in Jakarta. Furthermore, the Coefficient

Determination (R^2) of .859 shows that there is a very strong statistically significant impact of organizational commitment, job satisfaction, training and development, and human relation and values on the loyalty of BCA employees in Jakarta.

6.2 Conclusions

The main purpose of this research was to study the determinants that influence employee loyalty in the banking industry. A transformational leadership style, a transactional leadership style, organizational commitment, job satisfaction, training and development, and human relations and values were the predictors, or independent variables, in this study. Meanwhile, employee loyalty was a dependent factor. The data was examined through Multiple Linear Regression analysis. The researcher discovered that all null hypotheses were rejected. The results of the research objectives are shown as follow:

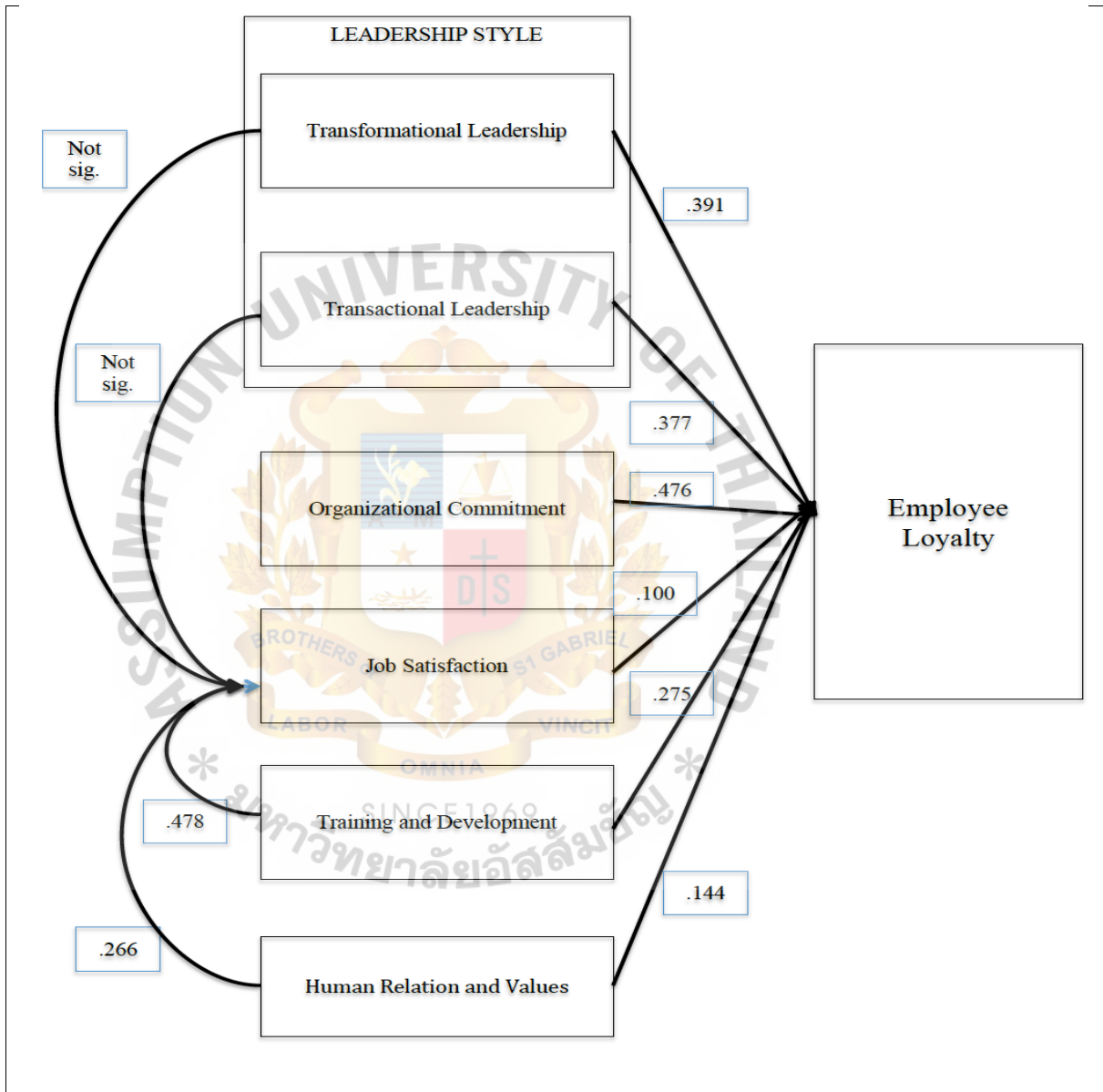
The finding for Hypothesis 1 is that training and development and human relations and values do positively influence BCA employees' job satisfaction. According to the coefficient of the beta (β) obtained from the statistical analysis, the researcher noted that training and development achieve a higher value of .478 compared to human relations and values, at .266. This means that training and development is the most influential determinant leading employees of BCA to feel increased job satisfaction. After this, human relations and values comes next in influencing their job satisfaction. In other words, BCA employees feel that training programs to develop their skills, knowledge and attitudes are highly important to them. Slightly less important to their sense of satisfaction is the positive relationship between workers, colleagues, and supervisors in the work place.

The answer to the question posited in Hypothesis 2 is that a transformational leadership and a transactional leadership style both positively impact the feelings of loyalty of BCA employees. The coefficient of the beta (β) value developed by multiple linear regression analysis for the two styles shows that the former, at .391 is slightly greater than the latter, at .377. We can infer from this that BCA employees are like to view their leaders or supervisors as role models. Consequently, they will adopt the behavior and ideas of this kind of leader to improve their job performance. The implication, too, is that employees feel that the reward-and-punishment model, which is characteristic of a transactional leadership style, is less effective in getting them to perform better in the workplace.

With the data analyzed relating to the question posed in Hypothesis 3, the researcher established that organizational commitment, job satisfaction, training and development, and human relations and values all have a very strong statistically significant influence on the loyalty of BCA employees. From the coefficient of the beta (β) value from multiple linear regression analysis, the researcher found that organizational commitment had the highest beta value (.476), followed by training and development (.275), human relations and values (.144), and, finally, job satisfaction (.100). In other words, BCA employees believe that the level of employees' organizational commitment, their feeling of being committed to the organization, is the most effective factor increasing their sense of loyalty to the organization. For the employees, training and development is the second most important factor influencing them to maintain their employee status. In the third place, good human relations and

values is important to a friendly and comfortable work environment. Finally, job satisfaction has the least impact on employees' decision to stay with the company.

