The Influence of Additional Income on Employee Loyalty at the Department of Agriculture, North Tapanuli Regency

Sartika Krisna Panggabean, Elfitra Desy Surya

Abstract

This study investigates the influence of additional income on employee loyalty in the Department of Agriculture, North Tapanuli Regency. A total of 357 employees participated, and data were analyzed using descriptive statistics, validity and reliability tests, simple linear regression, and hypothesis testing. The descriptive results indicate that both additional income ($M = 4.63$; $SD = 0.32$) and employee loyalty ($M = 4.52$; $SD = 0.52$) are perceived at high levels, suggesting a generally favorable organizational environment in which financial incentives may enhance commitment and engagement. Validity and reliability tests confirmed that all research instruments were valid and reliable, with Cronbach's Alpha values exceeding the threshold. The regression analysis demonstrates that additional income has a significant positive effect on employee loyalty, with a regression coefficient ($B = 1.162–1.165$), standardized Beta (0.732–0.785), and t-values (9.543–9.731), indicating strong predictive power. This suggests that for every one-unit increase in additional income, employee loyalty is expected to rise by approximately 1.16 units. The coefficient of determination ($R^2 = 0.592$; Adjusted $R^2 = 0.643$) shows that 59.2% of the variance in employee loyalty is explained by additional income, while the remaining 40.8% is influenced by other factors such as organizational culture, leadership, and non-financial incentives. The findings highlight the critical role of financial incentives in fostering employee loyalty in the public sector. Providing additional income is not only a motivator but also a strategic tool to enhance employee commitment, reduce turnover, and ensure consistent and effective service delivery in governmental institutions. These results offer practical implications for policymakers in designing employee compensation strategies and contribute to the academic literature on public sector human resource management.

***Keywords**:* Additional Income, Employee loyalty, Organizational Effectiveness

Sartika Krisna Panggabean [1]
[1]Student of Master of Management,Universitas Pembangunan Panca Budi, Indonesia
e-mail: panggabeansartika@gmail.com[1]

Elfitra Desy Surya[2]
[2]Lecturer of Master of Management,Universitas Pembangunan Panca Budi, Indonesia
e-mail: elfitradesy@dosen.pancabudi.ac.id[2]

Introduction

Employee loyalty has become an important concern for public organizations, including local government institutions, because loyal employees tend to show higher dedication, stronger work motivation, and long-term commitment to organizational goals. In the context of government agencies such as the Department of Agriculture, North Tapanuli Regency, maintaining employee loyalty is crucial for ensuring the continuity of public services and the achievement of agricultural development programs that directly affect community welfare. One of the determining factors that can influence employee loyalty is the provision of additional income beyond the basic salary received by civil servants.

Several studies have emphasized that financial rewards, including additional income, are closely linked to employee satisfaction and loyalty. For instance, employees who perceive that their financial compensation is fair and sufficient are more likely to demonstrate commitment and reduce turnover intentions [1]. Previous research also highlights that salary incentives, allowances, and additional income policies implemented by local governments can strengthen the psychological bond between employees and the organization [2] . Thus, the role of additional income as a motivational driver has been recognized in many organizational studies, including both private and public sectors.

However, some literature also suggests that employee loyalty cannot be explained solely by financial factors. Non-financial factors, such as organizational culture, leadership style, work environment, and career development opportunities, are equally significant in shaping employee commitment [3] . This indicates that the relationship between additional income and employee loyalty may not be straightforward and requires empirical testing in specific organizational contexts. In particular, within government institutions in Indonesia, the implementation of additional income policies may vary across regions, resulting in different impacts on employee attitudes and loyalty [4] .

Based on the state of the art, this study offers novelty by focusing on the impact of additional income on employee loyalty within the public sector at the local government level, specifically in the Department of Agriculture, North Tapanuli Regency. While previous studies have often examined employee loyalty in private companies or in large urban contexts, little attention has been given to rural-based government institutions. The uniqueness of this research lies in analyzing how additional income policies affect the loyalty of civil servants who are engaged in agricultural development programs that require strong dedication and service orientation [5].

Therefore, the main research problem addressed in this study is whether additional income has a significant influence on employee loyalty at the Department of Agriculture, North Tapanuli Regency. This problem formulation leads to the objective of this study, which is to analyze the effect of additional income on employee loyalty and to provide empirical evidence regarding the role of financial incentives in strengthening public sector commitment. The findings of this research are expected to contribute both theoretically, by enriching the literature on employee loyalty in the public sector, and practically, by serving as a reference for policymakers in designing effective compensation strategies for civil servants.

