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## Efforts to Build Employee Loyalty of *E-Commerce Companies*

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**Abstract:** The loyalty of employees of *E-commerce companies* needs to be questioned, given the difference in compensation and welfare received from their companies. This problem is interesting to examine, so that it is known which variables are able to build *E-commerce employee loyalty*, for example the variables of Work Stress, work communication, compensation and job satisfaction. The population in this study, employees of *E-Commerce Companies* in Jakarta, were selected by researchers, with a *random sampling* technique obtained by 99 employees as respondents. Data processing and analysis as well as hypothesis testing using *SmartPLS program version 4*. The results of the study found that the direct influence, variables of work stress, work communication, compensation significantly on job satisfaction. However, the variables of work stress and work communication do not have a direct effect on employee loyalty, while the variables of compensation and job satisfaction have a direct effect on employee loyalty of *E-commerce Companies*. The variable of job satisfaction is not able to play a role in mediating the variables of work stress and work communication because *the effect size* is very low. In contrast to the job satisfaction variable which is able to mediate the compensation variable for employee loyalty of *E-commerce Companies* because *the effect size* is low to medium or medium. To increase employee loyalty, it is necessary to improve work communication, reduce work stress and ensure the maintenance of compensation received, so that employees feel they have high job satisfaction.

**Keyword:** Work Stress, Work Communication, Compensation, Job Satisfaction, Employee Loyalty

### INTRODUCTION

The disruption of technology and global business is urging e-commerce companies to adapt more quickly while evaluating their core business to become more efficient. This is the logical consequence of a very difficult decision, at a time when the financial industry of banks and other financial institutions can no longer provide large capital, therefore one of the strategies chosen to keep its business acceleration running and the business foundation stronger is to reduce the number of employees gradually. The reduction of employees is carried out in an effort to continue to adjust to conditions that are not doing well, while

continuing to be progressive and adaptive in adapting to business in this disrupted era. This is to ensure healthy, effective and sustainable growth of the company.

Most *E-commerce* industries fail to manage and build the loyalty of their best employees, in order to stay comfortable working and motivated, resulting in *high turnover* rates and an increase in recruitment costs. The reason they move to work in other companies is because e-Commerce is a fast-moving and dynamic industry, which emphasizes its employees have many positions and keep up with the latest technological developments. This can cause stress, fatigue and cause them *to resign* if the facilities and compensation and support resources are inadequate or even unsatisfactory. Concerns about the lack of loyalty of e-commerce employees are often talked about in the context of the modern world of work. However, it is important to remember that each generation has its own unique traits and values. Several factors can affect the loyalty of e-commerce employees such as, fast career expectations, job satisfaction, work-life balance. The importance of corporate culture, challenges and learning, transparency and communication. Employee loyalty arises because of several sources that include the level of role tax, autonomy, quality of supervision, quality of social relationships, and level of support in the workplace. In addition, employee attitudes and behaviors also play an important role in the quality of work.

Research results from Dale Carnegie Indonesia show that only 25% of millennials are fully engaged with the company, while 9% are millennial employees feel uninvolved with their company and 66% are partially involved (Dale Carnegie Indonesia, 2016). 60% of millennials intend to leave the company if they feel disengaged and satisfied with the rewards. Some partially engaged employees will soon turn out to be disengaged and eventually they will quit the company as well, therefore they will affect the *turnover* of the company.

Employee disloyalty that causes them to be risen, due to job demands in *E-commerce* Companies that must be fast, creative and innovative, as a result there are pressures due *to urgent task deadline*, pressure from superiors and continuous work targets so that employees experience work stress every day. Especially if the compensation they receive is not significant every year, as a result they are not satisfied so many move to find a better job.

Work communication is an important factor in ensuring the smooth running of a business organization. E-commerce employees must have *good soft skills*, especially in good work communication, orally and in writing using modern information technology. Speed in communicating will determine the success of e-commerce companies in achieving their business targets and winning the competition. Some employees who lack work communication skills, especially in coordinating work and taking orders from superiors will be an obstacle in completing their work. As a result, the Company will be disadvantaged, while employees who are less communicative will be pressured and scolded by their coworkers and superiors, so they feel anxious and do not feel at home working at the Company or they decide to rise from their jobs, especially if the salary received is not commensurate with their work skills.

E-commerce employee compensation ranges from three to five million rupiah, depending on their roles and duties. While offers from e-commerce companies in Singapore, Malaysia and the Philippines range from ten to forty million rupiah. This has an impact on the *speed of e-commerce employee turnover* to look for E-commerce Companies that *provide higher compensation, especially if there are foreign E-commerce Companies that offer online work positions or Work From Home (WFH)*, with lucrative salaries. As a result, many *E-commerce employees are less loyal to their companies, because they are not satisfied with the compensation they receive, and switch to better E-commerce Companies, especially from E-commerce companies from abroad.*

During the Covid-19 pandemic for about two and a half years, E-commerce employees worked from home (WFH), so their work behavior was less productive, work communication, especially in work coordination was less than optimal, concerns about their work not reaching targets and working conditions that were different from normal conditions. This condition results in them not feeling satisfied with the results of their work and has an impact on reducing the compensation received from their company.

