

Organizational Communication Impact of Banking Industry: Between Internal Branding and Employee Loyalty

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Abstract. This organizational communication study aims to find out how much influence the internal branding strategy has on employee loyalty in the Human Capital Directorate of Company X. The population in this study was 133 permanent employees, and the sample taken was 57 people using Slovin calculations and using Proportionate Stratified Random Sampling technique. This research uses a quantitative approach by conducting a survey method. This type of research is explanative and is based on a positivistic paradigm. The results of this study indicate the effect of internal branding strategies on employee loyalty of 22.3%, and 77.7% of the employee loyalty variable is influenced by variables outside the study. Based on the results of the study it can be concluded that there is a significant effect although not strong enough between the internal branding strategy on employee loyalty at the Directorate of Human Capital in Company X.

Keywords: Employee Loyalty, Human Capital Directorate, Internal Branding Strategy, Organizational Communication.

1 Introduction

Organizational communication today not only examines the flow of communication within an organization, as well as the relationships between employees. It also discusses employee relations with the company [1]. Saleem and Iglesias in Ind [2] stated a new thing in organizational communication, namely the internal branding strategy, which is an effort made by the organization to convey brand values through employees in a company. Kee [3] also states that internal branding is a strategy, and a series of communication activities within the company which is an ongoing process carried out to ensure that employees understand and understand their responsibilities. Dissanayake and Amarasuriya [4] explained that several things must be possessed by companies to carry out branding strategies, including brand positioning, brand identity, and brand personality.

Kholiq [5] explained that the turnover intention in Indonesia in 2015 for a total of all industries in Indonesia was 8.4%, with the highest turnover intention in the banking sector reaching 16%. More specifically in Pohan [6] states that 46% of the reasons employees leave work are because they feel less valued by the company. The low number of employee

involvement in the organization where they work in Indonesia is based on the results of PT. Indonesian headhunter [7], and the number of achievements of Company X is the opposite number. At least, 32 awards were achieved in three years, proving that Company X did not rule out its duties in conducting business as a commercial bank.

The achievement of the award is inseparable from the role of the Directorate of Human Capital in developing and providing employee creativity space. Agung [8] explained the formulation that must be possessed by Human Capital, including the ability to educate, develop, promote, place, and provide employees with room for creativity to become competent employees. Researchers are interested in raising existing problems, and empirically testing the effect of internal branding strategies as variable X on employee loyalty as variabel Y with an explanatory study at the Directorate of Human Capital in Company X. It is proposed the following hypothesis:

H1: There is a positive influence from Variable X to Variable Y;

H2: There is a negative influence from Variable X to Variable Y.

2 Literature Review

2.1 Internal Branding Strategy

Simi and Sudhahar [9] stated that the objectives of the brand strategy carried out by the company, ultimately define the company's achievements. One popular brand strategy is brand expression, it has several dimensions or elements that must be owned by a brand, including brand positioning, brand identity, and brand personality [10].

Brand Positioning in Janiszewska and Insch [11] stated that Ries and Trout in 1981 were the first people who coined the term positioning. They assume that this is a problem for communication because it is related to the power to influence attitudes. It also can determine the position of a brand explanation of brand identity has been found from various definitions of the brand image from various experts since 1955-2014 by Lee, James, and Kim [12] that the term identity of brand identity as part of brand image is intended to form a corporate value [13].

Physical and psychological elements of the brand identity signs by Rodrigues, Hulten, and Brito [14] are said to be able to form the relationship between consumer personality and brand personality. Another study conducted by Foster, et al [15] states that internal branding is a company's business in the form of internal communication, and training of employees that enables the company to communicate corporate values effectively to other company stakeholders. Khanyapuss [16] states that the scope of internal branding is twofold, namely internal communication and training. There is an element of training in internal branding because training is a way to instill corporate branding in the minds of its employees.

2.2 Employee Loyalty

In Syaputra [17], Rasimin expressed the notion of loyalty, in general, is loyalty, devotion, and trust aimed at individuals and institutions in which there is a sense of love, and responsibility to give all the best. Within the scope of organizational communication within the company, the concept of loyalty is better known as work loyalty or employee loyalty. Simamora in Marzuki [18] revealed that employee loyalty is an attitude that shows the loyalty

of organizational members which is an ongoing process of an organization member expressing their attention to the success of the organization where he or she works.[19]

Soegandhi et al. [20] expressed the opinion of Hasibuan that work loyalty or attachment is one of the elements used in employee appraisal which includes loyalty to work, position and organization. Companies should create a conducive working atmosphere, give it enough attention, rewards the attainment of employees, communicate between employees [21] so that employees have a job embeddedness of the ability to provide the best for the organization [22]. In Zhao [23], the dimensions of job embeddedness are divided into three, including organization fit, organizational link, organizational sacrifice. Organization Fit describes the condition of employees who create perceptions of the suitability of the organization and its environment. Organizational link described by formal or informal relations between employees on the environment organization. Organizational Sacrifice explained through the creation of employee perceptions regarding matters relating to non-material and psychological will be lost if the employee leaves the company.

3 Method

This research rests on a positivistic paradigm using a quantitative approach [24], with the type of explanatory research [25] and using survey methods. This research was conducted at the head office of Company X, Mega Kuningan, South Jakarta, Indonesia. The research period was conducted in January to April 2019. The sampling technique used in this study was Proportionate Stratified Random Sampling, random sampling referred to as strata can be in the form of age, gender, religion, income level and so on [26]. The population in this study consisted of 133 permanent employees at the Directorate of Human Capital at Company X, and a sample of 57 respondents divided into 3 divisions and explained in table 1.

