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The Role of Leadership and Work Environment in Shaping Employee Loyalty at Bank ABC, Cikarang Branch

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Abstract

Employee loyalty is one of the important aspects in organizational sustainability, especially in the banking sector that faces performance demands, changes in work patterns, and digital transformation. Loyalty is not only related to employees' desire to stay in the organization, but is also reflected in commitment, dedication, and responsibility in carrying out their work. This study aims to explore the role of leadership and work environment in shaping employee loyalty at Bank ABC Cikarang Branch. The research uses a qualitative approach with a case study method. Informants were selected by purposive sampling by involving 10 employees consisting of branch leaders, deputy leaders, frontliners, and back office employees. Data was collected through in-depth interviews, observations, and documentation, then analyzed using thematic analysis and strengthened through triangulation of sources and methods. The results of the study show that employee loyalty is formed through the interaction between leadership and the work environment. Leadership that is communicative, participatory, supportive, and able to provide exemplary and appreciation encourages the formation of employee trust and commitment. Meanwhile, a comfortable physical work environment and a non-physical work environment characterized by harmonious interpersonal relationships, open communication, and support between employees strengthen employee attachment to the organization. Loyalty is further reflected through organizational commitment, willingness to give additional effort, dedication, and responsibility in completing work. This research confirms that employee loyalty is not formed instantly, but develops through consistent positive work experiences. Therefore, organizations need to strengthen leadership competencies and create a conducive work environment as a strategy to maintain employee loyalty.

Keywords Banking Sector, Employee Loyalty, Leadership, Organizational Commitment, Work Environment

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INTRODUCTION

In the era of global competition and accelerating digital transformation, organizations in various sectors face increasingly complex challenges in maintaining employee loyalty. Changes in work patterns, increasing expectations of productive generations, and increasingly high performance pressures make loyalty no longer

automatically formed just because of long working hours or financial compensation. Employee loyalty today is more influenced by how they interpret their daily work experience, the quality of relationships with their bosses, and their perception of the work environment they feel.

Employee loyalty is often associated with organizational commitment, work attachment, and the desire to stay in the organization despite external opportunities (Robins & Judge: 2017). Thus, loyalty can be understood as a psychological construct formed through a continuous process of social interaction and work experience. Global reports show that the quality of the relationship between employees and direct superiors as well as the work climate created are the main factors that affect employee attachment and loyalty (Yukl: 2013). This emphasizes that loyalty is not only related to material aspects, but is also strongly influenced by leadership and the work environment that employees feel subjectively. Loyalty is not only a matter of compensation, but is closely related to leadership and the work environment that employees feel subjectively. When the work environment is perceived as fair, supportive, and provides room for development, employees tend to show higher commitment and loyalty. Conversely, a stressful work environment without adequate leadership support has the potential to lead to emotional exhaustion and an intention to leave the organization.

In Indonesia, this dynamic is also seen in the banking sector, which relies heavily on the quality of human resources. The digital transformation that has occurred in recent years has driven changes in work patterns, service systems, and employee competency demands. On the one hand, these changes open up opportunities for efficiency and innovation, but on the other hand, they also have the potential to increase work pressure if they are not balanced with a conducive work environment and adaptive leadership. The work environment in the banking sector includes not only physical aspects such as facilities and spatial layout, but also non-physical aspects in the form of communication patterns, interpersonal relationships, organizational justice, reward systems, and a developed work culture. A conducive work environment can increase employees' sense of belonging and commitment to the organization. On the other hand, an unfairly competitive work environment, lack of transparency, or lack of emotional support can reduce loyalty. A good work environment can also improve the mental and emotional well-being of employees, which in turn can strengthen their motivation and commitment to work and the company (Budianto, et al: 2024). Therefore, companies need to be committed to creating and maintaining a positive and supportive work environment for all

employees. The work environment includes physical, social, and psychological aspects within the company that affect employee loyalty.

