

The Influences of Transactional Leadership Style on Employee Loyalty at PT. X Medan

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Abstract— This study aims at finding out the influence of transactional leadership style on employee loyalty at PT. X Medan. The study involved 215 employees who have worked more than one year. This study used the quantitative method. Measuring instruments were the employee loyalty scale and a transactional leadership style scale. The multiple regression method analyzed the data and showed that Transactional leadership style was influenced and significant to employee loyalty. It means transactional leadership style significantly affects the employee loyalty of employees at PT. X Medan. This research implies that PT. X Medan can maintain the programs that have been carried out related to transactional leadership style to increase employee loyalty.

Keywords— Employee loyalty, transactional leadership style, PT. X Medan.

I. INTRODUCTION

In various fields, especially organizational life, the aspect of human resources (HR) is the main problem in every activity in it, this is because HR has the expertise to think and has the physical abilities it has.

A person's character is formed due to several factors, namely from the aspect of the blood of both parents and the environment in which he was raised, while his work performance is motivated by the desire for him to develop and also his own satisfaction (Masram & Mu, 2015).

Human resources are an important asset for an industry. Industry must have leaders who have expertise in motivating human resources so that they are able and willing to work optimally for the achievement of the interests of the organization. A person will be able to work optimally if he is placed in a position and position that is in accordance with his abilities, and if he is able to meet his needs while working at the company (Hakim, 2014).

Loyalty can be used as a medium to attract and protect workers in an organization or industry. Employee loyalty is a positive attitude of workers towards the industry in which they work. According to Steers and Potter (Potter, 2016) loyalty is a good mutual cooperation between workers or between workers and leaders so that workers can provide optimal work skills to leaders and industry. Based on Widhiastuti (Widhiastuti, 2012) the cause of disloyal workers is worker dissatisfaction. This dissatisfaction can occur because of disputes with superiors or attention from superiors to workers, there is no willingness to advance the industry where he works.

From the results of interviews conducted by researchers with HRD company PT. X, employee loyalty at PT. X shows that there is still a lack of industry in making workers feel at home to continue working in the industry, so there are workers

who resign, so that turnover from the industry decreases, many jobs are abandoned as a result of some workers who resign have important positions in the industry. In addition, there are still workers who do not comply with existing regulations, such as workers who arrive late, and are not in the room during working hours. Factors that can affect employee loyalty include leadership style, work environment and compensation (Rivai, 2014).

Based on the results of pre-research conducted by researchers through observation, it shows the leadership style at PT. X is transactional. Bass (Bass, 1997) suggests that the transactional leadership style is the application of the leader by motivating subordinates towards industry goals by clarifying the role and demands of the job. The relationship between transactional leaders and employees can occur in three ways, that is: 1) The leader has knowledge of the willingness of workers and explains the results obtained if the work is in line with expectations, 2) Leader reward employees for succeeding in a job, and 3) The leader is quick to respond to the personal will of the worker as long as the will of the worker is in accordance with the value of the work he has done.

The transactional leadership style of a leader can cause workers to resign from the industry (Antou, 2013), this can happen because the leader gives warnings and sanctions to workers in reducing the error rate. According to Marpaung (2011) Leaders in directing and motivating workers need to have a leadership spirit whose way of working is simple but firm so that they are able to change the attitude of workers to be able to work according to their will.

Leadership style is one aspect in forming employee loyalty. Loyalty will occur if the leader is able to maintain the comfort of his employees in the work environment (Sutikno, 2014; Nawawi, 2006). The research results of Irta (2014), Wicaksono (2019), Chalied (2020) show that there is a significant relationship between leadership style and employee loyalty. Positive results illustrate that the higher the leadership style, the higher the employee loyalty. Research by Wellyanto (2015), Kukuh (2018), concludes that transactional leadership style and transformational leadership style have a positive and significant impact on employee loyalty.

II. OBJECTIVES & METHODS

The main objective of this study was to examine the influence of transactional leadership style on the Employee loyalty at PT. X Medan. In this research, the researcher used the Nonprobability Sampling method, while the sampling technique used was saturated sampling with 215 employees.

Data were collected using the Employee loyalty scale and a transactional leadership style scale.

The Employee loyalty scale is based on Steers & Potter theory (Potter, 2016): The reliability test result is .920. The transactional leadership style scale is based on Bass theory (Bass, 1997): The reliability test results is .894. Both scales used the Likert model with five answer choices very inappropriate, inappropriate, neutral, appropriate, and very appropriate. The score for every item moved from 1 to 5, with a score of point 1 for very wrong choices up to a score of point 5 for very appropriate.

III. RESULTS AND DISCUSSIONS

The hypothesis of this research is the effect of transactional leadership style (TLS) on Employee loyalty (EL). Based on the regression model test results using SPSS, $p = .000$ because the probability number is $.000 < .05$, it can be concluded that this model can predict the effect of transactional leadership style on Employee loyalty.

Furthermore, the regression test results found that the regression equation was $Y = 16,013 + 0,961X$. The constant value of 16,013 in the equation shows that if the transactional leadership style variable is 0, then the Employee loyalty variable will be worth 16,013. The regression coefficient value for the TLS variable is 0,961 and is positive, which means that each time WLB increases once, the EL will increase 16,974 times

The result of the research is in line with what was stated by Irta (2014) show that there is a significant relationship between leadership style and employee loyalty. A positive value indicates that the higher the general manager's leadership style, the higher the employee loyalty. Wellyanto's research (2015) concludes that transactional leadership style and transformational leadership style have a positive and significant impact on employee loyalty.

Leadership is a process in various ways influencing people or groups of people to achieve a common goal. Leadership includes the process of influencing in determining organizational goals, motivating the character of followers to achieve goals, influencing to improve the group and its culture (Mangunegara A.P, 2011)

When becoming the leader of an industry, a leader must have a leadership measure that is believed to be in accordance with his personality and can be used as a basis for work, a leader must have a human /worker-oriented leadership dimension, meaning that a leader must treat his subordinates/workers well regardless of status, the existence of tolerance, the welfare of workers is considered and makes a pleasant and comfortable work environment (Soegandhi, 2013). This will increase worker loyalty so that they can work optimally and be more enthusiastic so that workers will feel valued, when workers are comfortable with their work, work productivity will increase and the performance they provide will be good. Employee loyalty is expected to increase through one's leadership style.

IV. CONCLUSION

Transactional leadership style has a positive effect on the Employee loyalty at PT. X Medan. If the leader is able to improve their ability to balance roles in life and work (transactional leadership style), then Employee loyalty will also

increase. transactional leadership style has an effect of 26% on Employee loyalty.

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