

## **The Effect of Positive Thinking Skills and Innovative Behaviour on Performance and its Impact on Employee Loyalty**

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### Abstract:

Companies face many challenges, including retaining, adapting and growing the capabilities of innovative and positive employees. In addition, companies also need to have the ability to engage with employees in their work effectively. The purpose of this study examines how the variables of positive thinking skills and innovative behavior affect employee performance and its impact on employee loyalty. This research explores how the development of positive thinking skills influences the emergence of innovative behaviour and thus affects overall performance outcomes and the cascading impact of these variables on employee loyalty, emphasising the importance of a positive mindset and innovative approach in shaping organisational dynamics. The research findings offer valuable insights for organisations aiming to increase employee engagement and loyalty by strategically addressing positive thinking skills and encouraging a culture of innovation, thus providing a comprehensive understanding of the crucial role these factors play in shaping employee loyalty. This research was conducted using the Structural Equation Modeling method with the help of Smart PLS Software. Hair method was used to determine the sample size, and 154 respondents were generated. The results showed that positive thinking ability and innovative behavior affect employee performance directly, innovative behavior affects employee loyalty directly, and performance as an intervening variable affects employee loyalty indirectly. The implication for the company is that if the company wants to improve employee performance, the company needs to improve positive thinking ability and innovative behavior, while if the company wants to improve employee loyalty, the company needs to improve innovative behavior and positive thinking ability through improved employee performance.

Keywords: Innovative Behaviour, Positive Thinking Skills, Employee Performance, Employee Loyalty

## INTRODUCTION

In recent years, Indonesia is still faced with the problem of underdeveloped human resources (HR), even though its economy has increased by 5 per cent. Statistical figures are sometimes the measure of a country's economy, not its human resources. In fact, there are many human resource constraints that need attention, starting from the low quality of education, health, and the economy of the community. Since Adam Smith (1729-1790), many countries have begun their development by recognising that human beings are the main element of production that affects a country's prosperity. Smith believed that allocating human capital effectively would drive economic growth. Indonesia is still dealing with the most basic issues in improving the quality of human resources, one of which is the ability to reduce work stress by thinking positively so as to bring up innovative behaviour which then has an impact on increasing employee performance and loyalty (Risza, 2023).

Human Resources (HR) is a key item for the company, and effective management of HR can lead to the positive development of the company. HR plays a crucial role in achieving the company's goals and is an indicator of its success. Currently, companies in Indonesia are facing challenges in maintaining employee loyalty. Problems in maintaining employee loyalty are indicated by the presence of high employee turnover intentions (Hendry et al., 2019). In good HR management, there are employees who are loyal or loyal to the company. Employees who are loyal to the company reflect the superior quality of HR and contribute to the success of the company. A high level of loyalty from employees is crucial for the company's progress.

In the context of organisations or institutions, employee loyalty is an important factor relating to employees' allegiance to the organisation or institution where they work. Loyalty discussions address the extent to which a person, as a member of an organisation, is committed to actions that support and benefit that organisation. With increased loyalty, a positive relationship is established, and as a consequence, an employee will voluntarily go out of their way to give their best to their organisation, which may even include sacrifices of time, energy, privacy, and so on. Employee loyalty has a key role in organisational management (Krjogja, 2021).

Because employees are subjects or actors in the company, not merely objects, the success of the company cannot be separated from the role of its employees. Because the role of HR is very important, companies must pay consistent attention to their employees (Notosudjono et al., 2022). Companies certainly have goals that need to be achieved over time, and because of this, companies will increasingly depend on the quality of their human resources. Therefore, human resource management (HRM) must be done carefully as quality HRM is one of the critical resources that enable an organisation to achieve its goals, including improving the performance of its employees. Adopting a positive mindset has the potential to increase work productivity. However, human nature tends to be volatile, and the many tasks and problems in the office environment can sometimes make people forget the importance of positive thinking. As a result, stress, excessive anxiety, and panic reactions can occur (QuBisa, 2023). Uncertainty in the work environment often causes stress and encourages people to think negatively. Even though these thoughts cannot solve the problem. Employees who have this mindset can cause performance to decline and disrupt the course of work. Innovative work behaviour is very important to develop a company and improve performance through improving various actions taken. Positive thinking behaviour can also encourage employees to generate new ideas that can be used by the company to advance its business. Innovative work behaviour can improve the company's performance and competence in achieving goals. Interactions between employees, group dynamics in the workplace, and organisational management practices used by the company are the main sources of innovative work behaviour (Elny, 2021). Thus, the Company will be more aware

of how important the role of employees is, employees will then be more appreciated by the Company which can improve the performance and loyalty of employees in the place where they work.

