



# The role of organizational commitment in building employee loyalty and its implications for performance

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## ABSTRACT

This research aimed to identify whether there is a significant relationship between organizational commitment and employee loyalty, and how these two variables affect employee performance. Results from the Pearson correlation coefficient revealed a value of 0.610, which indicates a moderate to strong positive relationship and confirmed that an increase in organizational commitment also contributes to an increase in employee loyalty. From the results of multiple regression analysis, it is found that there then from the results of multiple regression analysis it is also found that there is a strong moderate influence of 44.3% between organizational commitment and loyalty to employee performance.

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## INTRODUCTION

In today's increasingly competitive business environment, organizations are constantly looking for ways to improve performance in order to maintain long-term sustainability. Employee performance significantly impacts a company's operation, with challenges arising from unclear responsibilities, ineffective information systems, unclear leadership directives, suboptimal interactions, limited capabilities, and a multifaceted organizational culture (Wahjoedi, 2023). As a developing country, Indonesia is continuously striving to enhance its national growth, with significant efforts directed toward bolstering the creative industry (Atmoko & Tjahjono, 2024). Organizational leaders are faced with the challenge of continuously seeking innovation to improve their organization's performance. As leaders in a hierarchical structure, managers are responsible for strategic decision making, operational planning, organizing resources, directing work teams, and supervising the implementation of tasks (Diana Sari et al., 2024). Also responsible leadership can act as a deterrent to unethical behaviors within the organization (Sofyan & Susanto, 2024).

Human resources, often considered as the most valuable asset, play a crucial role in realizing organizational success. HR is considered an important asset to improve the performance of the company, including government and private companies (Susanto et al., 2023). Quality human resources (HR) in an organization can become an important asset in the company which in the future can support the progress of the organization (Haryati, 2024). The development of human resources (HR) becomes important when competition and developments have

become global. Just as a company has assets in the form of human resources that need to be developed, this is related to how to increase productivity to produce something more (Irvan & Nur, 2024). In this context, organizational commitment has emerged as a key factor in building employee loyalty, which in turn can have a significant impact on improving performance and can increase their work satisfaction. Satisfied employees tend to respond to their positive experiences by talking positively about the organization, helping colleagues, and exceeding expectations in completing their work (Djastuti et al., 2023). Performance refers to the quality and quantity of work achieved by employees over time in carrying out tasks in accordance with their responsibilities (Utami et al., 2024).

One of the challenges in human resources is maintaining employee commitment so that employees can achieve the company's goals and vision (Susanto & Sofyan, 2024a). Organizational commitment is valuable for the whole organization, and not only for work, or working groups (Ramaditya et al., 2020). Organizational commitment plays a vital role in ensuring the continuity and stability of an organization (Muflihah, 2024). Based on the results of the research analysis by Nurhaida and Sulastri, 2019, Organizational Culture has a positive and significant influence on Employee Performance which is mediated by Organizational Commitment (Nurhaida & Susilastri, 2019). Organizational commitment refers to the psychological attachment and loyalty that employees have towards the organization where they work. Organizational commitment can be defined as part of an individual's relationship with employees in their career in the group/organization (Susanto & Sofyan, 2024b). When employees are highly committed, they tend to align their personal goals with those of the organization, leading to greater motivation, more intense effort, and ultimately improved performance. Conversely, a lack of commitment can lead to high turnover rates, absenteeism, and decreased productivity, which can negatively affect organizational outcomes. Having a high commitment to carry out all existing provisions will influence reducing the number of errors, so that it will have a significant effect on company performance (Purnamasari et al., 2023).

Employee loyalty, which is closely related to organizational commitment, reflects an employee's dedication and engagement with the organization over a long period of time. This includes things such as whether employees are committed and consider their work as a personal responsibility, and whether they feel like looking for another job (Parikesit & Sugiarto, 2023). Loyal employees tend to stay longer in the organization, go beyond their job duties, and contribute to a positive work environment. Loyalty is an attitude of willingness to sacrifice for the satisfaction of others, which arises from the desire to be loyal and improve their work, group, boss or company (10). This loyalty is the main driver of employee performance, because it creates a sense of belonging and a willingness to put in more effort to achieve organizational goals.

