Commercium : Journal of Business and Management
E-ISSN : 3031- 9889
Volume. 3 Issue 4 November 2025
Page No: 241-256

Understanding Employee Loyalty: Motivation and Compensation in the Indonesian Garment Sector

Ayu Nike Retnowati[1], Salsabila Hafizhah[2], Okta Eka Putra[3]
Universitas Informatika dan Bisnis Indonesia, Indonesia[123]
Correspondent: anr3515@unibi.ac.id [1]

Received : July 26, 2025
Accepted : August 21, 2025
Published : November 28, 2025

Citation: Retnowati, A, N., Hafizhah, S., & Putra, O, E. (2025). Understanding Employee Loyalty: Motivation and Compensation in the Indonesian Garment Secto. Commercium : Journal of Business and Management, 3(4), 241-256. https://doi.org/10.61978/commercium.v3i4

ABSTRACT: This study investigates the influence of motivation and compensation on employee loyalty at CV. Garmen XYZ, a garment company facing a high employee turnover rate (up to 13.8%) and above-average absenteeism (7.1%). These issues reflect low employee loyalty, potentially affecting productivity and organizational stability. Furthermore, compensation remains below the regional minimum wage, and absenteeism indicates low employee motivation. The study aims to examine the conditions of motivation, compensation, and loyalty, and to measure the partial and simultaneous influence of motivation and compensation on loyalty. A quantitative approach was applied using descriptive and verification methods. Data were collected from 104 respondents through closed questionnaires using a Likert scale, selected via purposive sampling. Validity and reliability tests were conducted, followed by classical assumption tests, multiple linear regression, t-tests, F-tests, and coefficient of determination (R^2). Results show that motivation, compensation, and employee loyalty are generally perceived as high. However, real conditions reveal a mismatch, with compensation below standards and high turnover. Motivation has a significant partial influence on loyalty (64.8%), while compensation does not, though it contributes 33.5%. Simultaneously, motivation and compensation significantly influence employee loyalty, with a combined effect of 64.4%. The findings highlight that enhancing motivation is more effective in fostering employee loyalty than relying on compensation alone.

Keywords: Compensation, Employee Loyalty, Motivation, Turnover.

INTRODUCTION

CV Garment XYZ has a high turnover rate with an average of 13.8% in the period from October 2023 to March 2024.—well above the acceptable threshold of 10% (Fahrizal & Utama, 2021). In addition, the average employee absenteeism rate reached 7.1%, exceeding the ideal threshold of

3% as stated by Darmawan, (2020) in Dewi & Sunny, (2023). High turnover and absenteeism are indicators of weak employee loyalty, which can lead to decreased productivity and increased HR-related costs (Ma'ruf, 2021; Priansa, 2021). Initial analysis reveals that compensation at CV. Garmen XYZ remains below the Padalarang minimum wage (UMK) of IDR 3,508,677, where employees with less than one year of service receive only IDR 2,160,000 per month—approximately 62% of the regional minimum wage (XYZ, 2024). Moreover, many employees remain on contract status even after working for over five years and do not receive appropriate benefits. This inadequate compensation is suspected to be a contributing factor to low employee loyalty (Antin, 2022). Additionally, the high rate of absenteeism may reflect low work motivation, as Asep et al., (2022) asserts that decreased motivation is closely associated with increased absenteeism.

The Motivator-Hygiene Theory was proposed by Frederick Herzberg in 1959. This theory is a motivational theory that focuses on factors that influence job satisfaction and dissatisfaction. Herzberg divided these factors into two main categories: motivator factors and hygiene factors. (Peramatzis,2022), (Marsudi, 2022). Furthermore, Maslow's hierarchy of needs theory (1943) explains that physiological and safety needs must first be fulfilled before self-actualization needs—such as loyalty—can emerge. McClelland, (1987) also emphasized that the need for affiliation and achievement significantly influences work commitment.

Employee loyalty is defined as the willingness to remain in an organization and contribute positively to its success(Suyono, 2017). Previous research has produced mixed findings regarding the relationship between motivation, compensation, and employee loyalty. Some studies found a significant positive influence of motivation and compensation on loyalty (Lalisang et al., 2022), while others reported no significant relationship (Gilang, 2020). These inconsistencies suggest a research gap that requires empirical exploration in a more contextual setting.

Based on the above background, this study aims to:

1) Describe the condition of motivation, compensation, and employee loyalty at CV. Garmen XYZ;
2) Analyze the partial influence of motivation and compensation on loyalty;
3) Examine their simultaneous influence.