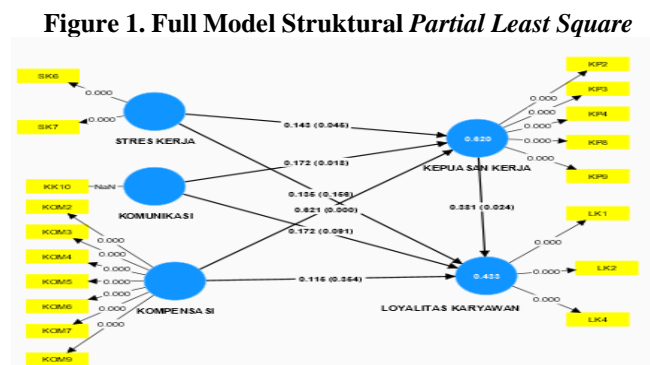
**METHOD**

The method used to examine certain populations or samples, data collection using instruments, quantitative data analysis with the aim of testing hypotheses that have been set, according to Sugiyono (2017: 8), is quantitative research. According to the problem in this study, this type of research is quantitative research with primary data used in this study obtained from the results of the distribution of questionnaires filled out by respondents. While skunder data is taken from literature reviews, notes, and reports relevant to the problem under study.

This research uses the PLS-SEM method, and data processing uses Smart-PLS 4.0 software by evaluating measurement models, namely convergent validity tests, discriminant validity tests, and reliability tests. Using *random sampling* techniques, 112 respondents were obtained from employees working in *e-commerce* companies in the Jakarta area. To determine the relationship and influence of exogenous variables on endogenous variables, structural model analysis or *inner model* is evaluated by looking at the percentage of variance described, namely by looking at R2 for the dependent latent construct using the *Goodness Of Fit measure* and also looking at the magnitude of the structural path coefficient. The stability of this estimate is evaluated by t-statistical tests obtained through bootstrapping procedures .

**RESULTS AND DISCUSSION**

Indonesia In The results of structural model testing using the Smart PLS 4 program, with the test results that have been eliminated, obtained a structural drawing of the model as follows:



Source: Output SmartPLS4 Report, (2023)

**Tabel 1. Result Path Coefficient, T-statistik, P-Value, and Hypothesis Testing**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
STRES KERJA -> LOYALITAS KARYAWAN	0.135	0.125	0.095	1.418	0.158
STRES KERJA -> KEPUASAN KERJA	0.143	0.148	0.071	2.005	0.045
KOMUNIKASI -> LOYALITASKARYAWAN	0.172	0.161	0.102	1.692	0.091
KOMUNIKASI -> KEPUASAN KERJA	0.172	0.174	0.072	2.374	0.018
KOMPENSASI -> LOYALITAS KARYAWAN	0.115	0.098	0.124	0.928	0.354
KOMPENSASI -> KEPUASAN KERJA	0.621	0.621	0.074	8.346	0.000
KEPUASAN KERJA -> LOYALITAS KARYAWAN	0.381	0.421	0.189	2.258	0.024

Source: Output SmartPLS4 Report (2023)

In figure 1 and table 1 above, we can see the results of testing the following research hypothesis:

1. The first hypothesis (H1) **is accepted**, Job stress has a significant effect on job satisfaction, amounting to (0.143), with t-statistics (2.005 > 1.96), or *p-value* (0.045 < 0.05), which means that any change in job stress variables, can significantly increase employee job satisfaction
2. The second hypothesis (H2) **is accepted**, work communication has a significant effect on job satisfaction by (0.172) with t-statistics (2.374 > 1.96, or *p-value* ( 0.018 < 0.05) which means every change in job communication variables, significantly increases *employee job satisfaction*.
3. The third hypothesis (H3) **is accepted**, compensation has a significant effect on job satisfaction by (0.621) with t-statistics (8.346<1.96) and *p-value* (0.000>0.05), which means that every change in compensation variables has an effect on increasing employee job satisfaction.
4. The fourth hypothesis (H4) **is rejected**, work stress has no significant effect on employee loyalty by (0.135), with *t-statistics* (1.418<1.196), and *p-value* (0.156>0.05), which means that any change in work stress variables can not significantly increase employee loyalty.
5. The fifth hypothesis (H5) **is rejected**, work communication has no significant effect on employee loyalty by (0.172) with t-statistics (1.692<1.196), and *p-value* (0.091>0.05), which means that any change in work communication, can not significantly increase employee loyalty.
6. The fifth hypothesis (H6) **is rejected**, Compensation has no significant effect on employee loyalty by (0.115) with *t-statistic* (0.926<1.196), and *p-value* (0.354>0.05), which means that any change in employment compensation can not significantly increase employee loyalty.
7. The fifth hypothesis (H7) **is accepted**, Job satisfaction has a significant effect on employee loyalty by (0.381) with t-statistics (2.256>1.196), and *p-value* (0.024<0.05), which means that every change in job satisfaction, can significantly increase employee loyalty

