THE EFFECT OF EMPLOYEE ENGAGEMENT AND JOB SATISFACTION ON EMPLOYEE LOYALTY IN THE CEMENT INDUSTRY

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ARTICLE INFO	ABSTRACT
Keywords: Employee Engagement; Job Satisfaction; Employee Loyalty	Employee loyalty is an important aspect for organizational success, affecting employee retention and overall performance. The purpose of the study was to explore the impact of employee engagement and job satisfaction on employee loyalty and identify the interaction between these factors using survey research method. Using convinance sampling technique, 98 employees from Semen Baturaja Palembang Limited Liability Company in all regions of Palembang were selected as the sample. Data was collected using a validated questionnaire instrument. The data will be analyzed using Smart PLS 3 software, with partial least squares (PLS) regression technique. The results show that Employee Engagement and Job satisfaction together have an influence of 67% on employee loyalty. Recommendations to companies in the manufacturing industry, especially the cement industry, who want to foster a loyal workforce are to focus on improving employee engagement and job satisfaction because it has the potential to have a positive impact on employee retention and overall organizational performance.
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1. INTRODUCTION

In today's rapidly evolving and competitive business environment, the success of any organization hinges on its ability to attract and retain highly engaged and loyal employees. Employee loyalty, characterized by a strong commitment and dedication towards the organization, is a crucial factor that directly impacts employee retention, productivity, and overall organizational performance [1]. Employee loyalty is a crucial factor for organizational success, as it is associated with reduced turnover and increased productivity [2]. To cultivate employee loyalty, two key drivers have been extensively studied: employee engagement and job satisfaction. Employee engagement refers to the emotional, mental, and physical connection of employees to their work and organization, while job satisfaction denotes employees' positive feelings and contentment towards their job and work environment [3]. Both factors have been recognized as significant contributors to employee loyalty. As organizations strive to create a positive work culture and enhance employee commitment, the concepts of employee engagement and job satisfaction have emerged as critical factors influencing employee loyalty [4]. This study aims to explore the interplay between employee engagement, job satisfaction, and employee loyalty to provide valuable insights for effective human resource management.

Although employee engagement, job satisfaction, and employee loyalty have been extensively discussed in the literature, there remains a notable theoretical gap that warrants further investigation [5]. Previous studies might have individually examined the influence of employee engagement and job satisfaction on employee loyalty, but there is a lack of a comprehensive theoretical framework that integrates these factors cohesively [6]. A holistic understanding of how employee engagement and job satisfaction interact and jointly contribute to employee loyalty is necessary to advance the current body of knowledge in this area.

Despite numerous empirical studies on employee engagement and job satisfaction, the findings have not always been consistent across different contexts and industries. Some studies have reported a positive and significant relationship between employee engagement, job satisfaction, and employee loyalty, while others have found mixed or inconclusive results [7]. These empirical gaps highlight the need for further research to better comprehend the complex dynamics and variations in the impact of employee engagement and job satisfaction on employee loyalty [8]. Recent research has emphasized the significant influence of employee engagement and job satisfaction on employee loyalty. Engaged employees who

experience high job satisfaction tend to be more committed and loyal to their organization [9]. Organizations that invest in fostering employee engagement and ensuring job satisfaction can reap the benefits of a more loyal and dedicated workforce [10]. However, to maximize the effectiveness of employee loyalty initiatives, it is essential to explore the joint effects of both employee engagement and job satisfaction.

This study seeks to bridge the theoretical and empirical gaps by introducing a novel approach that comprehensively examines the interrelationships between employee engagement, job satisfaction, and employee loyalty. By integrating these factors within a unified framework, the research aims to uncover the synergistic effects of employee engagement and job satisfaction on employee loyalty. This approach will offer fresh insights into the complexities of employee loyalty and contribute to the understanding of how organizations can enhance employee commitment and retention through effective engagement and satisfaction strategies. The primary contribution of this research lies in its potential to advance both theoretical knowledge and practical implications in the field of human resource management. By elucidating the combined influence of employee engagement and job satisfaction on employee loyalty, this study will provide valuable recommendations for organizations seeking to optimize their talent management strategies. The findings will offer insights into designing tailored employee engagement programs, fostering job satisfaction, and ultimately, strengthening employee loyalty.

The objectives of this study are to investigate and analyze the effect employee engagement and job satisfaction on employee loyalty across various industries and organizational contexts. Through a comprehensive literature review and empirical data analysis, the research aims to shed light on the complex relationships among these variables and uncover the key drivers of employee loyalty. By achieving these objectives, the study aspires to provide a deeper understanding of the significance of employee engagement and job satisfaction in shaping employee loyalty, contributing to the development of more effective human resource management practices.

