

Increasing Supportive Leadership and Employee Satisfaction through Employee Loyalty and Employee

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Abstract. Human resource is an important aspect of a company. Many companies need employees who are competent and committed to achieving company goals and targets. The existence of loyal employees is also important, so many companies always try to retain the employees who are considered potential and able to help the company achieve its goals. The role of leaders in supporting their employees will increase job satisfaction among the employees, which in turn increases employee loyalty at work.

This study aims to analyze the effect of supportive leadership on employee loyalty through employee satisfaction among the bank employees. The type of research used was a quantitative research, and the sampling technique was the purposive sampling technique. This research was conducted by distributing questionnaires through as many as 98 respondents. Data analysis was performed using PLS. The results showed that supportive leadership has a significant effect on employee loyalty. Meanwhile, supportive leadership also has a significant effect on employee satisfaction. Finally, employee satisfaction has a significant effect on employee loyalty. Supports from the leaders in the form of both financial and non-financial need to be improved so employee job satisfaction can increase and can bring an impact on employee job loyalty.

Keywords: Supportive leadership, employee satisfaction, employee loyalty

1 Introduction

Employee loyalty is very important for organizations, especially for organizations that provide services to consumers. Loyal employees will provide the best work for their organization. Employee contributions in work will support the company in improving its performance. Bank employees are employees who work in the scope of operations and services. In banking operations, employees are needed to be dedicated and committed to work. Employee loyalty can be increased by existing leadership in the organization.

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Leadership who support employees in their work will be able to encourage employees to be more loyal to their work and organization (Khuong and Bui, 2013) [1]

Supportive leadership is a form of leadership support [2]. Leaders provide support to employees by providing work facilities or means of communication. Leaders play a role in influencing employee work behavior to be effective in their work. Supportive leaders create a conducive work environment to emphasize emotional support and trust. (Khalid et al, 2012) [3]. Supportive leadership is an employee's perception of the extent to which the leader provides support for employees. Supportive leadership to help employees establish a positive relationship with the Leaders and the company itself. Supportive leadership increases employee job satisfaction (Oostlander, et al, 2013) [2].

Previous research explains that supportive leadership has an effect on employee loyalty. Supportive leadership will increase employee loyalty because leaders who provide support will increase the desire of employees to work in the company on a long time [4]. Suharti and Dendy (2012) [4] describe supportive leadership as one of the determinants that have a deep impact on employee loyalty. When employees feel that the leader is willing to communicate and provide the necessary work facilities, employees are increasingly willing to be involved in deepening their role in the organization.

Previous research has shown that employee satisfaction can mediate a supportive leadership relationship with employee loyalty (Chang et al, 2010) [5]. Employee satisfaction is the expectation of employees in the company to enjoy their work [6] Furthermore, the behavior of leaders can provide complete support in the workplace (Oostlander, et al, 2013) [2]. Supportive leadership can trigger employee satisfaction which in turn forms employee loyalty [5]. Research by Benson, Drea & Kim (2012) [7] shows the opposite result. Supportive leadership does not affect employee satisfaction. While another study shows that employee satisfaction is not able to encourage employee loyalty [8].

The description above provides an overview of the urgency of employee satisfaction, supportive leadership, and employee loyalty to support the company's success. Employees are always required to be actively involved in their work. This illustrates that the supportive leadership that is owned is able to help employees in completing work. The achievement of maximum employee loyalty needs to be supported by employee satisfaction so that the work results are in accordance with the expectations and goals of the company. Based on the description above, the purpose of this study is to examine the effect of supportive leadership on employee loyalty with employee satisfaction as a mediation. This research This research was conducted on bank employees, especially at Bank BPR Caruban Indah.

2 Literature Review

2.1 *Supportive Leadership*

Supportive leadership is the behavior of a leader who can engage with employees. This leadership motivates employees through an attitude of trust, influences employees by directing and guiding employees. Leaders direct employees to achieve work goals set by the company (Benson et al, 2012) [7] Supportive leaders emphasize visionary goals, ideological values, intellectual stimulation to subordinates, and symbolic behavior [8].