Literature Review

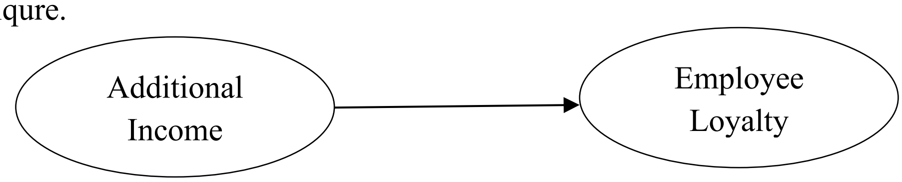
Employee loyalty is widely recognized as a key factor in organizational success. Loyalty reflects the degree of attachment, commitment, and willingness of employees to remain in an organization, contributing positively to its objectives [6]. Several scholars argue that high levels of loyalty among employees lead to increased productivity, reduced turnover, and a better organizational climate [7]. In the context of public organizations, employee loyalty is particularly important because it ensures consistent service delivery and supports the implementation of government programs [8].

Additional income, often referred to as supplementary compensation, includes allowances, incentives, performance bonuses, and other forms of financial benefits beyond the basic salary. Previous studies indicate that additional income can serve as a motivational tool, enhancing both job satisfaction and employee commitment [9]. For example, research in public institutions has shown that civil servants who receive adequate allowances tend to demonstrate higher levels of loyalty and lower turnover intentions [10]. Similarly, financial incentives have been associated with improved work engagement, as employees perceive recognition for their efforts through tangible rewards [11] .

Despite the positive influence of financial rewards, some studies emphasize that employee loyalty is multidimensional and cannot rely solely on monetary factors. Non-financial factors such as organizational culture, leadership quality, career development opportunities, and work-life balance also significantly affect loyalty [12]. A study conducted in Indonesian government offices found that employees who perceive supportive leadership and a positive organizational climate are more likely to remain loyal, even if financial incentives are moderate. This highlights the importance of examining additional income within a broader organizational context rather than in isolation.

Research specifically on the public sector in rural or regional settings remains limited. Most studies have focused on urban institutions or private companies, leaving a gap in understanding how additional income affects employee loyalty in smaller or rural government agencies [13] . The Department of Agriculture in North Tapanuli Regency represents such a context, where employees are engaged in essential community services, and additional income policies may have unique impacts on their loyalty and motivation. By addressing this gap, research can provide practical insights for local policymakers in designing compensation strategies that effectively promote employee commitment.

In summary, the literature suggests that additional income has a potentially significant effect on employee loyalty, but this effect is influenced by other organizational and contextual factors. Therefore, empirical research is necessary to determine the magnitude and significance of this relationship in specific settings, such as the Department of Agriculture, North Tapanuli Regency. This study seeks to build upon previous findings by integrating financial and organizational perspectives to understand how additional income contributes to strengthening employee loyalty in the public sector. This study conceptualized Additional Income as the independent variable (X) and Employee Loyalty as the dependent variable (Y) as shown on the following fiqure.



The hypothesis is:

Ha : Additional Income positively influences employee loyalty at the Department of Agriculture, North Tapanuli Regency.

Ho : Additional Income does not positively influence employee loyalty at the Department of Agriculture, North Tapanuli Regency.

Research Methodology

This study employs a quantitative associative-causal research design, which aims to analyze the pattern of relationships between variables in order to determine the influence of two independent (exogenous) variables on a dependent (endogenous) variable. The research was conducted at the Department of Agriculture, North Tapanuli Regency. The data collection process was carried out from March to August 2025.

According to Sugiyono, a population is defined as the generalization area consisting of objects or subjects that possess specific qualities and characteristics established by the researcher to be studied and from which conclusions are drawn. In this study, the population comprises the entire workforce of the Agency, totaling 357 employees, with the following distribution:

Table 1. Population Size

No.	Status	Number of Employees
1.	Civil Servants (ASN)	117
2.	Employees	240
	Total	**357**

Sumber : North Tapanuli Regency

The sampling technique employed in this study was purposive sampling. According to Sugiyono, purposive sampling is a technique for determining samples based on specific considerations. The rationale for using purposive sampling is that it is appropriate for quantitative research, particularly studies that do not aim for broad generalization. Based on this approach, the research sample consisted solely of civil servants (ASN) [14], with a total of 357 employees [15].