2. LITERATURE REVIEW
Employee Engagement
Employee engagement is a crucial concept in human resource management and organizational studies. It refers to the emotional, mental, and physical connection of employees to their work and the organization, leading to improved productivity and performance [11]. Research has identified factors like effective leadership, supportive culture, recognition, and opportunities for growth as key contributors to employee engagement [12]. However, challenges exist in measuring and managing engagement due to variations in definitions and the need for longitudinal studies to understand its dynamic nature. Nonetheless, fostering a supportive culture and providing growth opportunities are vital in enhancing employee engagement and achieving sustained organizational success.

Job Satisfaction
Job satisfaction has been extensively studied in the fields of organizational psychology and human resource management. It refers to employees' positive feelings and contentment towards their job and work environment, contributing to increased productivity and reduced turnover [13]. Factors such as salary and benefits, career development opportunities, supportive relationships with supervisors and colleagues, a positive work environment, and recognition for performance have been identified as key contributors to job satisfaction [14]. However, researchers continue to explore its complexities, and longitudinal and cross-cultural studies are crucial to better understand the dynamics of job satisfaction. By addressing these factors, organizations can foster a positive work environment, enhancing employee motivation, commitment, and overall organizational performance.

Employee Loyalty
Employee loyalty has been a significant topic of interest in the field of human resource management and organizational studies. It refers to the extent to which employees are committed to their organization and exhibit allegiance and dedication over an extended period [15]. Research has shown that employee loyalty is closely linked to several favorable organizational outcomes, including reduced turnover, higher productivity, and enhanced organizational performance [2]. Various factors contribute to employee loyalty, such as job satisfaction, organizational culture, and opportunities for growth and advancement. Employees who are satisfied with their job tend to feel more committed to the organization, as their positive experiences foster a sense of attachment and contentment [16]. Furthermore, a positive and supportive organizational culture, where employees feel valued and appreciated, fosters loyalty among the

workforces. In conclusion, employee loyalty is a vital aspect of organizational success and employee retention. Understanding the factors that contribute to employee loyalty is essential for organizations to create a supportive work environment that fosters commitment and dedication [17]. By prioritizing job satisfaction, cultivating a positive organizational culture, and providing opportunities for growth, organizations can strengthen employee loyalty and achieve long-term success. Nonetheless, in the face of evolving job market dynamics, continuous efforts to retain loyal employees remain imperative.

Conceptual framework

The development of this conceptual framework is based on an in-depth literature review on employee engagement, job satisfaction, and employee loyalty. This conceptual framework will help understand how the level of employee engagement and job satisfaction contribute to employee loyalty in the context of this study. In this conceptual framework, Employee Engagement is considered as an independent variable that affects Job Satisfaction, and both together affect Employee Loyalty as the dependent variable. Thus, the level of Employee Engagement and Job Satisfaction will affect the extent to which employees are loyal to the organization where they work.

This conceptual framework will be a valuable guide in data analysis and interpretation of research results. By understanding the relationships described in this conceptual framework, this research is expected to provide deeper insights into the factors that influence employee loyalty and provide strategic recommendations for companies to improve employee engagement and satisfaction to achieve optimal employee loyalty. Based on the description above, it can be built research framework as follows:
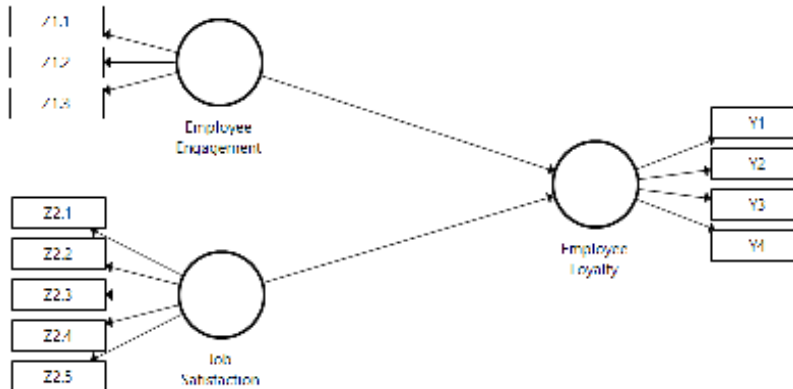

Figure 1. Conceptual Framework Model

Based on the problem formulation and conceptual framework above, the research hypothesis put forward by the researcher is as follows:
H1: Employee engagemnet has a positive and significant influence on employee loyalty.
H2: Job satisfaction has a positive and significant influence on employee loyalty.