Figure 6.1: Result of hypothesis findings



6.3 Discussion and Implications

From the conclusions relating to Hypothesis 1, the researcher discovered that there is a significant statistical influence of training and development, and human

relations and values on job satisfaction. BCA employees feel more satisfied with their job if there is an opportunity to develop their knowledge, skills, and attitude. Training and development programs, and the chance to continue their formal studies, are of great interest to them. One can generalize from the finding, too, that Indonesians are very likely to feel comfortable in the workplace if they have a good relationship with their colleagues and supervisors. On a human level, they need to socialize both inside and outside the organization. Harassment, bad-mouthing, and being ignored are some of the factors (not specifically addressed in this study) that likely make their sense of satisfaction decline, and this will negatively affect their productivity as well their concentration in performing their jobs.

This finding is supported by many reports in the literature, among them Turkyilmaz *et al.* 2011; Martensen and Gronhold, 2006; and Khuong and Tien, 2013. They state that training and development represent a very useful way to increase the knowledge, skills, and attitude of employees and can have a positive impact in increasing the level of employee satisfaction. Likewise, human relations and values are determinants that influence job satisfaction. Teamwork, good working relations with colleagues, and a positive working environment have a significant impact on employee job satisfaction in the banking industry.

This research revealed that transformational leadership and transactional leadership do not significantly influence the job satisfaction of BCA employees. The employees tend to see their leader as a facilitator in performing their jobs. Although they may feel comfortable with their manager, this does not necessarily lead to increased job satisfaction. Other factors, such as compensation, work environment, and challenging

opportunities are more likely to influence their satisfaction with the job. This finding contradicts previous studies. Arzi and Farahboud (2014) found that transformational leadership style has a statistically significant influence on job satisfaction. And Shukla and Sinha (2013) found that leadership style has an influence on employees' satisfaction in the Indian banking sector. Grosso (2008), however, concurs with the present researcher's results. He stated that there is no relationship between transactional leadership style and job satisfaction.

To the question raised in Hypothesis 2, the researcher found that there is a strong statistical significant influence of transformational leadership and transactional leadership on employee loyalty. This implies that BCA employees feel content and happy with their managers or leaders. In reaction to a transformational leadership style, the employees see their supervisor as a good model for them to improve their own job performance. And they are pleased with the ideas and concepts that a transformational leader brings to the workplace. In reaction to a transactional leadership style, BCA employees can see that reward and punishment are acceptable as long as they achieve the clear targets set for them. If the target set for them by their supervisor is in line with their authority and their specific job description, they are likely to feel satisfied and loyal.

It should be noted that the transformational leadership style had a higher beta (β) value than the transactional leadership style. This implies that a transformational leadership style has more impact in increasing a sense of loyalty among BCA employees than a transactional style. The employees feel more comfortable being around a transformational leader. Thus, the management of BCA could use this style to reinforce the degree of loyalty of their employees. Many previous researchers support this result

(for instance, Ribbelin, 2003 and Martensen and Gronhold, 2006). They found that a negative relationship between employees and leaders can cause declining productivity, increasing turnover, and absenteeism in a company. Leadership style plays a crucial role not only affecting employee loyalty, but also affecting company value. Furthermore, Khuong and Tien (2013) found that a transformational leadership style is more significantly influential on employee loyalty in the banking sector than a transactional leadership style, thus confirming the researcher's finding.

For Hypothesis 3, the researcher determined that there is a statistically significant influence of organizational commitment, job satisfaction, training and development, and human relations and values on the loyalty of BCA employees in Jakarta. For BCA employees, the determinant that most impacts their loyalty is organizational commitment. This implies that management should pay attention to how to increase the degree of commitment of their workers. Managers should clarify the programs, objectives, and goals of the organization to their subordinates. Brimeyer *et al.* (2010) supported the current research finding with their finding that employees intend to leave the organization when they reach a phase of declining commitment to it. Conversely, workers will strive to maintain their association with the organization when their commitment levels increase.

Training and development takes second place as the most influential factor in increasing the sense of loyalty of BCA employees. The employees are more likely to maintain their attachment to the organization if there is an opportunity to develop their technical as well as soft skills. The continuity of programs related with their job skills is also a consideration that affects their involvement. Martensen and Gronhold (2006)

supported this finding, stating that training and development have a positive impact on improving employee competencies, which then leads to increased loyalty.

The third influencing factor affecting BCA employees' loyalty is human relations and values. Supportive leaders, friendly and helpful colleagues will make the staff persons feel comfortable in the workplace. On the human level, they need to socialize with each other inside or outside the company environment. A good relationship with co-workers as well as with supervisors can lead them to be more loyal to the company. On the other hand, annoyances by or being ignored by other employees will make them feel lonely and increase their likelihood to leave the organization. According to Vardi *et al.* (1989), human relations and values are fundamental aspects of increasing job satisfaction and employee loyalty. In daily relationships, the leader should clearly demonstrate the importance of these basic values among employees in the organization.

Finally, with a beta (β) value of only .100, job satisfaction is the factor that resulted in the least degree of influence on employee loyalty among BCA employees in Jakarta. Normally one would expect that workers will be more loyal if they are satisfied with their jobs, and with such elements as work atmosphere, work compensation, clear job expectations, and the reality of the job conditions. For the BCA employees who responded to the questionnaires in the study, the level of job satisfaction seems to have much less impact on their sense of loyalty. The BCA management should be aware of this situation, otherwise the employees will likely rethink their involvement and consider leaving. The managers have to find the causes. Abdullah *et al.* (2009) stressed that the significance of increasing employee satisfaction is that it can result in their increased participation as well as increased loyalty to the organization. Previous researchers who

concentrate on the banking industry support these findings, stating that job satisfaction and organizational commitment are the most influential factors in increasing the degree of loyalty of employees in the banking sector (Tsai *et al.*, 2011; George and Zakkariya, 2015; Hassan *et al.*, 2013).

6.4 Recommendations

The researcher would like to offer some recommendations to the management of Bank Central Asia (BCA) based on the above research results, as follows: The management of BCA must realize that career advancement is of premier importance for the employees. Improved technical skills as well as soft skills (e.g, decision-making, analytical and communication skills, etc.) are needed in facing a higher level of challenges. Also, the employees need to acquire more knowledge, skill, and attitudes for which there is an immediate or short-term application (e.g., an upcoming promotion). The human resources managers of BCA can invest in developing their employees' skills through at least annual training and development programs. Also, considering the low beta (β) value of human relations and values, the bank's managers should clearly clarify the importance of building mutual respect among co-workers. The supervisors should aim to resolve any conflicts between their subordinates. Finding good solutions to reduce conflict is invaluable to increasing a higher degree of teamwork. Thus, the team will focus more on the greater goal and the targets of the company.

In terms of the benefits of a transformational leadership style, the researcher would like to propose the supervisors/managers in BCA to involve their subordinates when they have a decision to be made relating to a major project or issue, and try asking employees to look at it from their standpoint. They should discuss these issues in groups

and actively seek input and employees' opinions. It will be meaningful for the employees to feel that their supervisors are paying attention to their ideas. As to a transactional leadership style, the researcher would like to suggest that the supervisors/managers in BCA should be more active in involving themselves and giving support to their subordinates in reaching their goals and target. The involvement of the supervisor in a subordinate's ongoing project will increase the subordinate's confidence level. A system of reward and punishment is acceptable as long as the reasons are made clear to the team in advance.