High employee turnover and absenteeism at CV. Garmen XYZ can be understood through the lens of classical motivation theories. Maslow, (1943) emphasizes that unmet physiological and safety needs, such as fair wages, prevent employees from developing higher-order commitment. Herzberg's two-factor theory Widyanti, (2019) explains that inadequate compensation serves as a hygiene factor that creates dissatisfaction but fails to build loyalty. Empirical studies in Indonesia strengthen this view: low wages have been shown to significantly increase turnover intention in the textile industry (Okta, 2022), while compensation and loyalty jointly reduce turnover when managed effectively (Sari & Putra, 2021). Moreover, compensation, motivation, and organizational culture together shape turnover intention, underscoring the importance of integrating both intrinsic and extrinsic factors(Wijayanti, 2021). In garment factories specifically, wages, social support, and worker participation were found to significantly influence satisfaction and retention (Pratiwi, 2020). These findings bridge theory and practice, showing that turnover at CV. Garmen XYZ is not only a financial issue but also reflects broader motivational dynamics.

This study adopts a quantitative approach with descriptive and verification methods to address the main research question: To what extent do motivation and compensation affect employee loyalty at CV. Garmen XYZ? By answering this question, the study is expected to contribute both practically and theoretically to the human resource management literature, particularly within the context of labor-intensive industries in developing countries.

METHOD

The approach used is to conduct a descriptive study to obtain a general overview of each variable. In testing the influence, a quantitative method is used which uses a numerical approach to be tested statistically to see the magnitude of the influence on each variable. (Sugiyono, 2021). The descriptive component explored the levels of motivation, compensation, and employee loyalty at CV. Garmen XYZ, while the verificative analysis examined the partial and simultaneous effects of motivation and compensation on loyalty using a correlational design and multiple linear regression (Panggabean, 2020). The research was conducted at CV. Garmen XYZ, located in Padalarang, West Bandung, due to its relevance to the topic and observable problems in employee turnover, absenteeism, and wage standards.

The population consisted of 171 employees, and a sample of 104 respondents was selected using purposive sampling, based on criteria such as minimum one year of tenure and willingness to participate (Arikunto, 2013). The sample size was determined using the Slovin formula with a 5% margin of error (Christanto & all, 2023). The data collection instrument was a structured questionnaire based on operational definitions derived from previous research and theoretical frameworks. The questionnaire used a 5-point Likert scale and underwent validity and reliability testing before use, with Pearson correlation and Cronbach's Alpha to ensure consistency (Sekaran & Bougie, 2016).

Data collection was conducted in March 2024 through direct distribution of printed questionnaires at the workplace with management permission. Respondents received informed explanations and had 2–3 days to complete the forms. All participation was voluntary and anonymous. The collected data were analyzed using SPSS, beginning with descriptive statistics, followed by classical assumption tests—including normality (Kolmogorov-Smirnov), multicollinearity (VIF), and heteroscedasticity (Glejser test). Further analysis included multiple linear regression, t-tests for partial influence, F-tests for simultaneous influence, and the coefficient of determination (R^2) to measure the explanatory power of the independent variables (all, 2023; Bangun, 2021), (Purba, 2023).

In terms of ethical considerations, all participants signed informed consent forms and were assured of the confidentiality and anonymity of their responses. The researcher obtained permission from

CV. Garmen XYZ's management prior to data collection and complied with ethical standards for human research involving informed consent, voluntary participation, and data protection(Creswell & Creswell, 2018).

Research Type

This study is classified as quantitative research with a descriptive-verificative design. Quantitative research is used to examine the relationship between measurable variables using statistical analysis (Sugiyono, 2021). The descriptive aspect of this study aims to provide an overview of the existing situation of employee motivation, compensation, and loyalty at CV. Garmen XYZ, based on employee perceptions. Meanwhile, the verificative aspect is used to test hypotheses and determine the influence—both partial and simultaneous—of motivation and compensation on employee loyalty using inferential statistical methods, specifically multiple linear regression (Cahyonugroho & all, 2016; Wahyu, 2023). This type of research is appropriate when the objective is to confirm theoretical assumptions through empirical evidence derived from field data (Creswell & Creswell, 2018).

Population and Sample/Informants

The population in this study consists of all employees of CV. Garmen XYZ, totaling 171 individuals, including both production and administrative staff. The population was chosen due to its relevance to the research problem, as the entire employee group is subject to organizational policies related to motivation and compensation (Sugiyono, 2021). To determine the sample size, the Slovin formula was used with a 5% margin of error, resulting in a sample of 104 respondents, which is considered sufficient for generalization and statistical analysis in social research (Umar, 2019). The sampling technique employed was purposive sampling, which allows the researcher to select respondents based on specific criteria: (1) employees who have worked for at least one year, (2) are still actively employed at the time of the study, and (3) are willing to voluntarily participate. This non-probability sampling method is suitable when the goal is to ensure that the selected respondents possess sufficient knowledge and experience related to the research variables (Sekaran & Bougie, 2016). The chosen sample size and criteria ensured that the study could capture reliable insights into the dynamics of motivation, compensation, and employee loyalty within the company.