To find out whether the job satisfaction variable plays a role or not as a mediation variable, it can be seen from the calculation of indirect influence in table 2.;

**Tabel 2. Specific indirect effects, STDEV, T Statistics dan P-Value**

▼	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
STRES KERJA -> LOYALITAS KARYAWAN	0.054	0.088	0.049	1.120	0.263
KOMUNIKASI -> LOYALITAS KARYAWAN	0.065	0.073	0.043	1.510	0.131
KOMPENSASI -> LOYALITAS KARYAWAN	0.236	0.281	0.109	2.162	0.031

**Source: Output SmartPLS4 Report (2023)**

1. Work stress has an indirect, insignificant influence on employee loyalty through job satisfaction of (0.054) with t-statistics (1.120 < 1.96) or *p-value* (0.263>0.05). This suggests that job satisfaction does not significantly act as a variable mediating the indirect effect of job stress on employee loyalty.
2. Job communication has an indirect insignificant influence on employee loyalty through job satisfaction of (0.065) with t- statistics (1.510 < 1.96) or *p-value* (0.131>0.05). This proves that job satisfaction does not significantly play a role as a vaiabel mediating the indirect influence of job communication on employee loyalty.
3. Compensation has an indirect and significant influence on employee loyalty through job satisfaction of (0.236) with t-statistics (2.162>1.96) or *p-value* (0.031<0.05). This proves

that job satisfaction mediates the indirect effect of compensation on employee loyalty, hence the role of job satisfaction as a *full mediation* variable.

The calculation of *the mediation* effect size can be calculated manually with *the upsilon statistical* mediation effect size ( $v$ ). *The mediating effect size* can be calculated by: multiplication of the square of direct influence 1 by the square of direct influence 2.

**Table 3. Effect size measurement with Upsilon ( $v$ )**

No.	Effect	Statistics Upsilon( $v$ )	Information
1.	Job stress→Job satisfaction → Employee loyalty	$(0,143)^2 \times (0,381)^2 = 0,00297$	Very low mediation
2.	Work communication→Job satisfaction → Employee loyalty	$(0,172)^2 \times (0,381)^2 = 0,00429$	Very low mediation
3.	Compensation → Job satisfaction → Employee loyalty	$(0,621)^2 \times (0,381)^2 = 0,05598$	Low to medium mediation

Source: Table 1, processed

The statistical value of upsilon mediated effect ( $v$ ) can be interpreted by referring to Cohen's recommendations in Ogbeibu et al (2020), namely 0.175 (high mediation effect), 0.075 (medium mediation effect) and 0.01 (low mediation effect). Based on the calculation above, the role of job satisfaction in mediating the indirect effect of work stress on employee loyalty at the structural level is very low. While the role of job satisfaction in mediating the indirect influence of job communication on employee loyalty at the structural level is very low, then the role of job satisfaction in mediating the indirect effect of compensation on employee loyalty at the structural level is low to medium.

## CONCLUSION

The findings in the research that have been described in the discussion above, it can be concluded, that:

1. Work stress has a significant effect on the job satisfaction of employees of *E-commerce Companies* in Jakarta.
2. Work communication has a significant effect on the job satisfaction of employees of *E-commerce Companies* in Jakarta.
3. Compensation has a significant effect on the job satisfaction of E-commerce Company employees in Jakarta.
4. Work stress has an insignificant effect on the loyalty of employees of *E-commerce Companies* in Jakarta.
5. Communication has an insignificant effect on the loyalty of employees of *E-commerce Companies* in Jakarta.
6. Compensation has no significant effect on the loyalty of employees of *E-commerce Companies* in Jakarta.
7. Job satisfaction has a significant effect on employee loyalty of *E-commerce Companies* in Jakarta.
8. Job satisfaction is not able to mediate the indirect effect of work stress on employee loyalty of E-commerce Companies in Jakarta because the *size effect* is very low.
9. Job satisfaction is unable to mediate the indirect effect of job communication on employee loyalty of E-commerce Companies in Jakarta because the *size effect* is very low
10. Job satisfaction is able to fully mediate the indirect effect of compensation on employee loyalty of E-commerce Companies in Jakarta with *low to medium or medium size effects*

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