Given the high beta value of organizational commitment, the researcher suggests that the management of BCA should conduct an employee survey; feedback is an effective way to encourage employees to speak freely. It can make the employees feel wanted and assure them that their opinions are valued. Useful input to a project's success can be obtained during a feedback session, for instance. Also, involvement of the employees will be meaningful and they will perceive themselves as an important part of the company as a result. Moreover, sharing with employees the viewpoint of the manager/leader should help the employees to see the big picture, show them about their contribution to the company's competitiveness and value, as well as make the employees realize that they are a very important part of the organization.

Training and development gained the second highest beta value of determinants influencing the loyalty of employees. The researcher recommends to the BCA management to invest in their employees' future. The opportunity to develop their skills, knowledge, attitude, and education will encourage employees to be more loyal to the organization. Besides, with additional technical skills, soft skills, and knowledge the

employees will feel more confident in performing their tasks. Thus their sense of loyalty to the company should improve as a result.

Human relations and values was the third-ranked determinant affecting employee loyalty according to the survey. The researcher suggests the management of BCA give appropriate appreciation to employees for the good work they have done. This can ease the tension of the pressures associated with daily work and help co-workers and supervisors interact and get to know each other better. In addition, the manager should actively promote team-building activities among subordinates. Team-building gives more benefits to create trust and acceptance among team members. Such activities do not need to be expensive, and there are many ideas to conduct trust-building exercises (e.g., picnic with combining team exercise or camping). Thus, managers should appreciate and recognize each of their subordinate's efforts. Celebrate the success of a job well done. There is no better way to appreciate each other's success than to instill a sense of team spirit. This helps in removing negative elements and helping the team to unite. Later the team can start working with a new spirit and a focus on greater things.

Finally, job satisfaction is the factor influencing employee loyalty with the lowest beta value. Considering the importance of employees' job satisfaction, the researcher suggests to the BCA management to retain good employees as they are crucial to increasing the company's value and competitiveness. Competition to have the best talent has increased intensely, so management should build talent by improving involvement through opportunity development for employees. The employees' productivity depends on their degree of engagement. Furthermore, it will be very important to know what employees want as well as to be clear about what employers can offer. The staff needs

better non-financial incentives, so the management should provide this sort of response because not many companies use this kind of benefit as part of their reward system. Additionally, instilling employees with a sense of ownership by offering an equity share percentage is a more common model to retain them.

6.5 Further study

There are some suggestions for future study to enhance the importance of employee loyalty in the banking industry. Future studies should explore other geographical areas of Indonesia where Bank Central Asia has branches, and involve more respondents to be interviewed. A more extensive study of loyalty that includes other Indonesian banks' employees can provide useful comparative data.

It should be admitted the current study could not include all the variables that affect employee loyalty. The researcher mainly concentrated on the impact of two kinds of leadership style, organizational commitment, job satisfaction, training and development, and human relations and values. Consequently, in future studies researchers can conduct more in-depth study of these variables and involve other factors that effect employee loyalty, such as cultural leadership style, employee motivation, work environment, and job content.

Finally, it is hoped that this topic will be of interest for understanding the future conditions for implementing the ASEAN Economic Community (AEC) in Southeast Asia. A comparative study between countries is one alternative for analyzing the effectiveness of implementation of agreements for opening up the economies of member countries. Finally, combining quantitative and qualitative approaches in data collection

and analysis will give more results and deeper understanding of this topic and its ramifications.



BIBLIOGRAPHY

- Aaker, D. A. (1997). Measuring brand equity across products and markets. *California Management*, 38 (Spring), 102-120.
- Aaker, D. A. (2000). *Brand Leadership*. The Free Press, New York.
- Abdullah, R. B., Karim, N. A., Rashidi, M. O., Zahari, H., Nair, S. K. G., and Jusoff, K. (2009). The Linkage of Employee Satisfaction and Loyalty in Hotel Industry in Klang Valley, Malaysia. *International Journal of Business Management*, 4(10), 152-157.
- Allen, N.J., and Grisaffe, D.B. (2001). Employee commitment to the organization and customer reactions mapping the linkages. *Human Resource Management Review*, 11(3), 209-236.
- Alrawabdeh, W. (2014). How employee's loyalty programs impact organizational performance within Jordanian Banks?. *International Business Research*. 7(9), 119-129.
- Antonakis, J., Avolio, B. J., & Sivasubramaniam, N. (2003). Context and leadership: An examination of the nine-factor Full-Range Leadership Theory using the Multifactor Leadership Questionnaire. *The Leadership Quarterly*, 14(3), 261-295.
- Arzi, S., and Farahbod, L. (2014). The impact of leadership style on job satisfaction: A study of Iranian hotels. *Interdisciplinary Journal of Contemporary Research in Business*, 6(3), 171-186.
- Avolio, B. J. (1999). *Full Leadership Development: Building the Vital Forces in Organizations*. Thousand Oaks: CA Sage.

- Avolio, B. J., Bass, B. M., Walumbwa, F. O., and Zhu, W. (2004). Multifactor Leadership Questionnaire: Manual and Sampler Test. Redwood City, CA: Mind Garden
- Avolio, B. J., Bass, B. M., and Jung, D. I. (1999). Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire. *Journal of Occupational and Organizational Psychology*, 72(4), 441-462
- Avolio, B. J., and Bass, B. M. (2004). *Multifactor leadership questionnaire: Third edition manual and sampler set*. Redwood City, CA: Mind Garden.
- Babbitt, C.C., Silverman, J.S., Haygood, R., Reininga, J.M., Rockman, M.V., and Wray, G. A. (2010). Multiple functional variants in cis modulate PDYN expression. *Molecular Biology Evolution*. 27, 79-465.
- Bahmanabadi, S. (2015). *A case study of the impact of leadership styles on bank employees' job satisfaction*. (Unpublished a bachelor thesis). Soderston University of Sweden, Institute of Social Sciences.
- Bartlett, A. L., Probber, J. K., and Scerbo, F. B. (1999). Student employees in university food service: Job design, job characteristics, and job satisfaction. *The Journal of the National Association of College University*, 21, 14-29.
- Bass, B. (1985). *Leadership and performance beyond expectations*. New York: The Free Press.
- Bass, B. M., and Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Thousand Oaks, CA: Sage Publications.