The data utilized in this research were obtained from questionnaires distributed to respondents across all divisions of the Agency. The analytical method applied was quantitative data analysis using SPSS version 25.0.

The data collected using structured questionnaires distributed to all employees across divisions within the office. The data will be analyzed using quantitative statistical methods with SPSS version 25.0. Several steps will be performed.

Validity testing ensures that questionnaire items accurately measure the intended variables. An item is valid if the correlation coefficient (*r-count*) exceeds the critical value (*r-table*). Reliability testing will use Cronbach's alpha, where a value greater than the critical value indicates reliability.

The regression model applied in this study was formulated as follows:

$$Y=a+bX$$

Where:

Y = Employee loyalty
X = Additional Income Style
a = Constant
b = Regression Coefficient

The t-test was conducted to determine the significance of the influence of the independent variable on the dependent variable. Furthermore, the coefficient of determination (R^2) was used to measure the extent of the effect of the independent variable on the dependent variable. In other words, the coefficient of determination was applied to evaluate how strongly the independent variable, namely Additional Income Style (X), influences the dependent variable, Employee loyalty (Y). The value of R^2 ranges between 0 and 1 ($0 < R^2 < 1$), indicating that when $R^2 = 0$, there is no influence between X and Y, while the closer R^2 approaches 1, the stronger the relationship between X and Y. The determination test was conducted using SPSS version 25.0.

Results

4.1 Research Findings

4.1.1 Descriptive Analysis

Descriptive analysis in this test was employed to identify the minimum and maximum scores, mean scores, and standard deviations of each variable. The results are presented as follows:
The table title is at the top, while the image title is written below. If tables and figures can be included in a single column, then the writing example is as follows:

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Additional Income	357	3.28	5.00	4.63	0.32
Employee loyalty	357	3.22	5.00	4.52	0.52

Source: SPSS output, version 25.0

The descriptive statistical analysis indicates that the variable Additional Income (N = 357) has a minimum score of 3.28 and a maximum score of 5.00, with a mean of 4.63 and a standard deviation of 0.32. This suggests that respondents perceive additional income at a relatively high level, with limited variability, indicating general consistency in responses regarding the adequacy and impact of additional income.

Meanwhile, the variable Employee Loyalty (N = 357) shows a minimum score of 3.22 and a maximum score of 5.00, with a mean of 4.52 and a standard deviation of 0.52. These results reflect that employee loyalty is also rated at a high level, although there is slightly greater variability compared to additional income, indicating differences in individual loyalty perceptions among employees.

Overall, the descriptive statistics demonstrate that both additional income and employee loyalty are perceived positively among respondents, highlighting a generally favorable organizational environment in which financial incentives may play an important role in fostering commitment and loyalty among employees.

4.1.2 Validity and Reliability Tests

The validity test was conducted using the Corrected Item-Total Correlation. Results showed that all items of both variables had correlation coefficients above the threshold value (0.2387) with significance levels below 0.05. Thus, all items were considered valid.

Reliability was tested using Cronbach's Alpha. The values for both variables were above 0.60, indicating strong internal consistency:

1. Additional Income : $\alpha = 0.3241$ (5 items)
2. Employee loyalty : $\alpha = 0.3638$ (5 items)

This confirms that the research instrument was reliable [14].

4.2 Regression Analysis

4.2.1 Simple Linear Regression

A regression analysis was conducted to evaluate the effect of Additional Income on employee loyalty.

Table 2. Regression Results

Model	B	Std. Error	Beta	t
(Constant)	9.366	2.317	–	4.122
Additional Income	1.165	0.132	0.785	9.731

Dependent Variable: Employee loyalty

The regression equation can be expressed as:

The regression analysis results indicate that the constant value is 9.366 with a t-value of 4.122, suggesting that employee loyalty remains at a positive baseline even without the influence of additional income. The regression coefficient (B) for Additional Income is 1.165, with a standard error of 0.132, and a standardized Beta value of 0.785, demonstrating a strong positive effect. The t-value of 9.731 indicates that the relationship between additional income and employee loyalty is statistically significant.

These results imply that for every one-unit increase in additional income, employee loyalty is expected to increase by 1.165 units, highlighting the important role of financial incentives in strengthening employees' commitment to the organization. The high standardized Beta value further confirms that additional income is a dominant predictor of employee loyalty in this organizational context.