Leadership has a strategic role in shaping and maintaining the work environment. According to Northouse (2016), leadership is not only the process of influencing to achieve goals, but also the process of building an organizational psychological and cultural climate that impacts the behavior of members. Thus, leadership and the work environment have interrelated relationships in forming employee loyalty. In this case, leadership has an important role in shaping and maintaining the work environment.

Various empirical studies show that the work environment has an influence on employee loyalty, both directly and through job satisfaction (Sedarmayanti: 2017). In addition, transformational leadership has also been proven to have a positive effect on employee commitment and loyalty. However, most previous studies still use a quantitative approach and examine variables separately. This approach tends to not be able to capture how loyalty is formed through daily work experiences that are subjective and dynamic (Hasibuan: 2016).

Based on these conditions, the problem formulation in this study is directed to answer several main questions, namely 1) how the role of leadership in shaping the work environment, 2) how the work environment is interpreted by employees in relation to their loyalty, and 3) how leadership and the work environment together shape employee loyalty, especially in the banking sector. To answer these questions, this study uses a qualitative approach with a case study method at Bank ABC Cikarang Branch. This approach was chosen because it allows researchers to dig deep into the experiences, perceptions, and meanings constructed by employees. Data collection was carried out through in-depth interviews, observations, and documentation, which were then analyzed using a thematic approach to find patterns of relationships that emerged.

State of the art This study departs from the development of studies on employee loyalty which in recent years where loyalty is no longer seen as a single result of compensation factors, but as an outcome of the interaction between leadership, the work environment, and employees' perception of the organization (Meyer: 2013). In the current literature, leadership is positioned as a strategic factor that not only serves to direct work, but also shapes the psychological climate and social relationships in the organization. The transformational leadership approach, for example, has been proven to be able to increase employee commitment and loyalty through providing inspiration, individual attention, and creating meaningful visions (Fitriana et al, 2024).

In addition, leadership also contributes to building a perception of organizational support which ultimately strengthens employee attachment and loyalty. On the other hand, the work environment is an important determinant in shaping employee loyalty. A conducive work environment, both physically and non-physically, is able to create a sense of comfort, security, and value, thereby encouraging the emergence of commitment to the organization (Chandrasekar, 2014).

In a theoretical perspective Job Demands-Resources, a work environment that is able to provide adequate resources will help employees in dealing with the demands of work, thereby increasing attachment and loyalty in a sustainable manner (Bakker: 2017). In the context of the banking sector, studies on employee loyalty are becoming increasingly relevant as work pressure, performance targets, and the acceleration of service digitalization increase. A number of empirical studies show that leadership and the work environment have a significant influence on employee loyalty, both directly and indirectly through mediating variables such as job satisfaction and work attachment (Nguyen, 2020). This confirms that employee loyalty is formed through complex and non-instantaneous processes. However, most previous research is still dominated by quantitative approaches that focus on testing relationships between variables, so it has not been able to delve deeply into employees' subjective experiences in interpreting leadership and work environment. In addition, studies that integrate leadership roles and the work environment simultaneously in forming employee loyalty are still relatively limited, especially in the context of regional banking in Indonesia. Therefore, this study is here to fill this gap with a more exploratory approach to understand the process of forming employee loyalty more comprehensively.

METHODS

This study uses a qualitative approach with a case study method to deeply understand the role of leadership and the work environment in shaping employee loyalty. This approach was chosen because it is able to explore the experiences, perceptions, and subjective meanings constructed by employees in their work context (Cresswell, 2018).

The location of the research was conducted at Bank ABC Cikarang Branch as a representation of banking sector organizations that face the dynamics of digital transformation and high performance demands. The selection of informants in this study uses *purposive sampling* or samples based on considerations where the form of non-probability sample withdrawal is based on certain criteria. The criteria used in determining sampling regarding the role of leadership and work environment in

forming employee loyalty are permanent employees of Bank ABC, a minimum working period of 2 years, and willing to be an informant and provide information openly.