Research Location

This research was conducted at CV. Garmen XYZ, a garment manufacturing company located in Padalarang, West Bandung Regency, West Java, Indonesia. The location was selected based on its relevance to the research problem, particularly the issues of high employee turnover, absenteeism, and compensation practices below the regional minimum wage. Conducting the study in the natural setting of the company allows for better contextual understanding and strengthens the external validity of the findings (Creswell & Creswell, 2018). Moreover, the accessibility of the location, along with the willingness of management to support data collection, made CV. Garmen XYZ an appropriate and strategic research site. The company's labor-intensive nature and the presence of employees with varying contract statuses provided a suitable environment to investigate the dynamics between motivation, compensation, and employee loyalty.

Instrumentation or Tools

The primary instrument used in this research was a structured questionnaire, developed based on theoretical constructs and indicators relevant to the variables of motivation, compensation, and employee loyalty. The questionnaire was constructed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), allowing for the quantification of attitudes and perceptions (Sugiyono, 2021). The development of the instrument referred to established theories, such as Herzberg's two-factor theory for motivation (Herzberg in Widyanti, 2019),(Ansari, 2019). equity theory and direct-indirect compensation concepts for compensation(Manop et al., 2023), and organizational commitment theory for loyalty (Gozaly & Wibawa, 2020; Habib, 2017; Yeboah & all, 2024).

Prior to data collection, the questionnaire underwent a validity test using Pearson's product-moment correlation to ensure that each item accurately measured the intended construct. A statement was considered valid if the correlation coefficient was greater than the critical value at the 5% significance level (Sekaran & Bougie, 2016). To ensure the consistency of responses across items within each variable, a reliability test was also conducted using Cronbach's Alpha, where a coefficient of 0.70 or higher indicated acceptable internal consistency (Ghozali, 2018). The use of a validated and reliable instrument ensured that the research findings could be interpreted with confidence and statistical credibility.

Data Collection Procedures

The data collection procedure in this study was carried out in March 2024 through the direct distribution of printed questionnaires to selected employees of CV. Garmen XYZ. Before administering the instrument, the researcher obtained official permission from the company's human resource department and coordinated with department heads to ensure minimal disruption to work activities. Respondents were briefed regarding the purpose of the research, their right to participate voluntarily, and the confidentiality of their responses (Creswell & Creswell, 2018). To increase accuracy and honesty in responses, questionnaires were completed individually during break times, and respondents were given 2 to 3 working days to return the forms.

The researcher ensured that all participants met the sampling criteria—specifically, being active employees with a minimum of one year of service. A total of 104 completed questionnaires were returned and verified for completeness before proceeding to the analysis stage. This structured and ethically guided data collection process aligns with the principles of good quantitative research practice and ensures that the data collected are both reliable and valid for subsequent statistical testing (Sekaran & Bougie, 2016; Sugiyono, 2021). Additionally, the researcher maintained strict confidentiality of the responses, storing all data securely and using them solely for academic purposes.

Data Analysis

The data analysis in this study was conducted using quantitative statistical techniques through the assistance of SPSS (Statistical Package for the Social Sciences) version 25. The analysis process began with descriptive statistics to determine the frequency distribution, mean, and category classification of each variable—motivation, compensation, and employee loyalty (Sugiyono, 2021). Afterward, the instrument was tested for validity using Pearson's product-moment correlation, and for reliability using Cronbach's Alpha, where a value above 0.70 indicated good internal consistency (Khairunissa & Ratnawati, 2021).

Prior to inferential testing, the data were evaluated for compliance with classical assumptions of regression analysis, including the normality test (Kolmogorov-Smirnov), multicollinearity test (Variance Inflation Factor/VIF), and heteroscedasticity test (Glejser test), to ensure unbiased and efficient estimates (Ghozali, 2018). The main inferential technique applied was multiple linear regression analysis, which was used to examine both the partial effect of motivation and compensation (via t-test) and their simultaneous effect (via F-test) on employee loyalty. To assess the strength of the model, the coefficient of determination (R^2) was calculated to indicate how much variance in loyalty was explained by the two independent variables. This comprehensive approach to data analysis ensured the robustness of conclusions drawn from the study's empirical findings.

Ethical Approval (Optional)

In terms of ethical considerations, all participants signed informed consent forms and were assured of the confidentiality and anonymity of their responses. The researcher obtained permission from CV. Garmen XYZ's management prior to data collection and complied with ethical standards for human research involving informed consent, voluntary participation, and data protection (Creswell & Creswell, 2018).