- Beck, N., and Wilson, J. (2000). 'Development of affective organizational commitment: A crosssequential examination of change with tenure'. *Journal of Vocational Behaviour*, 56, 114–136.
- Berenson, G. S., Freedman, D. S., Kettel-Khan, L., and Srinivasan, S. R. (2000). Black/white differences in relative weight and obesity among girls: The Bogalusa Heart Study. *Preventive Medicine*, 30, 234-243.
- Brimeyer, T. M., Perrucci, R., and Wadsworth, S. M. (2010). Age, tenure, resources for control, and organizational commitment. *Social Science Quarterly* (Wiley-Blackwell), 91(2), 511- 530
- Brockner, J. (1988). *Self esteem at work*. Lexington, MA: D.C. Health and Company.
- Cheney, G., Christensen, L. T., and Dailey, S. (2014). Communicating identity and identification in and around organizations. In L. L. Putnam & D. K. Mumby (Eds.). *The SAGE Handbook of Organizational Communication*. Thousand Oaks: Sage
- Churchill, G. (1999). *Marketing Research: Methodological Foundations* (6th ed). Cengage Learning.
- Costen, W. M., and Salazar, J. (2011). The Impact of Training and Development on Employee Job Satisfaction, Loyalty, and Intend to Stay in Lodging Industry. *Journal of Human Resources in Hospitality & Tourism*, 10(3), 273-284.
- Chen, C. (2006). Job satisfaction, organizational commitment, and flight attendants' turnover intentions: a note. *Journal of Air Transport Management*, 12, 274.

- Chen, L.C., and Wallace, M. (2011). Multiskilling of frontline managers in the five star hotel industry in Taiwan. *Research and Practice in Human Resource Management*, 19(1), 25–42
- Chen, P. Y., and Spector, P. E. (1991). Negatively affectivity as the underlying cause of correlations between stressors and strains. *Journal of Applied Psychology*, 76, 398-407
- Chin, W.W. (1998). The partial least squares approach to structural equation modeling. In: Marcoulides, G.A. (Ed.), *Modern Methods for Business Research*, 295-336. Mahwah, New Jersey: Lawrence Erlbaum Associates.
- Choi, S. (2001), Diversity in the US federal government: diversity management and employee turnover in federal agencies. *Journal of Public Administration Research and Theory*, 19, 603-30.
- Christensen, L. B., Johnson, R. B., and Turner, L. A. (2015). *Research Methods, Design, and Analysis* (12th ed). London: Pearson Education Limited
- Cooper, D. and Schindler, P. (2006). *Business Research Methods*, New York: McGraw-Hill companies, Inc.
- Cowan, C. C., and Todorovic, N. (2000). Spiral dynamics: The layers of human values in strategy. *Strategy and Leadership*. 28(1), 4-12.
- Davis, D. L. (2004). *Business Research for Decision Making* (6th ed.). Thomson-Brooks/Cole.
- DeCremer, D. (2003). Why inconsistent leadership is regarded as procedurally unfair: The importance of social self-esteem concerns. *European Journal of Social Psychology*, 33(4), 535-550.

- Drizin, M., and Schneider, A. J. (2004). Understanding the connection between loyalty and profit. *Employment Relations Today*, 30(4), 43-54.
- Ellickson, M. C., and Logson, K. (2002). Determinants of job satisfaction of municipal government employees (Electronic version). *Public Personel Management*, 31(3), 343-358.
- Ewin, R. E. (1993). Corporate loyalty: Its objects and its ground. *Journal of Business Ethics*, 12(5), 387-296.
- Fornell, C., and Bookstein, F.L. (1982). Two structural equation models: LISREL and PLS applied to consumer exit-voice theory. *Journal of Marketing Research*, 19(4), 440-452.
- Gashti, A. H. M., Torbehbar, V. S., and Farhoudnia, B. (2015). The relationship between leadership styles, employee satisfaction and loyalty. *International Journal of Human Research & Industrial Research*, 1(2), 36-45.
- George, E. and Zakkariya, K. A. (2015). Job related stress and job satisfaction: A comparative study among bank employees. *Journal of Management Development*. 34(3), 316-329.
- Graversen, G. (1992). *Arbejdets Betydning, Kvalitet Og Udformning*. Copenhagen, Denmark: Akademisk Forlog (in Danish)
- Graversen, G. (1992). *Arbejdets betydning, kvalitet og udformning*. Cpenhagen, Denmark: Akademisk Forlag (In Danish).
- Griffith, J. (2004). Relation of principal transformational leadership to school staff job satisfaction, staff turnover, and school performance. *Journal of Educational Administration*, 42 (3), 333 – 356

- Grosso, F.A. (2008). *Motivating Faculty through Transformational Leadership: A Study of the Relationship between Presidential Leadership Behaviors and Faculty Behaviors*. (Unpublished thesis for the Doctor of Philosophy program). The Catholic University of America, Department of Education.
- Grusky, O. (1966). Career mobility and organizational commitment. *Administrative Science Quarterly*, 10(4), 488-503.
- Hair, J. F. J., Anderson, R. E., Tatham, R. L., and Black, W. C. (2006). *Multivariate Data Analysis* (6th ed.). Macmillan.
- Hair, J. F. J., Black, W. C., Babin, B. J., and Anderson, R. E. (2009). *Multivariate Data Analysis*. Pearson Education, Upper Saddle River, New Jersey.
- Hassan, M., Hassan, S., Khan, M. F.A., and Iqbal, A. (2013). Impact of HR practices on employee satisfaction and employee loyalty: An empirical study of government owned public sector banks in Pakistan. *Middle-East Journal of Scientific Research*. 16(1), 01-08.
- Heizer, J., and Render, B. (2006). *Operations Management* (8th ed.). Pearson Prentice Hall. New Jersey.
- Hoekstra, J.C., Leeftang, P.S.H., and Wittink, D.R. (1999). The customer concept: The basis for a new marketing paradigm. *Journal of Market Focused Management*, 4, 43-76.
- Hom, P.W., and Griffeth, R.W. (1995). *Employee Turnover*. South Western, Cincinnati, OH.
- Hopkins, A. H. (1983). *Work and job satisfaction in the public sector*. Totowa, NJ: Rowman & Allanheld.

- Hsiao, H. V., and Kohnke, C. S. (1998). Assessment of university food service employee job satisfaction and strategy formulation for managerial practitioners. *Journal of College & University Food Service*, 3(4), 13-27.
- Humayun, F., Zaheer, A., and Basit, S. (2014). *Job satisfaction of Employees in Banking Sector*. European Journal of Business and Management, 6(17), 178-186
- Iqbal, A., Tufail, S. M., and Lodhi, N. R. (2015). Employee loyalty and organizational commitment in Pakistani organizations. *Global Journal Of Human Resource Management*. 3(1), 1-11.
- Jong, A. D., Ruyter, K. D., Streukens, S., and Ouwersloot, H. (2000). Perceived uncertainty in self-managed service teams: An empirical assessment. *International Journal of Service Industry Management*, 12(2), 158-183.
- Jun, M., Cai, S., and Shin, H. (2006). TQM practice in maquiladora: antecedents of employee satisfaction and loyalty. *Journal of Operations Management*, 24, 791-812.
- Katzell, A. R., and Yankelovich, D. (1975). *Work, Productivity, and Job Satisfaction: An Evaluation of Policy – Related Research*. New York: Psychological Corporation.
- Kazlauskaite, R., Buciuniene, I., and Turauskas, L. (2012). Organizational and psychological empowerment in the HRM performance linkage. *Employee Relations*, 34(2), 138–158.
- Keashly, L., Trott, V., and MacLean, L. M. (1994). Abusive behavior in the workplace: A preliminary investigation. *Violence and Victims*, 9(4), 341-357.
- Kelman, H. C. (1958). Compliance, identification, and internationalization: Three processes of attitude change. *Journal of Conflict Resolution*, 2, 51-60.