Supportive leaders create a conducive work environment to foster respect, trust, and cooperation. This type of leader provides emotional support to his employees (Arko, 2020) [9]. Supportive leadership refers to the extent to which leaders support their followers through active involvement in resolving difficult situations (Elsaied, 2018) [10] Indicators

of Supportive Leadership described by Benson et al (2012) [7] are: willing to listen to suggestions and complaints employees, value and respect the position of employees, willing to share personal and work information, and willing to facilitate job decision making

2.3 Employee Satisfaction

Job satisfaction is the result of a comparison between perceived work experience and initial expectations. Job satisfaction produces something that is physically and mentally comfortable. Satisfaction comes from the emotions felt [6]. Job satisfaction describes the emotional response that results from the perceived fulfillment of employees, employee needs, and what the company offers to its employees [11]. A study explains [12], retaining employees means expecting employees to work consistently. According to Ding et al (2012) [8] employee satisfaction is a person's feeling of pleasure that arises after comparing work and compensation.

Employee Satisfaction indicators proposed by Ding et al (2012) [8] are a present, expectation, and ideal Present is employee satisfaction when getting awards and respect from the organization. Employees feel the appreciation of employees as part of the organization. The expectation is job satisfaction when what is expected in a company is met or in line with expectations. Employee job satisfaction is also met with organizational awards by employee sacrifices. The organization provides workloads, appreciation, rewards, or compensation by the workload, and the self-benefits obtained related to self-development are felt by employees.

2.3 Employee Loyalty

Employee loyalty is the dedication of employees in the work aimed at the company (Ding et al, 2012) [8]. According to Chang et al (2010) [5] employee loyalty is a closeness created between employees and the company. Suharti and Dendy (2012) [4] explain that employee loyalty is the satisfaction that arises from the company's gifts so that employees are willing to work more than the tasks given. Employee loyalty can be defined as employee loyalty to a particular company, resulting in behavior that shows excessive commitment to the company. Measurement of employee Loyalty compiled by Ding et al (2012) [8] is attitude and behavior. Attitude is the willingness of employees to show a positive attitude at work and survive when the company is in bad condition. Behavior is supportive behavior by working more when the company is in good or bad condition.

2.4. Hypothesis Development

2.4.1 The Relationship between Supportive Leadership dan Employee Loyalty

According to Khoung and Bui (2013) [1], leadership and leadership support have a latent and obvious impact on the level of employee loyalty in an organization. Khoung and Bui (2013) [1] consider leader support as a potential factor with a significant effect on employee loyalty. According to Suharti and Dendy (2012) [4], leader support is needed to create and maintain positive employee loyalty in an organization. Khoung and Bui (2013) [1] stated that support from top leaders has an important impact on individual willingness to participate with colleagues in both processes of forming employee loyalty.

H₁: Supportive leadership has significant influence toward *employee loyalty*

2.4.2 The Relationship between Supportive Leadership dan Employee Satisfaction

Supportive leaders instill trust in leaders so that leaders are able to be role models and are willing to sacrifice personal goals for the group and company goals [7]. Ostlander (2013) A supportive leader is a good mentor who can foster employee job satisfaction[2]. Job satisfaction with leaders is based on employees' perceptions of the leader's characteristics such as competence, integrity, and concern for others. In particular, supportive leadership is positively related to job satisfaction for both the leader and the company [6]. Ostlander (2013) [2] suggests that supportive leadership reflects the quality of the exchange relationship between leaders and employees, and describes a strong relationship between supportive leaders and job satisfaction to the company in terms of work.

H₂: Supportive leadership has significant influence toward employee satisfaction

2.4.3 The Relationship between Employee Satisfaction and Employee Loyalty

Job satisfaction plays an important role and explains the differences between employees in an organization (Turkyilmaz, Gulsen, Coskun & Zbigniew, 2011) [13]. According to Ding et al (2012) job satisfaction lies at the center of work related to compensation and workload provided [8]. Relationships based on job satisfaction reduce the level of risk and uncertainty in the process of transferring work loyalty between individuals (Khuong & Bui, 2013) [1]. If individuals have high job satisfaction, they will actively participate in work [5] and stay in their work [13]. Job satisfaction is closely related to job loyalty. According to Gordon et al,(2010) [14] job satisfaction plays a role in increasing morale at work. Employees who have a passion for work will increase the desire to work for a long time. The desire to be in the company for a long period of time makes employees have dedication and subsequently become loyal to the organization [6].