Although the relationship between organizational commitment and employee loyalty has been widely recognized, there is still a need for a deeper understanding of how this relationship can be translated into measurable performance improvements. The results of research conducted by Labis A. Dkk state that organizational commitment is an attitude that reflects employee loyalty to the organization and the ongoing process by which organizational members express their concern for the organization and its continued success and progress (Lubis et al., 2022). Organizations that can foster strong commitment and loyalty among their workforce tend to experience improved performance, including increased productivity, better work quality, and more optimal financial results.

This study aims to explore the role of organizational commitment in building employee loyalty and examine its implications for performance. Employee performance, defined as the extent to which an employee fulfills their job responsibilities and contributes to organizational goals, is a multidimensional construct (Zebua & Oktafiani, 2024). By analyzing the dynamics between these variables, this research is expected to provide valuable insights for organizations in their efforts to improve employee satisfaction as well as overall organizational effectiveness.

Given the increasing importance of talent retention and performance optimization, an in-depth understanding of the interplay between organizational commitment, employee loyalty, and performance is crucial. This research will contribute to the existing body of knowledge by identifying strategies that organizations can implement to foster a committed and loyal workforce, which in turn will drive superior performance. By mapping the commitment-loyalty relationship, small and medium-sized enterprises (SMEs) can design efficient, personalized and contextual retention policies, optimizing limited resources to retain key talent. This approach not only reduces re-recruitment costs but also improves productivity and long-term competitiveness.

## RESEARCH METHOD

This research was conducted with a case study approach at one of the partners of the Job Training Institute, LKP Bina Kreativa Indonesia (LKP-BKT). The type of this research is quantitative research. According to Sugiyono (2018, p.14) argues that the quantitative approach is research based on the philosophy of positivism for researchers of certain populations or samples and random sampling with data collection using instruments, statistical data analysis (Yani Balaka & Aryan, 2022). A total of 50 respondents were randomly selected in this study using purposive random sampling according to the characteristics of the selected respondents, Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2019a). And the selected respondents are have worked for more than 5 years.

The research conceptual framework includes three main variables, namely organizational commitment, loyalty and employee performance. The research design carried out is causality - associative, by first looking for a relationship (causality) between variables X1 (Organizational Commitment) and X2 (Loyalty) to find out how the relationship between organizational commitment and employee loyalty, then looking for the influence (associative) of the X1 and X2 variables on variable Y (Organizational Performance).

The idea of this research consists of three variables, namely organizational commitment, loyalty and employee performance. The first research is that researchers want to know the relationship between organizational commitment and loyalty, and the second is to know the implications in improving employee performance. So that the framework of this research can be described as follows:

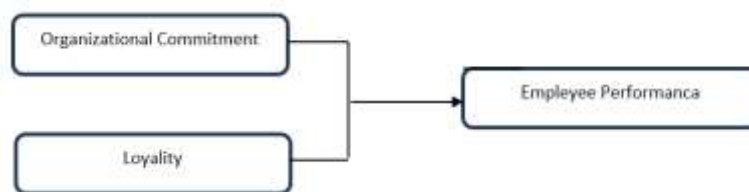


Figure 1. Research Idea

The hypotheses in this study are as follows:

H1 : There is a positive relationship between organizational commitment and loyalty

H2: There is a positive influence between organizational commitment and loyalty to employee performance.