- Kerego, K., and Muthupha, D. M. (1997). Job satisfaction as perceived by agricultural extension in Swaziland. *South African Journal of Agricultural Extension*, 23(2), 19-24.
- Khuong, M. N., and Tien, B. D. (2013). Factors influencing employee loyalty directly and indirectly through job satisfaction: A study of banking sector in Ho Chi Min City. *International Journal of Current Research and Academic Review*. 1(4), 81-95
- Kothari, C. R. (2004). *Research Methodology, Methods & Techniques*. New Age International, New Delhi
- Kraiger, K. (2002). *Decision-based evaluation*. In *Creating, Implementing, and Maintaining Effective Training and Development: State-of-the-Art Lessons for Practice*. 331-75.
- Krejcie, R. V. & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and psychological measurement*. (30), 607-610.
- Leong, J. (2001). Impact of mentoring and empowerment on employee performance and customer satisfaction in chain restaurants. *Journal of Restaurant & Food service Marketing*, 4(4), 173-193.
- Levine, D. M., Stephan, D. F., Krehbiel, T. C., and Berenson, M. L. (2008). *Statistic for managers using Microsoft Excel* (5th Ed.). New Jersey: Prentice Hall.
- Liu, A. M., Fellow, R. F., and Fang, Z. (2003). The power paradigm of project leadership. *Construction Management and Economics*, 21(8), 819-829
- Liu, J., Siu, O. L., & Shi, K. (2010). Transformational leadership and employee well-being: The mediating role of trust in the leader and self-efficacy. *Applied Psychology*, 59(3), 454-479.

- Locke, E. A. (1969). *What is job satisfaction? Organizational Behavior and Human Performance*. 4, 309-336.
- Locke, E. (1976). The nature and causes of job satisfaction. In Dunnette, M. (Ed.), *Handbook of Industrial and Organizational Psychology* (1297-349). Rand McNally, Chicago, IL
- Martensen, A. and Gronholdt, L. (2001). Using employee satisfaction measurement to improve people management: an adaptation of Kano's quality types. *Total Quality Management*, 2(8), 949-57.
- Martensen, A., and Gronholdt, L. (2006), Internal marketing: a study of employee loyalty, its determinants and consequences. *Innovative Marketing*, 2(4), 92-116.
- Mathieu, J.E., and Zajac, D. (1990). A review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment. *Psychological Bulletin*, 108, 171-194.
- McCusker, D., and Wolfman, I. (1998). Loyalty in the eyes of employers and employees. *Workforce*, 77(11), 12-14.
- McGuinness, B. M. (1998). The change in employee loyalty. *Nursing Management*, 29(2), 45-46.
- Meyer, J. P., and Allen, N. J. (1997). *Commitment in the Workplace: Theory, Research and Application*. London: Sage Publications Ltd.
- Mester, C., Visser, D., Roodt, G., and Kellerman, R. (2003). Leadership style and its relation to employee attitudes and behaviour. *SA Journal of Industrial Psychology*, 29(2), 72 - 82.
- Meyer, J.P., and Allen, N.J. (1991). A three-component conceptualization of

- organizational commitment. *Human Resource Management Review*, 1, 61-89.
- Michaud, L. (2002). 5 keys to maximum employee retention. *National Public Accountant*, 47(1), 36-37.
- Miller, K. (2003). 'Values, attitudes and job satisfaction' In Robbins, S.P., Odendaal A. & Roodt, G. (ed), *Organisational Behaviour: Global and Southern African Perspectives*. Cape Town: Pearson Education South Africa.
- Miller, D. and Lee, J. (2001). The people make the process: commitment to employees, decisionmaking and performance. *Journal of Management*, 27, 163-189.
- Morgan, R. M., and Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20-38.
- Morrall, A. (1999). The survivor loyalty factor. *Human Resource Development Quarterly*, 10(1), 95-99.
- Morrison, R. S., Jones, L., and Fuller, B. (1997). The relation between leadership style and empowerment on job satisfaction of nurses. *Journal of nursing administration*, 27(2), 27-34.
- Morrow, P. C. (1993). *The Theory and Measurement of Work Commitment*. Greenwich, CT: Jai.
- Mowday, R.T., Porter, L.W., & Steers, R.M. (1979). The Measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224-227.
- Mowday, R.T., Porter, L.W., & Steers, R.M. (1982), *Employee-organization linkages*. New York: Academic Press.

- Mowday, R. T., Porter, L. W., and Steers, R. (1982). *Organizational linkage: The psychology of Commitment, Absenteeism, and Turnover*. New York: Academic Press.
- Mohammad, J., Habib, F., and Alias, M., (2011) Job satisfaction and organizational citizenship behavior: an empirical study at higher learning institutions. *Asian Academy of Management Journal*. 16(2), 149-165.
- Muhammad, U. Q., Muhammad, S. R., and Muhammad, S. (2012). Exploring effects of organizational commitment on employee performance: implications for human resource strategy. *Interdisciplinary journal of contemporary research in business*, 3, 453-467.
- Neter, J. (1996). *Applied Linear Statistic Models*. Chicago: Irwin
- Noe, R.A. (2008). *Employee Training and Development* (4th ed.) Boston, MA: Irwin-McGraw.
- Noe, R. A., and Colquitt, J. A. (2002). Planning for training impact: Principles of training effectiveness. In K. Kraiger (Ed.), *Creating, implementing, and maintaining effective training and development: State of the art lessons for practice*. (pp. 53-79). San Francisco: Jossey-Bass
- Northouse, P. G. (2007). *Leadership theory and practice*. Thousand Oaks, CA: Sage
- O'Reilly, C. (1989). Corporations, culture and commitment. *California Management Review*, 31, 9–24.
- O'Reilly, C., and Chatman, J. (1986). Organizational Commitment and Psychological Attachment: The Effects of Compliance, Identification, and Internalization on Prosocial Behavior. *Journal of Applied Psychology*, 71(3), 492-499