The results of previous studies by several researchers show that job stress has a significant negative effect on workers, causing them to be unable to think positively about worker loyalty. This means that if work stress increases and employees are unable to think positively, then employee loyalty will decrease (Anjani et al., 2020; Astuti et al., 2022; Barokah, 2021; Putra et al., 2019; Naufalia et al., 2022). Other research states that there is a significant positive effect of innovative behaviour on employee loyalty. This means that if the innovative behaviour of employees increases, then employee loyalty to the company will also increase (Abduraham et al., 2021; Notosudjono et al., 2022; Kurniawan, 2019; Hadi et al., 2020; Hendry et al., 2019). According to (Cahyoadi et al., 2019; Jayanti et al., 2020; Rifaldo, 2022; Nikin et al., n.d.; Nursiti et al., 2018) there is a significant positive effect of employee performance on employee loyalty.

The difference between this research and previous research is that the author combines the influence of positive thinking skills and innovative behaviour on employee performance as an intervening variable and its impact on employee loyalty, because previous researchers examined directly the influence of positive thinking variables and innovative behaviour on employee loyalty. This study also uses private employee respondents who have worked for more than one year, where other studies usually use employee respondents of certain companies or educational institutions.

The author chooses a group of private employee respondents because based on current data and phenomena, there are many employees who experience a decrease in performance and loyalty to the company where they work, due to various factors, one of which is the lack of positive thinking skills and innovative behaviour, this is also due to the many stigmas of the community who think that working in a company has limited development. Another factor is because employees think that they can be easily dismissed by the company where they work (Pradana, 2022). One additional challenge in maintaining employee loyalty is competition from other companies that try to recruit employees by providing job opportunities to targeted employees to join these other companies (Sleekr, 2019).

Work related to achieving loyalty and behaviour will greatly affect employees' performance at work. Employees will feel happy for their achievements, and the company will reward them. If an employee feels happy, they will be more motivated to work harder, more responsibly, and more passionately on the job they have been given. However, a disloyal employee will choose easy work and avoid difficult work, which shows that they do not feel responsible and do not do what they should do (Riyanto et al., 2023).

The purpose of this study is to prove exactly how the influence of positive thinking ability and innovative behaviour on performance and its impact on employee loyalty. The results of this study are expected to provide recommendations to companies that want to improve the performance and loyalty of their employees. Thus, this study is expected to provide recommendations for companies that want to improve the performance and loyalty of their employees through positive thinking ability and innovative behaviour of employees

## **LITERATURE REVIEW AND HYPOTHESES**

Employee loyalty or loyalty in this study can be understood as employees who are willing to stay in the company. Even in excess, Boroff and Lewin (1997) state that loyalty refers to employees who remain in the organisation and "experience loneliness" even though they

realise and believe that the company treats them unfairly. So, according to the expert opinions above, the concept of loyalty is a feeling of belonging expressed through the desire to continue working in the company if employees have the belief that the company and its management are doing the right thing. "Loyalty is the availability of protecting and saving one's self," said Robbins (2006). Loyalty is defined by Hasibuan (2021) as "Loyalty which is described by the availability of employees or employees to maintain and defend the Company inside and outside work.". Employee loyalty includes behaviours and actions such as using their abilities and expertise, maintaining discipline, being honest at work, creating a peaceful and supportive working environment and being ready to work longer (Rifaldo, 2022). According to Krjogja (2021), under ordinary circumstances, a person's level of loyalty may not be a major focus, but in important or crucial situations, attention to the record and dedication of human resources (HR) can be a source of help for the organisation to solve problems. Companies will observe that employees with high levels of loyalty are likely to provide support, look after, and be willing to help the company, including the possibility of sacrificing for the company's interests. They consider not only their personal benefits but also the interests of the company. In addition, the fact that this kind of situation is not only experienced by two companies, but will also encourage the realisation that loyalty is increasingly important in the modern era. Based on the above definition, the author can conclude that employee loyalty is the employee's belief that they own and are responsible for the actions and events that occur in the company.

When thinking, information will be understood and then channelled with certain feelings. When someone thinks badly or negatively, of course what will be felt is a negative feeling, and vice versa. If a person experiences pressure that can cause stress, then he will think of bad or negative things that will happen. Thus, the habit of dealing with this pressure needs to be done by applying positive thinking patterns in order to produce good thoughts and make it easier to find a way out of the existing pressure. Positive thinking will make a person face a problem better and calmly (Tomi, 2022). Positive thinking is a way for an individual to know and get the meaning of life in an individual. Positive thinking is the beginning of what behavioural actions to take (Barokah, 2021).