## RESULTS AND DISCUSSIONS

Before the questionnaire data is analyzed further, validity and reliability tests are carried out first to ensure that the data obtained is accurate and consistent. The validity test is a measurement to assess the validity of the questionnaire data, whether it is valid or not. This process helps

researchers determine the suitability of the questionnaire in collecting data from respondents who are the research sample. Meanwhile, the reliability test aims to measure the level of consistency of the questionnaire as a research instrument, so that the tool can be relied upon to measure research variables even though the research is repeated with the same instrument. As stated by Sugiyono (Sugiyono, 2019b), the use of valid and reliable instruments in data collection is expected to produce valid and reliable research findings. This study also conducted a multicollinearity test to find whether the regression model found a correlation (strong relationship) between the independent variables. Research using questionnaire instruments that are not tested for multicollinearity results in bias between the output of the research results and the facts in the field (Paul Karolus Pasaribu et al., 2022). The regression model should not have multicollinearity symptoms among the independent variables.

Based on the Pearson product moment correlation validity test by SPSS with 50 respondents at a significance level of 5% and an r table value of 0.2732, it was found that all items in the questionnaire was declared valid. This validity is determined because the value of r count > r table and the level of significance (2-sided) <0.05. The complete results of the test are summarized in the following table:

**Table1.** Validity Test

Item Statement	Validity Convergen	r tabel	Sig	Decision
Organizational Commitment				
X1.1	0,473	0,2732	0.000	Valid
X1.2	0,581	0,2732	0.000	Valid
X1.3	0,596	0,2732	0.000	Valid
X1.4	0,604	0,2732	0.000	Valid
X1.5	0,592	0,2732	0.000	Valid
X1.6	0,714	0,2732	0.000	Valid
X1.7	0,637	0,2732	0.000	Valid
X1.8	0,642	0,2732	0.000	Valid
X1.9	0,525	0,2732	0.000	Valid
Loyalty				
X2.1	0,813	0,2732	0.000	Valid
X2.3	0,820	0,2732	0.000	Valid
X2.3	0,900	0,2732	0.000	Valid
X4.4	0,545	0,2732	0.000	Valid
X5.5	0,898	0,2732	0.000	Valid
Performance				
Y.1	0,788	0,2732	0.000	Valid
Y.2	0,930	0,2732	0.000	Valid
Y.3	0,830	0,2732	0.000	Valid
Y.4	0,713	0,2732	0.000	Valid
Y.5	0,763	0,2732	0.000	Valid

The results of the statistical reliability test in research using SPSS show the Cronbach's Alpha value is greater than the standard 0.60. In the book SPSS for Research (VW Sujarweni, 2015), it is explained that the basis for making reliability decisions is if Cronbach's Alpha > 0.60, then the questionnaire is declared reliable or consistent. Thus, based on the results of the analysis, all questionnaire items can be said to be consistent. A summary of the test results is presented in the following table:

**Table2.** Reliability Test

Variabel	Cronbach's Alpha	Standard Value	Decision
Organizational Commitment	0,743	0,60	Reliable
Loyalty	0,804	0,60	Reliable
Employee Performance	0,807	0,60	Reliable

The findings of the multicollinearity test demonstrate that the tolerance value for the commitment and loyalty variables is 0.627 greater than 0.10, and the VIF value for both variables is 1.594 less than 10.00. These results indicate that there are no symptoms of multicollinearity in the regression model, as illustrated in the subsequent table.

Table3. Multicolinierty Test

Model		Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7,196	2,214		3,250	,002		
	Komitmen	,108	,079	,186	1,371	,177	,627	1,594
	Loyalitas	,472	,120	,535	3,933	,000	,627	1,594

The next stage is to test the hypothesis of the variable under study. The first thing to look for is whether loyalty has a role in employee loyalty by conducting a correlation test. Correlational research uses instruments to determine whether, and to what degree, there is a relationship between two or more variables that can be quantified (Siroj et al., 2024). The correlation test results are presented as follows:

Table4. Correlation Test

		Komitmen	Loyalitas
Komitmen	Pearson Correlation	1	,610**
	Sig. (2-tailed)		,000
	N	51	51
Loyalitas	Pearson Correlation	,610**	1
	Sig. (2-tailed)	,000	
	N	51	51

The Pearson correlation test results show the relationship between the Commitment and Loyalty variables. The Pearson correlation value of 0.610 (significant at the 0.01 level) indicates a moderate to strong positive relationship between Commitment and Loyalty. This means that the higher the commitment, the higher the loyalty, or vice versa. Sig. (2-tailed) of 0.000 (<0.01) confirms that this relationship is statistically significant and does not occur by chance. This result suggests that increased commitment is associated with increased loyalty. However, correlation does not prove causation. Other factors may be at play.