- Organ, D. W. (1988). *Organizational citizenship behavior: The good soldier syndrome*.
Lexington, MA: Lexington Books.
- Padmavathy, C., Balaji, M. S., and Sivakumar V. J. (2012). Measuring effectiveness of customer relationship management in Indian retail banks. *International Journal of Bank Marketing*, 30(4), 246 - 266.
- Pandey, C., and Khare, R. (2012). Impact of job satisfaction and organizational commitment on employee loyalty. *International Journal of Social Science & Interdisciplinary Research*, 1(8), 26-41.
- Phophueksanand , N. (2014). *Research Methodology: Principle, Concept and Strategy Research Report* (9th ed). Bangkok: X Super Network
- Pickard, A. J. (2007). *Research Method in Information*. London: Facet Publishing.
- Pillai, R., Schriesheim, C. A., and Williams, E. S. (1999). Fairness perceptions and trust as mediators for transformational and transactional leadership: A two sample study. *Journal of Management*. 25(6), 897-933.
- Polit, F. D., and Hungler, B. P. 2004. *Nursing research: principles and methods* (7th ed.) Baltimore: Lippincott.
- Poulston, J. (2008). Hospitality workplace problems and poor training: a close relationship. *International Journal of Contemporary Hospitality Management*, 20(4), 412-427.
- Powers, E.L. (2000). Employee loyalty in the new millennium. *S.A.M. Advanced Management Journal*, 65(3), 4-8.

- Rast, S., and Tourani, A. (2012). Evaluation of Employee's Job Satisfaction and Role of Gender Difference: An Empirical Study at Airline Industry in Iran. *International Journal of Business and Social Science*. 3(7), 91-100.
- Reichheld, F.R. (1996). *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value*. Boston, Massachusetts: Harvard Business School Press.
- Ribelin, P.J. (2003). Retention reflects leadership style. *Nursing Management*, 34(8), 18-20.
- Robbins, S. P. (2003). *Organizational Behavior* (10th ed). New York: Pearson Prentice Hall.
- Saunders, M., Lewis, P., and Thornhil, A. (2007). *Research Methods for Business Student* (4th ed.). Harlow, England: FT Prentice Hall, Pearson Education.
- Schwartz, S.H. (2005). Basic human values: Their content and structure across countries. In A. Tamayo & J. B. Porto (Eds.), *Valores e comportamento nas organizacoes* (Values and Behavior in organizations) 21 -55. Petropolis, Brazil: Vozes.
- Seashore, S.E., and Taber, T.D. (1975). Job satisfaction and their correlations. *American Behavior and Scientists*, 18(2), 346-356.
- Sekaran, U. (1992). *Research Methods for Business: a Skill Building Approach*. New York: Wiley.
- Sekaran, U., and Bougie, R. (2009). *Research Methods for Business: A Skill Building Approach* (5th ed.). Hoboken, New Jersey: Wiley.
- Selnow, G.W., and Gilbert, R.R. (1997). Charge managers with inspiring loyalty. *Workforce*, 76(10), 85-87.

- Seymour, S., Greeley, A., and Leonard, P. (1965). The Effectiveness of Self-administered Questionnaires. *Journal of Marketing Research*, 2(3), 293–297.
- Sharma, J. (2004). *Business Statistic*. India: Pearson Education, Inc.
- Shaw, J. D. (1999). Job satisfaction and turnover intentions: The moderating role of positive affect. *Journal of Social Psychology*, 139(2), 242-259.
- Shukla, S., and Sinha, A. (2013). Employee turnover in banking industry: Empirical evidence. *IOSR Journal of Humanities and Social Science*, 11(5), 57-61.
- Solomon, C.M. (1992). The loyalty factor. *Personnel Journal*, 52, 32-37.
- Spector, P. E. (2000). *Industrial & organizational psychology* (2nd ed). New York: John Wiley & Son.
- Stroh, L., and Reilly, A.H. (1997). Loyalty in the age of downsizing. *Sloan Management Review*, 38(4), 83-88.
- Stum, D.L. (1998). Five ingredients for an employee retention formula. *HR Focus*, 75(9), 9-12.
- Stumpf, M. N. (2003). *The Relationship of Perceived Leadership Styles of North Carolina County Extension Directors' to Job Satisfaction of County Extension Professionals*. (Unpublished dissertation for the Doctor of Education Program). North Carolina State University, Adult and Community College.
- Tsai, M. T., Tsai, C.L., and Wang, Y. C. (2011). A study of the relationship between leadership style, emotional intelligence, self-efficacy and organizational commitment: A case study of the banking industry in Taiwan. *African Journal of Business Management*. 5(13), 319-329.
- Turkylmaz, A., Akman, G., Ozkan, C., and Pastuszak, Z. (2011). Empirical study of

- public sector employee loyalty and satisfaction. *Industrial Management & Data Systems*, 111(5), 675 – 696.
- Vanichbancha, K. (2003). *Advanced Statistic Analysis SPSS for Windows*. Bangkok: Tammasan
- Vardi, Y., Wiener, Y., and Popper, M. (1989). The value content of organizational mission as a factor in the commitment of members. *Psychological Reports*, 65, 27-34.
- Verplanken, B. (2004). Value congruence and job satisfaction among nurses: a human relations perspective. *International Journal of Nursing Studies*, 41(6), 599–605.
- Voyles, B. (1999). Are satisfied employees loyal employees?. *Potentials*, 32(9), 69-70.
- Walker, R. M., and Boyne, G. A. (2005). Public Management Reform and Organizational Performance: An Empirical Assesment of the UK Labour Government's Public Service Improvement Strategy. *Journal of Policy Analysis and Management*, 25(2), 371-393.
- Warrilow, S. (2012) *Transformational Leadership Theory - The 4 Key Components in Leading Change & Managing Change*. Retrieved from http://EzineArticles.com/?expert=Stephen_Warrilow
- Wiratmadja, I. I., Govindaraju, R., and Rahyuda, A. G. (2008). The influence of transformational leadership style and compensation system on the performance of university lecturer: A case at a State University in Indonesia. In *Proceedings of the 9th Asia Pacific Industrial Engineering & Management Systems Conference, Nusa Dua, Bali- Indonesia*, 3-5 December 2008.

- Yamane, Taro. (1967). *Statistics: An Introductory Analysis* (2nd ed.). New York: Harper and Row.
- Yammarino, F.J., and Dubinsky, A. J. (1994). Transformational leadership theory: using levels of analysis to determine boundary conditions. *Personnel Psychology*, 47, 787-811.
- Yousef, D. A. (2001). Islamic work ethic: A moderator between organizational Commitment and job Satisfaction in a cross-cultural context. *Personnel Review*, 30(2), 152-169.
- Zikmund, W.G. (2003). *Business Research Methods* (7th ed.). South-Western, Ohio.
- Zikmund, W., Babin, B., Carr, J., and Griffin, M. (2013). *Business research methods* (9th ed). Cengage Learning.



Website:

Encyclopedia Britannica. (1998). *The Definition of Loyalty*. Retrieved from

<http://www.web2010.com.marceric/archive/arc3.htm>.