H₂: employee satisfaction has significant influence toward employee loyalty

3 Research Method

This study uses quantitative methods. This study uses a quantitative approach to examine the effect of supportive leadership on employee loyalty through employee satisfaction. Quantitative research is a research method based on the philosophy of positivism, used to examine a particular population or sample, to test the research hypothesis. [15]. The population is a combination of all events or people who have similar characteristics determined by researchers. The sample is an element of the population that represents all members of the population [16]. The sampling method used is saturated sampling. The respondents studied were all employees of Bank BPR Caruban Indah. The questionnaire was designed using a Likert scale [15]. Data was collected by distributing questionnaires to 98 respondents to obtain responses from respondents to this study. Respondents in this study were bank employees who worked at BPR Caruban Indah Surabaya.

This study uses data analysis techniques PLS (Partial Least Squares). Partial Least Square (PLS) analysis is a variant-based SEM statistical method designed to solve specific data problems, such as small research sample sizes, missing values, and multicollinearity. The number of samples needed for the Partial Least Square (PLS) analysis method is 30-100 subjects because with smartPLS data bootstrapping can be done [17].

4 Data Analysis and Discussion

Outer Model Evaluation

Tabel 1
Outer Loading Convergent Validity

| | Employee Loyalty Y | Employee Satisfaction | Supportive Leadership X |
|------|--------------------|-----------------------|-------------------------|
| EL1 | 0.804 | | |
| EL2 | 0.785 | | |
| EL3 | 0.774 | | |
| EL4 | 0.806 | | |
| EL5 | 0.806 | | |
| EL6 | 0.779 | | |
| ES1 | | 0.743 | |
| ES2 | | 0.679 | |
| ES3 | | 0.706 | |
| ES4 | | 0.861 | |
| ES5 | | 0.799 | |
| ES6 | | 0.761 | |
| ES7 | | 0.826 | |
| ES8 | | 0.797 | |
| ES9 | | 0.849 | |
| SL1 | | | 0.701 |
| SL10 | | | 0.749 |
| SL11 | | | 0.769 |
| SL12 | | | 0.749 |
| SL13 | | | 0.736 |
| SL14 | | | 0.810 |
| SL15 | | | 0.707 |
| SL16 | | | 0.707 |
| SL17 | | | 0.758 |
| SL18 | | | 0.746 |
| SL19 | | | 0.754 |
| SL2 | | | 0.743 |
| SL20 | | | 0.786 |
| SL21 | | | 0.736 |
| SL22 | | | 0.510 |
| SL23 | | | 0.745 |
| SL24 | | | 0.723 |
| SL3 | | | 0.591 |
| SL4 | | | 0.671 |

Tabel 1
Outer Loading Convergent Validity

| | Employee Loyalty Y | Employee Satisfaction | Supportive Leadership X |
|-----|--------------------|-----------------------|-------------------------|
| SL5 | | | 0.665 |
| SL6 | | | 0.663 |
| SL7 | | | 0.775 |
| SL8 | | | 0.593 |
| SL9 | | | 0.761 |

The table shows that all indicators in this study can be declared valid. This is due to the validity value resulting in a convergence of > 0.5 to 0.6 which has been declared sufficient [18].