RESULT AND DISCUSSION

Based on the results of distributing the questionnaire, the following characteristics of the respondents were obtained:

Table 1. Respondent Characteristics

Category	Sub Category	Number	Percentage (%)
Gender	Male	37	35.6%
	Female	67	64.4%
Age	18-25 years	52	50%
	26-35 years	52	50%
Education	Senior High School	83	79.8%
	Diploma/Bachelor	21	20.2%
Length of Service	<5 years	78	75%
	>5years	26	25%

The majority of respondents were female (64.4%), which reflects the typical workforce composition in the garment industry. Employees were equally distributed between the 18–25 and 26–35 age groups (50% each), indicating that most are within the productive working age and may exhibit job mobility.

In terms of educational background, most respondents held a senior high school diploma (79.8%), suggesting a workforce with limited formal higher education. This could imply that job choice is driven more by economic necessity than by long-term career planning. Regarding length of service, a significant portion of respondents (75%) had worked for less than five years, reinforcing concerns about high employee turnover and relatively low long-term retention.

Table 2. Distribution of Managerial Training Levels

No	Managerial Training Level	Frequency	%
1	No formal training	18	14.4
2	Short courses/workshops	50	40.0
3	Professional certifications	45	36.0
4	Graduate-level training	12	9.6

Source: Primary Data

1. Motivation

38% respondents expressed that their work motivation is driven by economic needs and production demands. However, responses to items related to recognition of achievement and opportunities for self-development scored lower. This indicates that employees' motivation tends to be extrinsic, driven by external factors rather than intrinsic commitment or emotional connection to their work.

2. Compensation

While some respondents were satisfied with timely salary payments, many reported dissatisfaction with the overall fairness of their wages, particularly regarding basic pay and the absence of meaningful benefits in average 40%. These responses suggest that the current compensation system is perceived as insufficient, failing to serve as an effective retention tool.

3. Loyalty

42,3% respondents indicated that their decision to stay was based more on economic reasons than emotional attachment to the company. Responses to items such as pride in being part of the company and intentions to remain long-term received relatively low scores, revealing weak affective loyalty. Nonetheless, signs of calculative loyalty—staying for financial survival—were evident, indicating a practical rather than emotional commitment.

To assess the influence of motivation and compensation on employee loyalty, multiple linear regression analysis was performed. The findings are as follows:

1) Motivation has a statistically significant partial effect on employee loyalty. The standardized coefficient shows a contribution of 64.8%, indicating that motivation alone plays a dominant role in shaping employee loyalty.
2) Compensation does not show a significant partial effect on loyalty. Its contribution is only 33.5%, suggesting that while compensation is important, it does not strongly determine loyalty when considered in isolation.
3) Motivation and compensation together have a significant influence on employee loyalty. The coefficient of determination (R^2) is 64.4%, which means that both variables explain 64.4% of the variation in employee loyalty. The remaining 35.6% is likely influenced by other factors not examined in this study (e.g., organizational culture, leadership, job satisfaction). Motivation is the strongest determinant of employee loyalty at CV. Garmen XYZ. Compensation alone is not sufficient to retain employees or foster strong loyalty. A combined strategy that strengthens both intrinsic motivation and improves compensation structures would be more effective in building a loyal workforce.

Several factors likely explain why compensation shows no significant partial effect here while earlier studies reported otherwise. Contextual economics matter: during Oct-2023–Mar-2024, wages at CV. Garmen XYZ were well below the local minimum and benefits were limited, creating a “hygiene deficit” (Herzberg) where pay primarily prevents further dissatisfaction but rarely builds attachment—so its marginal variation across respondents may be too small to predict loyalty once motivation is controlled. Second, sample structure (young workforce, short tenure, high contract insecurity) tilts loyalty toward calculative/continuance motives; in such settings, intrinsic and relational cues (recognition, development, supervisor support) dominate retention decisions more than small pay differences. Third, measurement and design differences can shift results: many prior studies used broader “total rewards” (pay + benefits + fairness) or organizational commitment as the outcome; we used loyalty with items emphasizing long-term intent and pride, which is closer to affective attachment and more sensitive to motivational climate. Fourth, methodological controls (t-tests within a multiple-regression that includes motivation, classical-assumption checks) may reduce spurious pay effects observed in bivariate models; compensation’s influence could be mediated by motivation (better pay → morale → loyalty) or moderated by job security/justice—paths not modeled in many earlier papers. Finally, timing effects (inflationary pressures, local labor market churn) can compress perceived fairness, weakening direct pay–loyalty links compared with studies conducted in more stable periods.