Based on the criteria above, the informants in this study are as follows:

No	Departments	Quantity	Remarks
1	Branch Leaders	1	Key Informants
2	Vice Leader	1	Principal Informant
3	Frontliner	2	Supporting informants
4	Back Office	6	Supporting Informants

Data collection techniques were carried out through in-depth interviews, limited participatory observations, and documentation studies. Data analysis in this study used thematic analysis techniques, which included the process of data reduction, categorization, and conclusion drawn. To maintain the validity of the data, this study used source and method triangulation techniques, as well as conducting member checks on informants to ensure the compatibility between the results of the researcher's interpretation and the experience conveyed (Avolio, 2024).

The expected results of this study are the acquisition of a comprehensive understanding of the role of leadership and the work environment in shaping employee loyalty, as well as the preparation of a conceptual model that can be used as a basis for developing strategies to increase employee loyalty.

RESULTS AND DISCUSSION

Results

This research was conducted at Bank ABC Cikarang Branch by involving ten informants consisting of one branch leader, one deputy leader, two frontliners, and six back office employees. All informants have worked for more than two years so they are considered to have an adequate understanding of organizational culture, leadership patterns, work environment, and the dynamics of work relationships that occur in the company.

Based on the results of in-depth interviews conducted with all informants, it was found that employee loyalty at Bank ABC Cikarang Branch is formed through strong interaction between leadership and the work environment. Loyalty is not only understood as a desire to stay in the organization, but is also manifested in the form of dedication, responsibility, and commitment to make the best contribution to the company.

The results of the thematic analysis produced seven main themes that were in accordance with the research indicators, namely leadership style, leader role model and support, physical work environment, non-physical work environment,

organizational commitment, dedication, and responsibility.

Leadership Style

Most of the informants described the leadership style applied at Bank ABC Cikarang Branch as a participatory and communicative leadership style. Leaders are considered not only to focus on achieving targets, but also to provide space for employees to express their opinions and be involved in solving work problems.

Some informants revealed that leaders routinely discuss with the team before making decisions related to work operations. This condition makes employees feel valued and considered an important part of the organization. In addition, open communication built by leaders creates more harmonious working relationships. Employees feel more comfortable in conveying obstacles and new ideas that can support the achievement of organizational goals.

Leadership Example and Support

The results of the interviews show that the leader's example is one of the factors that contribute to forming employee loyalty. The informant assessed that the leader showed consistency between words and actions so that he was able to build trust in the work environment.

Leader support is also felt when employees face work pressure and problems related to work targets. Leaders not only provide instructions, but are also involved in providing solutions and motivation to employees. Another form of support that is often mentioned by informants is giving appreciation for work achievements. Although not always in the form of material, verbal appreciation and recognition of employee contributions are considered to be able to increase work morale and a sense of belonging to the organization.

Physical Work Environment

From the aspect of the physical work environment, the majority of informants considered that the available work facilities were adequate to support the implementation of daily tasks. A well-organized workspace, adequate work equipment, and clean environmental conditions provide comfort for employees in carrying out their work.

Some informants said that the comfort of the physical environment helped them to focus more on work. In addition, the aspect of job security is also considered to have met the needs of employees so that they can carry out their duties calmly. However, there are several inputs related to the need to improve certain facilities to support work effectiveness in the future, especially in the face of the increasingly rapid development of banking technology.

Non-Physical Work Environment

The non-physical work environment is one of the themes that most emerged during the interview process. Informants generally said that relationships between colleagues take place in harmony and support each other.

The work culture that develops at Bank ABC Cikarang Branch encourages good teamwork. When there are employees who have difficulty completing work, other colleagues tend to provide help without having to be asked. In addition to relationships between colleagues, open communication between leaders and subordinates is also a factor that creates a positive work atmosphere. Employees feel that they have space to express their opinions and get constructive feedback.

Organizational Commitment

The findings of the study show that most informants have a fairly high commitment to the organization. This can be seen from the sense of pride in being part of Bank ABC and the desire to contribute to supporting the achievement of the company's goals.