Tabel 2
Cross Loading Discriminant Validity

| | Employee Loyalty | Employee Satisfaction | Supportive Leadership |
|------|------------------|-----------------------|-----------------------|
| EL1 | 0.804 | 0.593 | 0.646 |
| EL2 | 0.785 | 0.630 | 0.706 |
| EL3 | 0.774 | 0.620 | 0.626 |
| EL4 | 0.806 | 0.670 | 0.728 |
| EL5 | 0.806 | 0.625 | 0.656 |
| EL6 | 0.779 | 0.722 | 0.641 |
| ES1 | 0.622 | 0.693 | 0.543 |
| ES2 | 0.550 | 0.679 | 0.666 |
| ES3 | 0.621 | 0.706 | 0.641 |
| ES4 | 0.704 | 0.861 | 0.756 |
| ES5 | 0.573 | 0.799 | 0.676 |
| ES6 | 0.611 | 0.761 | 0.600 |
| ES7 | 0.689 | 0.826 | 0.666 |
| ES8 | 0.675 | 0.797 | 0.606 |
| ES9 | 0.660 | 0.849 | 0.658 |
| SL1 | 0.591 | 0.601 | 0.701 |
| SL10 | 0.567 | 0.605 | 0.749 |
| SL11 | 0.653 | 0.642 | 0.769 |
| SL12 | 0.567 | 0.616 | 0.749 |
| SL13 | 0.591 | 0.656 | 0.736 |
| SL14 | 0.622 | 0.668 | 0.810 |
| SL15 | 0.523 | 0.558 | 0.707 |
| SL16 | 0.495 | 0.564 | 0.707 |

Tabel 2
Cross Loading Discriminant Validity

| | Employee Loyalty | Employee Satisfaction | Supportive Leadership |
|------|------------------|-----------------------|-----------------------|
| SL17 | 0.572 | 0.666 | 0.758 |
| SL18 | 0.633 | 0.692 | 0.746 |
| SL19 | 0.590 | 0.710 | 0.754 |
| SL2 | 0.590 | 0.710 | 0.743 |
| SL20 | 0.717 | 0.628 | 0.786 |
| SL21 | 0.739 | 0.763 | 0.786 |
| SL22 | 0.641 | 0.678 | 0.760 |
| SL23 | 0.388 | 0.474 | 0.745 |
| SL24 | 0.552 | 0.656 | 0.723 |
| SL3 | 0.720 | 0.586 | 0.891 |
| SL4 | 0.512 | 0.514 | 0.671 |
| SL5 | 0.578 | 0.455 | 0.665 |
| SL6 | 0.633 | 0.527 | 0.663 |
| SL7 | 0.707 | 0.614 | 0.775 |
| SL8 | 0.534 | 0.460 | 0.593 |
| SL9 | 0.693 | 0.623 | 0.761 |

The table shows that all cross loading values for the indicators that make up each variable in this study are larger than the other variables. each indicator in this study has met discriminant validity.

Tabel 3
Reliability Test

| Variabel | Composite Reliability | Cronbachs Alpha | AVE |
|-----------------------|-----------------------|-----------------|-------|
| Employee Loyalty | 0.910 | 0.882 | 0.628 |
| Employee Satisfaction | 0.934 | 0.920 | 0.612 |
| Supportive Leadership | 0.962 | 0.958 | 0.515 |

The results showed that all variables had an AVE value above 0.5 so that it can be said that all the variables used in this study had been declared to meet the reliability criteria. Composite reliability is greater than 0.6 so that all variables have met the requirements of convergent validity

Inner Model Evaluation

Tabel 1
R-square (R²) Test

| | R ² |
|-------------------------|----------------|
| Employee Loyalty Y | 0.746 |
| Employee Satisfaction Z | 0.720 |

Based on the results, R-squares is worth 0.720 or 72%. This value shows that the diversity of the Supportive Leadership (X) variable can affect Employee Satisfaction (Z) by

72%. The remaining 28% is influenced by other variables outside the study. The result of R Square Employee Loyalty (Y) is 0.746 or 74.6% where Supportive Leadership (X) and Employee Satisfaction (Z) can affect Employee Loyalty (Y) by 74.6%.

Predictive Relevance

$$Q^2 = 1 - (1 - R^2 \text{ Employee Satisfaction}) \times (1 - R^2 \text{ Employee Loyalty})$$

$$= 1 - (1 - 0,72) \times (1 - 0,746)$$

$$= 0,93$$

The value of Q Square > 0 indicates that the model has predictive relevance, otherwise if Q Square < 0 indicates that the model lacks predictive relevance. The value of Q Square in this study is 0.93 or > 0 so it can be said that the model has predictive relevance or shows that the structural model has a good predictive relevance.