The findings of this study confirm the crucial role of motivation in fostering employee loyalty, particularly in labor-intensive environments such as garment manufacturing. This result supports the two-factor theory of Herzberg (in Widyanti, 2019), Nur'aeni & all, (2025), Pakaya & all, (2024) which emphasizes that intrinsic motivators—such as achievement, recognition, and responsibility—are key to increasing job satisfaction and loyalty. Similarly, the results align with Maslow's hierarchy of needs (1943), which posits that once basic needs are met, individuals seek fulfillment through self-actualization, often linked to meaningful work and personal growth (Peramatzis, 2022).

The insignificant partial effect of compensation on loyalty is an important insight. While previous studies (Pulawan & all, 2019; Saputra & all, 2024; Tjendra et al., 2019) have shown that compensation is a major factor in employee retention, this study supports more recent research (Afrizal & Rahmat, 2023) suggesting that compensation becomes less effective when it is perceived as insufficient or unfair. This outcome suggests that, in contexts where wages are low and contract instability is high—as is the case at CV. Garmen XYZ—employees may prioritize other needs, such as job security, respect, and growth opportunities (Lollo & O'Rourke, 2020; Ullah & all, 2024).

From a practical perspective, the company should not rely solely on financial rewards to build employee loyalty. Instead, investing in motivational strategies such as employee recognition programs, internal promotions, skill training, and open communication can create a stronger sense of belonging and engagement.

The methodological strength of this research lies in its comprehensive and rigorous application of statistical techniques. First, the instrument was validated through validity and reliability testing, ensuring that the questionnaire items accurately measured the constructs of motivation, compensation, and loyalty, with Cronbach's alpha values exceeding the accepted threshold of 0.70. Second, the study employed classical assumption tests—including normality, multicollinearity, and heteroscedasticity checks—to confirm the robustness of the regression model and minimize estimation bias. Third, the use of multiple linear regression analysis enabled the simultaneous evaluation of motivation and compensation, capturing both partial and combined effects on employee loyalty. The application of t-tests and F-tests allowed the study to distinguish between individual and joint variable significance, providing nuanced insights into the drivers of loyalty. Finally, the inclusion of the coefficient of determination (R^2) quantified the proportion of variance explained (64.4%), which strengthens the explanatory power of the findings.These statistical procedures ensure that the results are not only reliable but also methodologically rigorous, enhancing the credibility and contribution of this study to the field of human resource management(Sutrisno, 2023).

Interpretation of Key Findings

The findings of this study indicate that motivation has a significant and dominant partial effect on employee loyalty, with a standardized coefficient (β) of 0.648, suggesting that motivation alone accounts for 64.8% of the influence on employee loyalty. This means that employees' decision to stay with the organization is highly driven by motivational factors, such as recognition, personal growth, and a sense of purpose.

On the other hand, compensation does not show a statistically significant partial effect on loyalty. Although it contributes 33.5% in the regression model, its significance level is above the standard threshold ($p > 0.05$), indicating that compensation alone does not strongly predict loyalty when motivation is considered.

However, when both variables are tested simultaneously using multiple linear regression, the combined influence of motivation and compensation on loyalty is significant, with a coefficient of determination (R^2) of 64.4%. This means that together, the two variables explain more than half of the variance in employee loyalty. The remaining 35.6% may be attributed to other unexamined factors such as job satisfaction, leadership style, or organizational culture.

Comparison with Previous Studies

The results of this study partially converge with and diverge from existing literature. Specifically, the significant influence of motivation on employee loyalty is consistent with studies by Lalisang et al. (2022) and Emas et al., (2021), both of which emphasize that intrinsic factors—such as a sense of achievement, recognition, and personal growth—play a crucial role in sustaining employee commitment. These studies similarly concluded that motivated employees are more likely to remain loyal, even in the absence of high monetary rewards(Padilla & all, 2025; Pramesti & all, 2024).

However, this study's finding that compensation does not significantly influence loyalty on a partial basis stands in contrast to research by Tjendra et al. (2019) and Putra in Suryani & Rahman, (2020), who found that fair and competitive compensation had a strong positive effect on employee loyalty and retention. Their research suggested that dissatisfaction with wages and benefits was one of the leading causes of turnover. This divergence may be due to contextual factors—such as regional labor markets, industry norms, or living costs—which influence how employees perceive the value of compensation (Gulo & M.H., 2025). (Saputra, 2024).

Interestingly, this study supports the findings of Afrizal & Rahmat (2023), who argued that financial incentives alone cannot foster long-term loyalty, particularly when the compensation system lacks transparency or is perceived as inequitable. This study also complements Herzberg's two-factor theory by showing that while compensation may reduce dissatisfaction, it is not sufficient to generate satisfaction or loyalty unless paired with motivating factors such as meaningful work or advancement opportunities (Herzberg, 2019),(Hasan, 2018), (Tuoi, 2025).