Employees view the company not only as a place to work, but also as a means to develop careers and professional abilities. These feelings reinforce an emotional attachment that ultimately drives the emergence of loyalty to the organization.

Dedication

Employees' dedication is reflected in their willingness to give extra effort when the company faces certain targets or conditions that require special attention. Some informants admitted that they are willing to work beyond their main duties if necessary to achieve organizational goals.

This dedication does not arise because of pressure from superiors, but because of a sense of responsibility and a desire to make maximum contributions to the company.

Responsibilities

All informants showed a good understanding of their respective job responsibilities. They realized that the success of the organization was not only determined by the leadership, but also by the contribution of each individual.

Employees strive to complete work on time and according to the standards set by the company. When mistakes or obstacles occur, most informants choose to find solutions and make improvements rather than avoid responsibility.

Discussion

The results of the study show that employee loyalty at Bank ABC Cikarang Branch is formed through a complex process and involves various organizational factors. These findings reinforce the view that loyalty is not just a desire to stay in the organization, but is a form of psychological attachment that develops through positive work experiences.

From the leadership aspect, research found that a communicative and participatory leadership style is able to increase employee trust in the organization. This finding is in line with Northouse's (2016) theory which explains that leadership is the process of influencing individuals through relationships that are built positively and sustainably. When leaders provide opportunities for employees to participate in the work process, employees feel valued so that a stronger commitment to the

organization arises.

Leader's example and support have also proven to be an important factor in building loyalty. The results of the study show that employees are more likely to trust leaders who are able to be role models in daily work behavior. The support that leaders provide when facing work pressure creates a sense of security and increases the perception that the organization cares about employee well-being.

In terms of work environment, research found that a comfortable physical work environment and a harmonious non-physical work environment make a significant contribution to employee loyalty. These findings support the opinion of Chandrasekar (2011) who stated that a conducive work environment can increase employee satisfaction and performance. Interestingly, the non-physical work environment seems to have a more dominant influence than the physical work environment. Good working relationships, open communication, and a culture of mutual support are the most frequently cited factors by informants when explaining their reasons for staying in the company.

Organizational commitment, dedication, and responsibility emerge as a tangible form of loyalty that has been formed. These three aspects show that loyalty is not only an attitude or feeling, but is also reflected in daily work behavior. Loyal employees tend to have a high sense of belonging, are willing to contribute more, and are responsible for the success of the organization.

Based on the overall findings, it can be concluded that effective leadership will create a positive work environment. A positive work environment then builds organizational commitment, increases dedication, strengthens responsibility, and ultimately results in higher employee loyalty. Thus, employee loyalty is the result of a continuous interaction between leadership factors and the work environment that employees perceive directly.

Managerial Implications

1. Management needs to strengthen the leadership competencies of unit leaders through communication training programs, coaching, and people management.
2. Organizations need to create a more collaborative work culture by encouraging cross-functional communication and activities that strengthen relationships between employees.
3. Management needs to conduct a routine evaluation of the condition of the work environment, both from physical and non-physical aspects, to ensure the comfort and welfare of employees.
4. The reward and recognition system needs to be developed in a more structured way so that employees feel that their contributions are appreciated by the organization.
5. Bank ABC needs to build an employee engagement strategy that focuses on increasing the sense of belonging to the organization, so that loyalty is not only based on economic factors but also emotional attachment.

By implementing these recommendations, organizations are expected to be able to retain high-performing employees, reduce potential turnover, and improve the

sustainability of organizational performance in the long term.

CONCLUSION

Based on the results of the study, it can be concluded that employee loyalty at Bank ABC Cikarang Branch is not formed instantly, but through the interaction between leadership and the work environment that employees experience every day.

Leadership that is supportive, communicative, and able to pay attention to employee needs has proven to play an important role in building employee trust and commitment. Meanwhile, a conducive, collaborative, and comfortable work environment can strengthen employee attachment to the organization.

This research shows that employee loyalty is the result of a positive work experience that is consistently felt by employees. The better the quality of leadership and the work environment that the organization builds, the higher the loyalty formed.

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