| | Original Sample (O) | T Statistics (O /STDEV) | P Values |
|--|------------------------|-----------------------------|----------|
| Employee Satisfaction -> Employee Loyalty | 0.347 | 3.109 | 0.002 |
| Supportive Leadership -> Employee Loyalty | 0.549 | 5.369 | 0.000 |
| Supportive Leadership -> Employee Satisfaction | 0.848 | 16.117 | 0.000 |
| Supportive Leadership -> Employee Loyalty Y (Indirect) | 0.295 | 2.886 | 0.004 |

Hypothesis testing is described as follows:

1. Supportive leadership has a significant effect on employee loyalty with a T-statistic value > 1.96 which is 5.369 and a p value of 0.000 < 0.05. The first hypothesis in this study is accepted.
2. Supportive leadership has a significant effect on employee satisfaction with a T-statistic value > 1.96 which is 16.117 and a p value of 0.000 < 0.05. The second hypothesis in this study is accepted.
3. Employee satisfaction has a significant effect on employee loyalty with a T-statistic value > 1.96, which is 3.109 and a p value of 0.002 < 0.05. The third hypothesis in this study is accepted.

The results of the indirect influence analysis show that supportive leadership has a significant effect on employee loyalty through employee satisfaction. This can be seen from the p values of 0.004 or less than 0.05. the results obtained from the t-statistics value of 2.886 which is greater than 1.96.

Discussion

The Influence of Supportive Leadership To Employee Loyalty

The results of this study indicate that supportive leadership has a significant effect on employee loyalty. Leadership support is a key factor with a positive influence on success on employee loyalty (Suharti & Dendy, 2012) [4]. According to Khoung and Bui (2013) leadership and leadership support have an impact on the level of employee loyalty in an organization [1] Leader support is needed to create employee loyalty in an organization [4]. Support from top leaders has an important impact on the individual's willingness to participate with colleagues in both processes of forming employee loyalty [1]. Leaders play

an important role in providing support to their companies. Shuck (2010) [19] states that supportive leaders build employee loyalty that supports and shapes employee behavior to carry out activities and be involved in the company's management process by developing a set of values, assumptions, and beliefs. Leaders have a major role in developing an organizational environment that implements support efficiently by managing the values to improve organizational learning [19].

The Influence of Supportive Leadership To Employee Satisfaction

This study found that supportive leadership has a significant effect on employee satisfaction. Supportive leaders encourage employees to think about their well-being, supportive leaders are willing to sacrifice personal goals for group goals to improve their work skills to increase job satisfaction [7]. Supportive leaders are good mentors who can foster a comfortable working climate [2] Job satisfaction is about employees' perceptions of the leader's character such as competence, integrity, and concern for others. In particular, supportive leadership is positively related to job satisfaction to the leader, and subsequently to the company [6]. Ostlander (2013) suggests that supportive leadership reflects the quality of the exchange relationship between leaders and employees, [2] This situation illustrates a strong relationship between supportive leaders and employee job satisfaction.

The Influence of Employee Satisfaction to Employee Loyalty

This study shows that employee satisfaction has a significant effect on employee loyalty. Job satisfaction has an important role in supporting organizational performance [13]. Job satisfaction comes from the work itself, such as compensation and workload provided [8]. Job satisfaction increases the willingness of employees to be involved in their work, and further increases individual job loyalty [1]. When individuals have high satisfaction in relationships with leaders or co-workers, they will actively participate in work [5]. Job satisfaction is closely related to job loyalty. Job satisfaction improves relationship among employees, and subsequently foster mutual trust [14]. Trust and good relations within the organization are the basic foundation for increasing individual loyalty [6].

5 Conclusion

The results showed that supportive leadership had a significant effect on employee loyalty, and supportive leadership had a significant effect on employee satisfaction. This study also concludes that employee satisfaction has a significant effect on employee loyalty. Leaders should be more open to communication and sharing information on a more regular basis. Companies need to give more appreciation to employees while working in the company to increase employee job satisfaction. Organizational leaders should provide encouragement and motivation to employees to remain productive even in a declining company condition. The results of this study are expected to become an input for further research. Future research can develop this research by examining the influence of other variables such as other topics such as workplace spirituality or employee engagement. This research can be developed on employees in other service and manufacturing companies.

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