Table 1. Population and Research Samples

Division	Population	Sample
Human Capital Business Partner (HCBP)	40	17
Human Capital Strategy and Development (HCSD)	38	16
Human Capital Technology and Operation (HCTO)	55	24
Total	133	57

Source: Primary data that has been processed by researchers

Error tolerance for this study was 10% with a confidence level of 90%. The answers given on each statement were made in the form of a modified Likert scale. Marta et al. [27] suggested this scale consists of the following four points, namely 1 = strongly disagree; 2 = disagree; 3 = agree; and 4 = totally agree.

Before the regression analysis is carried out on the research data, the first step that must be done is to do a classic assumption test [28]. The classic assumption test is performed first so that the research data meets the requirements for regression testing. Based on Ayuwardani [29], there are four types of classical assumption tests, including normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test, but because the data of this study are not time series, the researchers do not apply the autocorrelation test.

Data analysis is a series of activities carried out after data from all data sources have been collected. Activities in data analysis include grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data from

each research variable, calculating answers to the formulation of the problem, and calculating to test the proposed hypothesis [30]. In this study, data analysis techniques were carried out with the help of SPSS (Statistical Product and Service Solution) version 25. The tests included linear regression tests, correlation coefficient tests, coefficient of determination tests, and hypothesis testing (F Test and T-Test). [31]

4 Results and Discussion

4.1 The Result of Validity and Realibility Test

The validity test in this study was conducted with the product-moment correlation technique, the total statement items in the validity test were 35 statements divided into X variable and Y variable. Saputra, Joyoatmojo, and Wardani [32] states that the questionnaire statement items can be considered valid if the value of $r_{count} > r_{table}$. In addition, there is a reliability test carried out to determine the extent to which the measurement results remain consistent when measuring two or more of the same symptoms, and with the same measuring instrument [33]. The validity and reliability tests were performed on 30 respondents (Pretest) and produce 18 statements that are declared valid from a total of 20 statements on variable X, and 15 valid statements for variable Y.

The most appropriate reliability test for the use of a Likert scale is to use the Cronbach Alpha test [34][35], which compares the results of the Cronbach Alpha calculation with a number output reliability >0.6 . The data in this study pass the classical assumption test and free from heteroscedasticity symptoms before the data is processed for further analysis. The criteria that are said to indicate the existence of multicollinearity are tolerance values <0.10 or equal to VIF values >10 [36]. Through data analysis techniques by conducting linear regression tests, correlation coefficient tests, coefficient of determination tests, and hypothesis testing (T-test) on SPSS version 25, data are generated as follows:

Table 2. Data Analysis Results

Testing	Results
Linear Regression Test	$Y = 11,501 + 0,306X$
Correlation Coefficient Test	$r = 0,599$
Determination Coefficient Test	$KD = 22,3\%$
Hypothesis Test (T Test)	$t = 3,130 > 1,674 ; sig.0,003$

Source: Primary data that has been processed by researchers

4.2 Linear Regression Test

The results of the processed data in this study produce a regression equation $Y = 11,501 + 0,306X$, the sign of the regression coefficient for the internal branding strategy variable (X) has a positive value. This shows the direct relationship of internal branding strategy variables with employee loyalty variables. The regression coefficient on the internal branding strategy variable (X) is 0.306 which means that each constant value added to the internal branding strategy variable (X) by one unit will cause an increase in employee loyalty by 0.306. Based on mathematical logic, the magnitude of the regression coefficient X will only give effect $<3\%$ to the constant value 11,501 so that it is predicted that the effect is weak or not strong enough [37]. The occurrence of a high enough or strong enough level of relationship is seen with a correlation coefficient (R) of 0.599 at intervals of 0.40 - 0.599 in Schober, Boer, and Schwarte

[36] which is stated as a sufficient category. Determination Coefficient Test, the results of testing the coefficient of determination in this study showed a figure of 22.3% through the calculation results $KD = R^2 \times 100\%$ [38].

4.3 Hypothesis Test (T Test)

Testing the hypothesis in this study resulted in a value of $t = 3.130$, and showed a figure greater than the value of $t\text{-table} = 1.674$ with a significant value of 0.003 and did not exceed the significance of the study, 0.1 [39]. The results of the T-test for the variable X showed a positive and significant effect between the internal branding strategy variables on the variable of employee loyalty so that H1 was accepted, and H2 was rejected. Not strong enough influence shown from variable X to variable Y indicates that brand expression is only able to explain a small portion of employee loyalty at the Human Capital Directorate in Company X. Good infrastructure needs to be prepared as part of a number of human capital strategies, linked to the career advancement of employees [40].

5 Conclusion

The results of this study pay attention to practical and theoretical aspects, through processing data that has been collected, and through various testing methods to determine the contribution of the influence of the internal branding strategy to the employee loyalty. Based on the results of the study it was concluded that there was an influence between internal branding strategy on employee loyalty variables at the Directorate of Human Capital in Company X. The effect of between variables in this study is relatively not strong enough with a 22.3% rate. The next researcher should choose other variables besides the internal branding strategy, because there is still a 77.7% chance on one or more other variables that affect the level of employee loyalty.

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