3.   METHOD

This study used a survey approach with a cross-sectional survey design [18]. The survey was conducted at a certain point in time to collect data on employee engagement, job satisfaction, and employee loyalty from respondents who are employees in the cement industry. This study collects data from a sample of employees of Semen Baturaja Palembang Limited Liability Company in all regions of Palembang. They were chosen using convenience sampling, a non-probability sampling technique. The research instrument used in this study was a questionnaire. The questionnaire contains questions about employee engagement, job satisfaction, and employee loyalty. A Likert scale of 1-5 is used to measure the degree to which respondents agree or disagree with the statements in the questionnaire. The table of construct variables can be seen in more detail below.

Table 1. Construct Variables

Variable	Indicator	Item Code
Employee Engagement	Absorotion	Z1.1
	Vigor	Z1.2
	Dedication	Z1.3

Variable	Indicator	Item Code
Job Satisfaction	Work	Z2.1
	Salary	Z2.2
	Promotions	Z2.3
	Supervisors	Z2.4
	Work Colleague	Z2.5
Employee Loyality	Initiative	Y1
	Sense of cooperation	Y2
	Ability to carry out task	Y3
	Obedience	Y4

Data collected from the questionnaire will be analyzed using multiple linear regression techniques. Multiple linear regression will be used to test the relationship between employee engagement and job satisfaction on employee loyalty. In addition, the analysis will be carried out using the SmartPLS 3 software, which enables PLS (Partial Least Squares) analysis to obtain more comprehensive and accurate results. This analytical technique will help identify the extent to which employee engagement and job satisfaction affect employee loyalty in the context of the cement industry.

4.   RESULT AND DISCUSSION
Validy and Realibilty Data

Table 2 presents the results of the reliability and validity analysis of the variables involved in this study. These variables are Employee Engagement, Employee Loyalty, and Job Satisfaction. This reliability and validity analysis is very important to ensure that the data used in the research is of good quality and can be trusted. By ensuring high reliability and validity, this research can provide accurate and reliable results regarding the effect of Employee Engagement and Job Satisfaction on Employee Loyalty.

Table 2. Reliability and Validity Analysis of Variables

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)	Description
Employee Engagement	0.827	0.896	0.742	Valid and Reliable
Employee Loyalty	0.860	0.905	0.705	Valid and Reliable
Job Satisfaction	0.867	0.904	0.656	Valid and Reliable

From the table 2, all research variables have a high Cronbach's Alpha value, which is above 0.8. The Cronbach's Alpha value indicates that these variables have good reliability, so that the questions in the questionnaire are consistent and reliable in measuring the measured constructs. Furthermore, the Composite Reliability value of all variables is also high, which is above 0.9. Composite Reliability measures the extent to which these variables can be relied upon as valid indicators to measure the measured constructs. A high Composite Reliability value indicates that these variables make a significant and consistent contribution in measuring the desired construct.

In addition, the Average Variance Extracted (AVE) value of all variables is also quite high, which is above 0.6. This AVE value measures the extent to which the variation in variable indicators can be explained by the measured construct. A high AVE value indicates that these variables can explain significant variations in the measured constructs. Based on the results of this reliability and validity analysis, it can be concluded that all research variables, namely Employee Engagement, Employee Loyalty, and Job Satisfaction, have a high level of reliability and validity. Therefore, the data used in this study are reliable and of good quality, so that the results of the analysis related to the effect of Employee Engagement and Job Satisfaction on Employee Loyalty can be interpreted with confidence and accuracy.
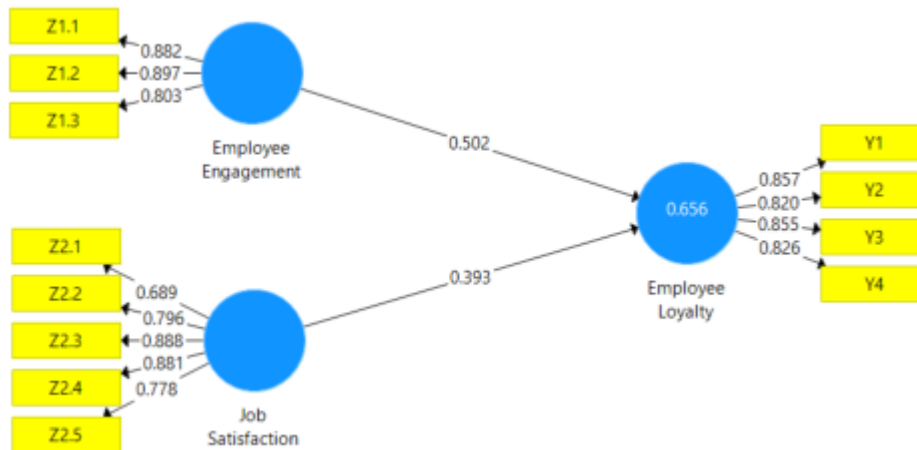
Model Estimation Results