Thus, this study contributes to the literature by emphasizing the context-specific dynamics of employee motivation and loyalty in labor-intensive, low-wage environments like garment manufacturing. It highlights that while compensation is necessary, it is not sufficient without a strong motivational climate.

Limitations and Cautions

While this study provides valuable insights into the influence of motivation and compensation on employee loyalty, several limitations must be acknowledged, and caution should be taken in interpreting the findings.

First, the study was conducted in a single organization (CV. Garmen XYZ) within a specific geographic and industrial context—namely, the garment manufacturing sector in Padalarang, West Java. As such, the generalizability of the results to other industries, regions, or organizational types is limited. Organizational culture, wage standards, and employment contracts in other contexts may yield different outcomes.

Second, the study focused exclusively on two independent variables: motivation and compensation. While these are significant factors, employee loyalty is multidimensional and influenced by other variables such as leadership style, job satisfaction, psychological contract, organizational commitment, and workplace environment—none of which were explored in this research.

Third, the use of self-reported questionnaires as the sole data collection method introduces the risk of response bias, including social desirability bias, where respondents may answer in ways they believe are expected rather than reflect their true perceptions. Additionally, the cross-sectional nature of the data limits the ability to assess changes over time or establish strong causal relationships.

Finally, the operationalization of loyalty in this study focused on behavioral and attitudinal components, but did not distinguish between affective, normative, and continuance loyalty, which may offer a more nuanced understanding of why employees choose to stay. Researchers and practitioners should therefore interpret the results with these limitations in mind and avoid overgeneralizing the findings beyond the scope of this study. Caution should also be exercised in applying these results to policy decisions without considering the specific organizational culture and employee demographics.

Recommendations for Future Research

Future research should consider expanding the sample to include multiple companies or industries, particularly across different regions or economic sectors. A mixed-methods design could enrich the findings by capturing deeper employee perceptions through interviews or focus groups(Rahman, 2022). Additionally, future studies should examine additional variables such as employee engagement, organizational justice, or leadership effectiveness to develop a more comprehensive model of employee loyalty.

CONCLUSION

This study examined the influence of motivation and compensation on employee loyalty at CV. Garmen XYZ, a garment manufacturer experiencing high turnover and absenteeism. The findings show that motivation exerts a significant and dominant partial effect on loyalty (64.8%), while compensation does not significantly influence loyalty when assessed independently (33.5%). However, when combined, motivation and compensation jointly account for 64.4% of the variance in employee loyalty. These results highlight that in labor-intensive industries, intrinsic motivators—such as achievement, recognition, and personal growth—are more decisive than monetary compensation alone.

The study contributes to human resource management literature by providing context-specific evidence that employees may remain in low-wage settings due to extrinsic, survival-based factors, reflecting calculative rather than affective loyalty. This finding supports Herzberg's two-factor theory and Maslow's hierarchy of needs, reaffirming that compensation prevents dissatisfaction but does not generate loyalty unless combined with intrinsic motivators. The research thus offers a nuanced understanding of how classical motivation theories apply in labor-intensive industries of developing countries (Desmarini, 2023).

For CV. Garmen XYZ, the results underline the need for a balanced retention strategy. While aligning wages more closely with the regional minimum and introducing performance-based incentives are important, non-financial strategies are equally critical. These include employee recognition programs, training and career development opportunities, clear promotion pathways, improved communication, and attendance-based rewards. Together, such interventions strengthen affective loyalty, reduce turnover, and create a more sustainable and engaged workforce.

This study was limited to a single company and two independent variables, relying on self-reported, cross-sectional data that restricts causal interpretation. Future research should expand to multiple companies or sectors, apply longitudinal or mixed-method designs, and include additional factors such as organizational culture, leadership style, or psychological safety. These approaches would enhance generalizability and provide a more holistic picture of employee loyalty.

REFERENCE

Afrizal, A., & Rahmat, R. (2023). Hubungan kompensasi terhadap loyalitas karyawan. *Jurnal Ekonomi dan Bisnis*, *11*(1), 44–56.

all, A. Y. E. (2023). The Effect of Work Discipline and Work Environment Employee Performance at PT Axia Multi Sarana Kota Jakarta Selatan. *International Journal of Economics, Business and Accounting Research*, *7*(uue 1. E-ISSN), 1280–2614.

Ansari, S. (2019). An Evaluation of the Employee Motivation Based on Two Factor Theory (a Study of selected Nepalese organizations. *Global Scientific Journal*, *8*(ue 10. ISSN), 2320–9186.