After we have proven that there is a significant relationship between organizational commitment and loyalty, the next step is to test whether the two variables simultaneously can affect employee performance. To find out this, it is necessary to test multiple regression analysis. According to Tampubolon, this analysis is to determine the direction of the relationship between variables, whether each independent variable is positively or negatively related and to predict the value of the independent variable to increase or decrease (Adiguni et al., 2022). Through the SPSS application, there are the following results:

Table4. Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	158,521	2	79,260	19,068	,000 <sup>b</sup>
	Residual	199,518	48	4,157		
	Total	358,039	50			

From the results of the F test, it is found that the significance value is 0.000 and this is smaller than 0.05 (sig value <0.05), so in accordance with the basis for decision making in the F test it can be concluded that the hypothesis is accepted or in other words, organizational commitment and loyalty simultaneously affect employee performance.

Meanwhile, from the results of R square, a value of  $R^2 = 0.443$  is obtained, which means that organizational commitment and loyalty affect employee performance by 43%, as presented in the following table:

**Tabel5.** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,665 <sup>a</sup>	,443	,420	2,039

## CONCLUSION

From the results of the research conducted, it is found that there is a relationship between organizational commitment and employee loyalty and this proves that commitment plays a role in increasing employee loyalty. The Pearson correlation value of 0.610 (significant at the 0.01 level) indicates a moderate to strong positive relationship between Commitment and Loyalty, this result suggests that increased commitment is associated with increased loyalty. The results of this study support the results of research conducted by Maspuatun, et al (2022) and Muallimin, et al (2020) which prove that employees who have a commitment to the company are more likely to be committed to the company. organizational commitment will have a higher loyalty attitude compared to employees who have low organizational commitment (Rosadianto et al., 2024).

Then the results of multiple regression testing found that organizational commitment and loyalty can simultaneously affect organizational performance by 44.3%. Then the results of multiple regression testing found that organizational commitment and loyalty can simultaneously affect organizational performance by 44.3%. Although not very significant but moderately still affect employee performance. while the rest is influenced by other variables not examined in this study. These results are in line with the results of research conducted by Melisa Zurani Hasibuan in 2024 which states that there is an influence between organizational commitment and loyalty on employee performance, where the results of the determinant coefficient test show that the value of R square is 0.614 or 61.4%, this states that the variables Loyalty (X1), Commitment (X2) and Work Environment (X3) have an effect of 61.4%. This shows that the better the Loyalty, Commitment and Work Environment, the better the Employee Performance will be (Habibi Arif & Sebayang, 2024).

The results of 44.3% influence of commitment and loyalty on employee performance have implications for Human Resources Department to be able to integrate strategies that focus on building commitment and loyalty into a cohesive framework, ensuring that they are complementary and aligned with broader organizational goals. Regular evaluation (e.g., tracking performance metrics post-intervention) will ensure adaptability and sustained impact. By prioritizing commitment and loyalty, HR Department can unlock nearly half of the potential for improved employee performance, justifying the allocation of significant resources to these areas.

The results of this study also provide a strong foundation for organizations to design training programs based on commitment and loyalty. By prioritizing aspects of commitment and loyalty in training, organizations not only improve technical competencies but also shape employee characters that are aligned with the company's strategic goals, thus creating a stable, collaborative and sustainable work environment.

However, these results provide a challenge for researchers to conduct further research in the next study, examining other possible variables that can improve employee performance, such as leadership, motivation, work environment, and others. These researches is expected to make a theoretical contribution to the literature in this context, including in the context of human resource management.

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