Figure 2. Model Research Results Before Modification

Figure 2 informs that the results of the initial estimation of the model show that there is one indicator that cannot measure the job satisfaction variable. This happens because the Work indicator (Z2.1) has a loading factor below 0.7 in the initial estimation results of the model. Loading factor is a measure of how well an indicator measures the desired construct. The loading factor value that is considered good is above 0.7, because it indicates that the indicator has a significant contribution in measuring the variable under study [19]. However, in the initial estimation results of the model, the Work indicator (Z2.1) has a loading factor below 0.7, which indicates that the indicator does not have a strong enough contribution in measuring the job satisfaction variable. Since this indicator does not meet the eligibility standards, it was decided to remove the Work (Z2.1) indicator from the model. By removing inappropriate indicators from the model, it is expected that the model estimation results will be more accurate and can provide more valid information about the relationship between job satisfaction variables and other variables in this study [20]. Making the decision to remove unqualified indicators is an important step in ensuring that the model used in the study has good validity and reliability.

Final Model

The outcomes of the SMART PLS model evaluation, encompassing the assessment of each variable, are evident in the preceding hypotheses related to employee engagement, job satisfaction, and employee loyalty. The subsequent section elaborates on the findings obtained from the structural model.
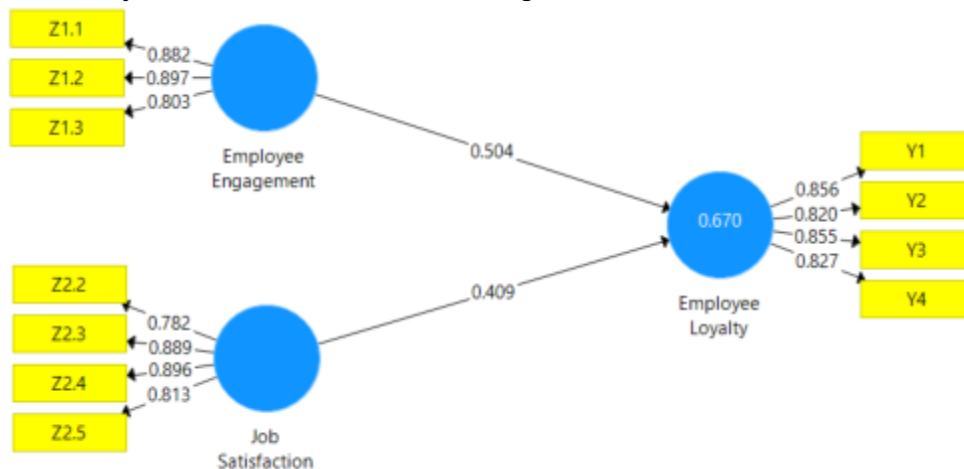

Figure 3. Final Results of the Research Model

Figure 3 shows the structural model that has been formed, and the test results show that all indicators show appropriate results or "fit" with the model. From this structural model, we can identify the indicators that play a role in representing each variable as well as the influence of each variable on other

variables. Employee Engagement variable is measured by three indicators, namely Absorption (Z1.1), Vigor (Z1.2), and Dedication (Z1.3). The Absorption indicator (Z1.1) reflects the level of employee involvement in their job tasks, while the Vigor indicator (Z1.2) reflects the high level of energy and enthusiasm of employees in doing their work. The Dedication indicator (Z1.3) measures employees' level of commitment and dedication to the organization.

The Job Satisfaction variable is measured by four indicators, namely Salary (Z2.2), Promotions (Z2.3), Supervisors (Z2.4), and Work Colleagues (Z2.5). The Salary indicator (Z2.2) reflects employee satisfaction with the level of salary received, while the Promotions indicator (Z2.3) measures employee satisfaction with career promotion opportunities. The Supervisors indicator (Z2.4) reflects employee satisfaction with their superiors or leaders, while the Work Colleague indicator (Z2.5) measures employee satisfaction with relationships with coworkers.