Antin, S. (2022). The Effect of Compensation on Loyalty, Work Ethics and Productivity of Contract Labour (Case Study on Polinema. *2022. ISSN*, *6*(10), 2456–7760.

Arikunto, S. (2013). *Prosedur Penelitian: Suatu Pendekatan Praktik*. Rineka Cipta.

Asep, D., Afrizal, A., Muhammad, M., & Satriawan, B. (2022). The Effect of Work Motivation, Compensation and Work Discipline on Employee Performance through Job Satisfaction at Batam University, Indonesia. *International Journal of Advances in Social Sciences and Humanities*.

Bangun, R. H. (2021). The Determinants of Production and Feacibility of Chili Pepper in Province of Sumatera Utara. *Jurnal Sosial Ekonomi dan Kebijakan Pertanian*, *5*(2. ISSN), 2566–2580.

Cahyonugroho, A., & all. (2016). The Effect of Remunerationon Motivation that Implicates Employee's Performance in XYZ Company. *Indonesian Journal Og Business and Entrepreneurship*, *2*(2. E-ISSN), 2407–7321.

Christanto, H. J., & all. (2023). Usability Analysis of Atma Jaua Catholic University E-Learning Based on Human Computer Interaction. *Journal of Information Systems and Informatics*, *5*(3. E-ISSN), 2656–4882.

Creswell, J. W., & Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (5th ed.). Sage.

Darmawan, D. (2020). *Manajemen Sumber Daya Manusia*. Alfabeta.

Desmarini, R. (2023). *Tingkat absensi dan motivasi kerja*.

Dewi, R., & Sunny, N. (2023). Pengaruh motivasi terhadap tingkat absensi. *Jurnal Ilmu Administrasi*, *5*(2), 76–83.

Emas, F., Salim, T., & Priyono, B. (2021). *Pengaruh kompensasi dan motivasi terhadap loyalitas karyawan*. Pustaka Bangsa.

Fahrizal, M., & Utama, Y. (2021). *Studi turnover karyawan industri garmen*.

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Badan Penerbit Universitas Diponegoro.

Gilang, R. (2020). Motivasi tidak signifikan terhadap loyalitas karyawan. *Jurnal Psikologi Industri*, *8*(1), 23–31.

Gozaly, A., & Wibawa, S. (2020). *Organizational Behavior*. Deepublish.

Gulo, S. E. W., & M.H. (2025). The Role Of Compensation Systems In Enhancing Employee Loyalty: A Case Study Of UD Erwin. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, *13*(2). https://doi.org/10.37676/ekombis.v13i2

Habib, N. (2017). Is Hezberg's Two Factor Theory Valid in the Context of Performance Management System? A Study of Private Bank of Pakistan. *Journal of Management Science*, *XI number 03*.

Hasan, I. (2018). *Pokok-pokok Materi Statistik 2 (Statistik Inferensial*. Bumi Aksara.

Herzberg, F. (2019). *Perilaku Organisasi: Teori dan Praktik*. Refika Aditama.

Khairunissa, L., & Ratnawati, J. (2021). Tingkat Turnover dan Loyalitas Karyawan. *Jurnal Manajemen*, *12*(1), 15–26.

Lalisang, E., Santoso, B., & Raharja, A. (2022). Pengaruh motivasi terhadap loyalitas. *Jurnal Bisnis dan Akuntansi*, *14*(2), 75–83.

Lollo, N., & O'Rourke, D. (2020). Factory benefits to paying workers more: The critical role of compensation systems in apparel manufacturing. *PloS One*, *15*(2), 227510. https://doi.org/10.1371/journal.pone.0227510

Manop, A., Simamora, H., & Hasanudin, R. (2023). *Dasar-dasar Manajemen Kompensasi*. Media Pressindo.

Marsudi, D. (2022). Analysis of the Effect of Motivation Factors and Hygiene Factors on Employee Performance with Job Satisfactio as a Mediation Factors. *International Jornal of Business, Management and Economics*, *3*(4. E-ISSN), 1351–2746.

Ma'ruf, M. (2021). Loyalitas dan retensi karyawan. *Jurnal Sumber Daya Manusia*, *7*(2), 19–29.

Maslow, A. H. (1943). A Theory of Human Motivation. *Psychological Review*, *50*(4), 370–396.

McClelland, D. C. (1987). *The Achieving Society*. Free Press.

Nur'aeni, W., & all. (2025). The Influence of Leadrship Style and Organizational Culture on Employee Loyalty with Work Satisfaction as an Intervening Variable. *Indonesian Interdiciplinary Journal of Sharia Economics*, *8*(2. ISSN), 2606–2621.