<http://dkijakarta.id/peta-jakarta/>.

<http://www.indonesia-investments.com/id/bisnis/profil-perusahaan/bank-central-asia/item193>, accessed data on 01/05/2016.

<http://www.reuters.com/finance/stocks/companyProfile?symbol=BBCA.JK>, accessed data on 01/05/2016.

<https://www.britishcouncil.org/sites/default/files/culture-at-work-report-v2.pdf>, accessed data on 06/07/2016.

<https://datamarket.com/data/set/28ls/bank-net-interest-margin#!ds>, accessed data on 06/07/2016.

[http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising/\\$FILE/EY-indonesian-banking-industry-challenging-yet-promising.pdf](http://www.ey.com/Publication/vwLUAssets/EY-Indonesian-banking-industry-challenging-yet-promising/$FILE/EY-indonesian-banking-industry-challenging-yet-promising.pdf), accessed data on 06/07/2016.

<https://www.pwc.com/id/en/publications/assets/indonesian-banking-survey-2014.pdf>, accessed data on 06/07/2016.

APPENDIX A

QUESTIONNAIRE IN ENGLISH

....., 2016

Dear BCA Employee,

I am conducting research for a thesis on the subject, “An Analysis of the Determinants that Influence Employee Loyalty in the Banking Industry: Case Study of Bank Central Asia in Jakarta, Indonesia.” This thesis is in partial fulfilment of the requirements for the Master’s of Business Administration degree at the Graduate School of Business, Assumption University, Bangkok, Thailand. I hope that the results of the research will be useful not only for the management development of Bank Central Asia (BCA) as an organization, but also for the field of business administration generally.

The following questionnaire consists of:

1. Part 1, Leadership style
2. Part 2, Independent variable
3. Part 3, Dependent variable
4. Part 4, Demographic factors.

It is being randomly distributed to a group of BCA employees. I would be grateful for your time and effort in answering the questions in the questionnaire. The questionnaires are anonymous, and I promise that any information provided will be treated with strict confidentiality.

Thank you very much for your cooperation.

Sincerely yours

Sukoco

Part 1: LEADERSHIP STYLE

Please mark (□) the appropriate answer

Transformational Leadership	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
1. My supervisor challenges me to solve problems in new ways					
2. My supervisor challenges me to re-think some of my basic assumptions about my work and responsibilities					
3. My supervisor facilitates his/her employees to offer their own ideas at work					
4. My supervisor makes others feel good to be around him/her					
5. My supervisor listens to me when I have a problem and talks to me about how to solve it					
Transactional Leadership	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
6. My supervisor motivates his/her employees to achieve certain targets					
7. My supervisor provides rewards when his/her employees achieve certain targets					
8. My supervisor takes action right away before something goes wrong					
9. My supervisor solves a problem by seeking various and differing perspectives					
10. My supervisor always waits for things to go wrong before taking action					

Part II: INDEPENDENT VARIABLE

Please mark (□) the appropriate answer

Organizational Commitment	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
11. I would be very happy to spend the balance of my career with my current organization					
12. I enjoy discussing my organization with outsiders					
13. I feel a strong sense of belonging to my organization					
14. I feel like “part of the family” at my organization					
15. I feel emotionally attached to my organization and there is no organization can replace it					
Job Satisfaction	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
16. I am satisfied with my employee salary and benefits					
17. As an employee, I am sure that our efforts will be appreciated					
18. I feel that there is respect for the employees’ work					
19. As an employee, I am satisfied with the promotion opportunities for employees in the organization					
20. I can do my work independently					

Training and Development	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
21. My organization has a training and development policy applicable to all employees					
22. My organization links training and development with our company business strategy					
23. My supervisor helps employees set realistic performance goals after training					
24. I am motivated to learn the concepts that will be covered in the training program					
25. I want to improve my knowledge of the material that the training program covers					
Human Relations and Value	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
26. Overall, I am satisfied with the working relationship with my colleagues					
27. I can easily obtain help and support when I am under pressure at work					
28. The way we talk to each other in my department is pleasant and respectful					

PART III: EMPLOYEE LOYALTY

Please mark (□) the appropriate answer

Employee Loyalty	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
29. I desire to continue working in this company					
30. I will recommend the company's service to others					
31. Overall, I am satisfied being employed in this company					
32. I would recommend others to be employed at this company					
33. In general, this company is more attractive as a place to work than other companies					

PART IV: DEMOGRAPHIC FACTOR

Please circle (O) the appropriate answer.

34. Age

- | | |
|------------------|----------------|
| 1. 25 or younger | 4. 36-40 |
| 2. 26-30 | 5. 40 or older |
| 3. 31-35 | |

35. Sex

- | | |
|---------|-----------|
| 1. Male | 2. Female |
|---------|-----------|

36. Marital Status

- 1. Single
- 2. Married

37. Educational Level

- 1. Up to Diploma
- 2. Bachelor Degree
- 3. Master Degree

38. Length of Service

- 1. 5 years or less
- 2. 6 -10 years
- 3. 11-15 years
- 4. 16 years or more

39. Monthly Salary

- 1. Rp. 5,000,000 or less
- 2. Rp. 5,000,001 – Rp. 10,000,000
- 3. Rp. 10,000,001 – Rp. 15,000,000
- 4. Rp. 15,000,001 – Rp. 20,000,000
- 5. Rp. 20,000,001 or more

APPENDIX B

QUESTIONNAIRE IN INDONESIAN

.....2016

Yth. Karyawan BCA

Saya mengadakan penelitian untuk tesis dengan topic, “An Analysis of the Determinant that Influence Employee Loyalty in Banking Industry: Case Study of Bank Central Asia in Jakarta, Indonesia”. Penelitian ini sebagai bagian dari persyaratan untuk menyelesaikan program Master of Business Administration, Graduate School of Business, Assumption University, Bangkok, Thailand. Saya berharap hasil penelitian akan berguna bukan hanya pengembangan manajemen BCA, tetapi juga pada bidang study bisnis dan administrasi secara umum.

Kuesioner berikut terdiri dari 4 bagian, yaitu

1. Bagian pertama, Leadership style
2. Bagian ke-2, Independent variable
3. Bagian ke-3, Dependen variabel
4. Bagian ke-4, Faktor demografi.

Kuesioner ini akan dibagikan kepada sejumlah karyawan BCA secara random untuk pengisiannya.

Saya sangat berterimakasih atas waktu dan usaha Bapak/Ibu dalam menjawab pertanyaan dalam kuesioner. Penulis menjamin kerahasiaan nama dan informasi yang diberikan dalam penelitian ini.