The Employee Loyalty variable is measured by three indicators, namely Initiative (Y1), Sense of cooperation (Y2), and Ability to carry out tasks (Y3), Obedience (Y4). The Initiative (Y1) indicator reflects the tendency of employees to take initiative in their work, while the Sense of cooperation (Y2) indicator measures the level of cooperation and collaboration among employees. The Ability to carry out tasks (Y3) indicator reflects the ability of employees to complete assigned tasks, while the Obedience (Y4) indicator measures the level of employee compliance with company rules and policies.

By knowing the indicators used to measure each variable, as well as the influence of each variable on other variables, we can understand more comprehensively about the relationship and behavior patterns between Employee Engagement, Job Satisfaction, and Employee Loyalty in this study. This provides a strong theoretical foundation for interpreting the research results and taking strategic steps in improving Employee Loyalty in the context of the organization under study.

Hypothesis Test

Table 3 presents the statistical analysis results for the two hypotheses tested in this study. The first hypothesis is "Employee Engagement has a positive effect on Employee Loyalty," and the second hypothesis is "Job Satisfaction has a positive effect on Employee Loyalty." The results of this analysis are an important step in understanding the extent to which Employee Engagement and Job Satisfaction influence the level of Employee Loyalty in the context of this study.

Table 3. Results of Hypothesis Test

Hypothesis	T Statistics	P Values	Significant
Employee Engagement -> Employee Loyalty	6.219	0.000	Yes
Job Satisfaction -> Employee Loyalty	5.109	0.000	Yes

From table 3, it can be observed that both hypotheses show significant statistical results. For the hypothesis "Employee Engagement has a positive effect on Employee Loyalty," the T Statistic value is 6.219, and the P Value is 0.000. This shows that there is a significant positive relationship between Employee Engagement and Employee Loyalty. In other words, the higher the level of Employee Engagement, the higher the level of Employee Loyalty in the organization. Furthermore, for the hypothesis "Job Satisfaction has a positive effect on Employee Loyalty," the T Statistic value is 5.109, and the P Value is 0.000. This shows that there is a significant positive relationship between Job Satisfaction and Employee Loyalty. That is, the higher the level of Job Satisfaction, the higher the level of Employee Loyalty in the work environment.

The results of this analysis support and confirm both research hypotheses, namely that Employee Engagement and Job Satisfaction have a significant influence on Employee Loyalty. This finding makes an important contribution to understanding the factors that influence employee loyalty in the context of this study [15]. In practice, these results underscore the importance of encouraging Employee Engagement and Job Satisfaction as a strategy to increase employee loyalty levels, which in turn can have a positive impact on organizational performance and success.

Multiple Linear Regression Analysis

The table below presents the analytical results of the multiple linear regression model used in this study. This table includes the R Square and Q Square values, which are important indicators in understanding the extent to which the regression model can explain the variability in the dependent variable based on the independent variables used.

Table 4. Multiple Linear Regression Analysis Results	
R Square	**Q Square**
0.670	67%

From table 4, the R Square value is 0.670. R Square describes the proportion of variability in the dependent variable (in this case Employee Loyalty) that can be explained by the independent variables used in the regression model (i.e., Employee Engagement and Job Satisfaction). With a value of 0.670, it means that about 67% of the variation in Employee Loyalty can be explained by the combination of Employee Engagement and Job Satisfaction in this regression model. This suggests that the regression model generally has a good ability to explain variations in the level of Employee Loyalty. Furthermore, the table also shows a Q Square value of 67%. Q Square is a method of measuring the predictive validity of a regression model. With a value of 67%, this indicates that the regression model has a valid and accurate prediction of the level of Employee Loyalty based on the Employee Engagement and Job Satisfaction variables used in this study. The results of this analysis provide a strong understanding of the effectiveness of the multiple linear regression model in linking Employee Engagement and Job Satisfaction with the level of Employee Loyalty in this study. The high R Square value indicates that the independent variables together have a significant impact on Employee Loyalty, while the Q Square value indicates that the regression model can predict well.

5. CONCLUSION

Based on the analysis, it can be concluded that Employee Engagement and Job Satisfaction have a sgnificant influence on Employee Loyalty in the cement industry. This finding indicates that the higher the level of Employee Engagement and Job Satisfaction, the higher the level of Employee Loyalty in the organization. The R Square value of 0.670 indicates that about 67% of the variation in Employee Loyalty can be explained by the combination of Employee Engagement and Job Satisfaction. This indicates that these factors have a significant contribution in shaping the level of employee loyalty in the cement companies studied.

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