Okta, D. (2022). Kompensasi dan loyalitas dalam industri padat karya. *Jurnal Ekonomi Kerja*, *9*(2), 41–51.

Padilla, N., & all. (2025). The Influnce of Intrinsic Motivation and Non Physical Work Environment on Employee Loyalty Through Work Disipline at PT. *Cannet Elektrik Indonesia*, *1*.

Pakaya, S. H., & all. (2024). The Influence of Organizational Culture on Employee Satisfaction and Loyalty at PT. *Sarana the Future of Banggai. Procceding of the International Conference on Management, Entrepreneurship and Business*, *1*(1).

Panggabean, P. C. (2020). The Influnce of Incentives and Employee Satisfaction Performance Against Job Loyalty at PT. *XYZ. Enrichment : Journal of Management*, *10*(ue 2. E-ISSN), 2087–6327.

Peramatzis, G. (2022). Herzber's Motivation Theory in Workplace. *Psychology Research*, *12*(12).

Pramesti, R. P. I. R., & all. (2024). The Influnce of Incentives and Intrinsic Motivation on The Work Spirit of Employees of in Regional Public Company West Java. *International Journal of Humanities Education and Social Science*, *4*(1).

Pratiwi, D. (2020). The effect of wages, social support, union activity, and worker participation on job satisfaction in garment factories. *Jurnal Ilmu Sosial*, *9*(2), 145–160. https://ejournal.undip.ac.id/index.php/ilmusos/article/view/22274

Priansa, D. J. (2021). *Perilaku Organisasi dan Budaya Kerja*. Alfabeta.

Pulawan, I. M., & all. (2019). Influence of Gender, Work Environment, Compensation and Loyalty of Employees. *International Journal of Social Sciences and Humanities*, *3*(3. ISSN), 2560–2701.

Purba, T. P. (2023). The Effect of Marketing Communications and Location on Customer Visiting Interest. *Journal of Proceedings Social Science and Political Science Dharmawangsa University*, *3*(N), 2798–7280.

Rahman, A. (2022). The effect of wages on turnover intention in the textile industry. *Jurnal Komitmen Manajemen*, *7*(1), 55–64. https://journal.uinsgd.ac.id/index.php/komitmen/article/view/22303

Saputra, A. D., & all. (2024). The Effect of Compensation and Work Environment on Employee Loyalty through Job Satisfaction as a Mediator ath the Regional Revenue Management Agency of West Nusa Tenggara. *International Journal of Multicultural and Multireligious Understanding*, *ue 10. ISSN*, 2364–5369.

Sari, N., & Putra, R. (2021). Compensation and loyalty as determinants of turnover intention. *Jurnal Sumber Daya Manusia*, *3*(2), 87–96. https://openjournal.unpam.ac.id/index.php/JJSDM/article/view/27926

Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach* (7th ed.). Wiley.

Suryani, R., & Rahman, F. (2020). Loyalitas karyawan di perusahaan garmen. *Jurnal Ilmu Sosial dan Humaniora*, *8*(3), 115–122.

Sutrisno, E. (2023). *Manajemen Sumber Daya Manusia*. Kencana.

Suyono, J. (2017). Motivation Engineering to Employee by Employees Abraham Maslow Theory. *Journal of Education Teaching and Learning*, *2*(1 e-ISSN), 2477–8478.

Tjendra, A., Wijaya, F., & Lim, T. (2019). Motivation and Turnover Intention. *Journal of Industrial and Organizational Psychology*, *5*(2), 50–60.

Ullah, M. S., & all. (2024). The Effect of Compensation, Organizational Commitment and Job Satisfaction on Work Productivity : Evidence from Readymade Garment Industry in an Emerging Economic. *Journal of Infrastructure, Policy and Development*, *8*(13).

Wahyu, F. B. (2023). Comprehension of the Descriptive Qualitative Research Method : a Critical Assessment of the Literature. *Journal of Multidiplinary Research*, *2*(ue 4).

Widyanti, D. (2019). *Perilaku Organisasi: Teori dan Aplikasi*. Refika Aditama.

Wijayanti, A. (2021). The influence of compensation, motivation, and organizational culture on turnover intention. *International Journal of Law and Education Research*, *2*(3), 76–85. https://ijler.umsida.ac.id/index.php/ijler/article/view/816

XYZ, C. V. G. (2024). *Data internal absensi, turnover, dan penggajian karyawan*.

Yeboah, J. N. O., & all. (2024). The Cultural Significance of Frederick Hezberg's Two Factor Theory on the Ghanaian Society- Evidence From Public Senior High Schools in Ghana. *International Research Journal of Economics and Management Studies*, *3*(ue 7. ISSN), 2583–5238.