Terimakasih atas bantuan dan kerjasama anda

Hormat Saya

Sukoco

BAGIAN I: LEADERSHIP STYLE

Silahkan beri tanda (□) pada jawaban yang tepat:

STS= Sangat Tidak Setuju, TS= Tidak Setuju, N=Netral, S=Setuju, SS=Sangat Setuju

Transformational Leadership	STS	TS	N	S	SS
1. Atasan memberikan tantangan untuk memecahkan masalah dengan cara yang baru					
2. Atasan meminta karyawan untuk memikirkan ulang mengenai jenis dan lingkup pekerjaan, sehingga karyawan dapat fokus pada tanggung jawabnya					
3. Atasan mem-fasilitasi karyawan untuk memberikan opini/ide mereka dalam pekerjaan					
4. Atasan membuat karyawan merasa nyaman berada di sekitar dia					
5. Atasan mendengarkan saya ketika saya menghadapi masalah dan berdiskusi dalam mencari solusi					
Transactional Leadership	STS	TS	N	S	SS
6. Atasan memotivasi karyawannya untuk mencapai target tertentu					
7. Atasan memberikan penghargaan ketika karyawannya mencapai target tertentu					
8. Atasan mengambil tindakan dengan segera sebelum terjadi masalah					
9. Atasan memecahkan masalah dengan mencari dari beberapa perspektif yang berbeda					
10. Atasan selalu menunggu sampai terjadinya masalah sebelum mengambil suatu tindakan					

BAGIAN II: INDEPENDENT VARIABLE

Silahkan beri tanda (□) pada jawaban yang tepat:

STS= Sangat Tidak Setuju, TS=Tidak Setuju, N=Netral, S=Setuju, SS=Sangat Setuju

Organizational Commitment	STS	TS	N	S	SS
11. Saya akan dengan senang hati untuk menghabiskan sebagian besar karir saya di perusahaan sekarang					
12. Saya senang membicarakan perusahaan dengan orang lain					
13. Saya mempunyai perasaan memiliki yang kuat dengan menjadi bagian penting di dalam perusahaan					
14. Saya merasa seperti anggota keluarga di dalam perusahaan					
15. Saya mempunyai keterikatan yang kuat dengan perusahaan dan tidak ada perusahaan lain yang dapat menggantikan					
Job Satisfaction	STS	TS	N	S	SS
16. Saya puas dengan gaji dan tunjangan saya					
17. Sebagai karyawan, saya merasa bahwa usaha kami akan dihargai					
18. Saya merasa bahwa ada penghargaan untuk apa yang telah dikerjakan					
19. Sebagai karyawan, saya merasa puas dengan peluang promosi dalam perusahaan					
20. Saya dapat melakukan pekerjaan secara independen					
Training and Development	STS	TS	N	S	SS
21. Perusahaan saya mempunyai program pelatihan dan pendidikan yang berlaku untuk semua karyawan					
22. Program pelatihan dan pendidikan berhubungan dengan strategi bisnis perusahaan					

23. Atasan membantu karyawan dalam menentukan target kinerja yang realistik					
24. Saya termotivasi untuk belajar seluruh materi yang diberikan dalam program pelatihan					
25. Saya akan mengembangkan pengetahuan saya tentang materi pelatihan yang akan diikuti					
Human Relations and Value	STS	TS	N	S	SS
26. Secara keseluruhan, saya sangat puas hubungan kerja dengan rekan kerja					
27. Saya dapat dengan mudah meminta bantuan dan pertolongan jika dalam tekanan kerja					
28. Cara komunikasi dalam unit saya bekerja sangat nyaman dan saling menghormati					

BAGIAN III: EMPLOYEE LOYALTY

Silahkan beri tanda (□) pada jawaban yang tepat:

STS= Sangat Tidak Setuju, TS=Tidak Setuju, N=Netral, S=Setuju, SS=Sangat Setuju

EMPLOYEE LOYALTY	STS	TS	N	S	SS
29. Saya ingin terus bekerja di perusahaan ini					
30. Saya akan merekomendasikan layanan perusahaan kepada orang lain					
31. Secara keseluruhan, saya puas bekerja di perusahaan					
32. Saya akan merekomendasikan orang lain untuk bekerja di perusahaan ini					
33. Secara keseluruhan, perusahaan ini lebih atraktif sebagai tempat bekerja dibandingkan perusahaan lain					

BAGIAN IV: Demographic Factors

Silahkan lingkari (O) pada pilihan yang benar.

34. Umur

- | | |
|-------------------------|------------------------|
| 1. 25 tahun atau kurang | 4. 36-40 tahun |
| 2. 26-30 tahun | 5. 40 tahun atau lebih |
| 3. 31-35 tahun | |

35. Jenis kelamin

- | | |
|--------------|--------------|
| 1. Laki-laki | 2. Perempuan |
|--------------|--------------|

36. Marital Status

- | | |
|------------------|------------|
| 1. Belum menikah | 2. Menikah |
|------------------|------------|

37. Pendidikan

- | | | |
|---------------------------|-------|-------|
| 1. Sampai jenjang Diploma | 2. S1 | 3. S2 |
|---------------------------|-------|-------|

38. Lama bekerja

- | | |
|------------------------|------------------------|
| 1. 5 tahun atau kurang | 3. 11-15 tahun |
| 2. 6 -10 lebih | 4. 16 tahun atau lebih |

39. Gaji

1. Rp. 5,000,000 atau kurang
2. Rp. 5,000,001 – Rp. 10,000,000
3. Rp. 10,000,001 – Rp. 15,000,000
4. Rp. 15,000,001 – Rp. 20,000,000
5. Rp. 20,000,001 atau lebih

APPENDIX C

RELIABILITY ANALYSIS (PRE-TEST)

Transformational Leadership

Reliability Statistics

Cronbach's Alpha	N of Items
.710	5

Transactional Leadership

Reliability Statistics

Cronbach's Alpha	N of Items
.705	5

Organizational Commitment

Reliability Statistics

Cronbach's Alpha	N of Items
.885	5

Job Satisfaction

Reliability Statistics

Cronbach's Alpha	N of Items
.737	5

Training and Development

Reliability Statistics

Cronbach's Alpha	N of Items
.786	5

Human Relation and Values

Reliability Statistics

Cronbach's Alpha	N of Items
.604	3

Employee Loyalty

Reliability Statistics

Cronbach's Alpha	N of Items
.646	5

APPENDIX D

RELIABILITY ANALYSIS (QUESTIONNAIRE)

Transformational Leadership

Reliability Statistics

Cronbach's Alpha	N of Items
.898	5

Transactional Leadership

Reliability Statistics

Cronbach's Alpha	N of Items
.723	5

Organizational Commitment

Reliability Statistics

Cronbach's Alpha	N of Items
.884	5

Job Satisfaction

Reliability Statistics

Cronbach's Alpha	N of Items
.785	5

Training and Development

Reliability Statistics

Cronbach's Alpha	N of Items
.900	5

Human Relation and Values

Reliability Statistics

Cronbach's Alpha	N of Items
.868	3

Employee Loyalty

Reliability Statistics

Cronbach's Alpha	N of Items
.927	5