Overall, the findings emphasize that additional income serves as a significant motivator, reinforcing employees' dedication and attachment to the organization, which is particularly crucial in the public sector where loyalty is essential for consistent service delivery and organizational performance.

4.2.2 Coefficient of Determination (R^2)

The coefficient of determination (R^2) was calculated to measure the proportion of variance in employee loyalty explained by Additional Income.

Table 3. Coefficient of Determination

Model	R	R^2	Adjusted R^2
1	0.724	0.592	0.643

Source: SPSS output, version 25.0

The model summary indicates that the correlation coefficient (R) is 0.724, demonstrating a strong positive relationship between additional income and employee loyalty. The coefficient of determination (R^2) is 0.592, meaning that 59.2% of the variance in employee loyalty can be explained by additional income. Furthermore, the Adjusted R^2 value of 0.643 suggests that after adjusting for the number of predictors, the model maintains strong explanatory power, indicating that additional income is a substantial predictor of employee loyalty in the organizational context.

These results imply that while additional income significantly contributes to enhancing employee loyalty, the remaining 40.8% of variance is influenced by other factors not included in the model, such as organizational culture, leadership, and non-financial incentives. Overall, the findings highlight the critical role of additional income in promoting employee loyalty, especially in public sector organizations where consistent performance and commitment are essential.

4.2.3 Hypothesis Testing (t-Test)

The hypothesis testing was carried out using the t-test.

H_0 : Additional Income does not positively influence employee loyalty.

H_a : Additional Income positively influenced employee loyalty.

Table 4. t- Test Result

Model	B	Std. Error	Beta	t
(Constant)	9.321	2.733	–	4.281
Additional Income	1.162	0.171	0.732	**9.543**

Dependent Variable: Employee loyalty

The regression analysis shows that the constant value is 9.321 with a t-value of 4.281, indicating that employee loyalty maintains a positive baseline even in the absence of additional income. The regression coefficient (B) for Additional Income is 1.162 with a standard error of

0.171, and the standardized Beta value is 0.732, demonstrating a strong positive influence. The t-value of 9.543 confirms that the effect of additional income on employee loyalty is statistically significant.

These results suggest that for every one-unit increase in additional income, employee loyalty is predicted to rise by 1.162 units, highlighting the importance of financial incentives in enhancing employees' commitment and attachment to the organization. The high Beta value further confirms that additional income is a dominant predictor of employee loyalty within the public sector context.

Overall, the findings emphasize that providing additional income is a critical strategy for strengthening employee loyalty, which is particularly essential in public organizations like the Department of Agriculture, where sustained employee commitment ensures consistent service delivery and effective program implementation.

Conclusion

The descriptive statistical analysis indicates that both Additional Income and Employee Loyalty are perceived at high levels among respondents. The mean score for Additional Income was 4.63 with a relatively small standard deviation of 0.32, suggesting that employees generally agree on the adequacy and positive impact of financial incentives. Employee Loyalty achieved a mean score of 4.52 with a standard deviation of 0.52, indicating that loyalty is generally high, though slightly more varied across individuals. These findings highlight a favorable organizational environment in which financial incentives play an important role in supporting employees' commitment and engagement.

The regression analysis confirms that Additional Income has a significant positive effect on Employee Loyalty. The constant value (B = 9.321–9.366) shows that employee loyalty remains positive even without additional income, but the regression coefficient (B = 1.162–1.165) with a high standardized Beta (0.732–0.785) demonstrates that financial incentives substantially enhance loyalty. The t-values (9.543–9.731) indicate statistical significance, confirming that additional income is a strong predictor of employee commitment. In practical terms, this means that every one-unit increase in additional income corresponds to an approximate 1.16-unit increase in employee loyalty, emphasizing the motivational power of financial rewards in public organizations.

The coefficient of determination ($R^2 = 0.592$, Adjusted $R^2 = 0.643$) reveals that 59.2% of the variance in employee loyalty is explained by additional income, while the remaining 40.8% is influenced by other factors such as organizational culture, leadership, career development, and non-financial incentives. This underscores that while financial incentives are critical, they are part of a broader set of factors contributing to employee loyalty. Overall, the findings provide strong empirical evidence that providing additional income is an effective strategy for enhancing employee loyalty, which is particularly crucial in public organizations such as the Department of Agriculture, where sustained employee commitment ensures consistent service delivery and the successful implementation of programs.

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