Istianingsih (2023) states that innovative work behaviour is defined as deliberate actions to improve job, group, or organisational performance through the development, application, and implementation of new ideas in the workplace, group, or organisation.

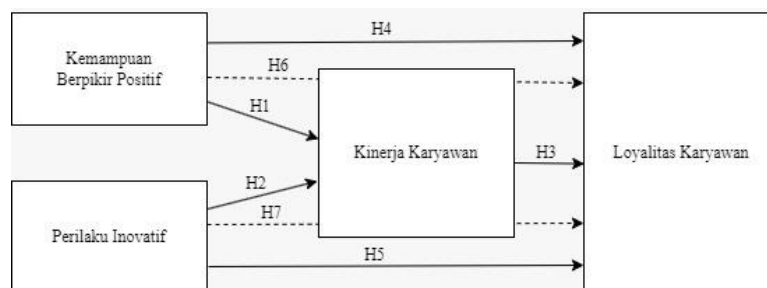
According to Simbolon (2023), performance is the value of someone who has gone the extra mile to achieve a goal. Employee performance can be measured through their results and behaviour, which directly impacts the company's production output. Companies set work standards to govern how the company uses productivity, efficiency, effectiveness, quality and profitability. Performance evaluation should provide accurate feedback so that employees can know how to improve their performance in the future. Of course, this requires managers in the company to carry out their responsibilities and ensure that the company is working at its best so that employee performance levels can be improved. When superior performance has been achieved, satisfaction and excitement will arise, and this can be effective for the company in motivating employees to achieve more optimal performance to achieve company goals (Hadi et al., 2020).

The object of this research is 154 private employees. The research phenomenon is the performance and loyalty of private employees, which will then be measured by the variables of positive thinking skills and innovative behaviour. This research uses a quantitative approach. This quantitative method uses research data in the form of numbers and analyses using statistics (Elny, 2021). By using quantitative methods, the research objective is to study the population or sample, namely all staff of private companies as many as 154 people. Data were collected using research instruments such as questionnaires, and then analysed

quantitatively or statistically using a descriptive statistical approach. This approach aims to analyse statistical data descriptively in accordance with field conditions without making general conclusions or generalisations (Elny, 2021) which is useful to determine the effect of positive thinking skills and innovative behaviour on performance and its impact on employee loyalty.

### Hypothesis

The research model consists of two independent variables, namely positive thinking ability and innovative behaviour. Employee performance as the intervening variable and employee loyalty as the dependent variable. This model tests five direct hypotheses and tests 2 indirect hypotheses.



Gambar 1. Kerangka Penelitian

### The Relationship of Positive Thinking Ability to Employee Performance

Positive thinking, according to Susetyo (1998), is defined as a person's ability to focus their thoughts on the positive aspects of their own condition, other people, and the situations they face (R Adinda, 2022). By thinking positively, a person will be able to improve a better work atmosphere so that the performance provided increases. In the study of Barokah (2021) there is an effect of Positive Thinking on Employee Performance. In the study of Setyawati (2018) there is an effect of Positive Thinking on Employee Performance. In the study of Steven (2020) there is an effect of Positive Thinking on Employee Performance. The results of the above research have proven that the ability to think positively has a relationship with performance. The ability to think positively can be used as a driver to improve performance. The better the ability to think positively, the greater the potential for improving employee performance. This means that the ability to think positively is still relevant to be a variable that affects employee performance. Based on the results of previous research and the arguments presented above, the first hypothesis in this study is determined, H<sub>1</sub>: Positive Thinking Ability affects Employee Performance.

### The Relationship between Innovative Behaviour and Employee Performance

At the individual level, innovation is known as innovative behaviour. Innovative behaviour is an attempt to develop, incorporate and implement new concepts in a group or organisation with the aim of improving the performance of the group or organisation. New thinking will improve performance due to the desire to continue to make a good contribution to the company. In the study of Anjar (2020) there is an effect of Innovative Behaviour on Employee Performance. In the study of Notosudjono (2022) there is an effect of Innovative Behaviour on Employee Performance. In the study of Elny (2021) there is an effect of Innovative Behaviour on Employee Performance. The results of the above research prove the

influence of innovative behaviour on employee performance. The existence of innovative behaviour possessed by an employee will bring up ideas that can then be used by the company, this triggers employee morale to continue to improve their performance in order to make a positive contribution to the company. Based on the results of previous research and the arguments presented above, the second hypothesis in this study is determined, H<sub>2</sub>: Innovative behaviour affects employee performance.

### **The Relationship between Employee Performance and Employee Loyalty**

Employee performance refers to the capabilities, skills, and achievements seen when an employee performs his or her job in the workplace. This performance evaluation includes achievement of set goals, productivity levels, quality of work, and positive contribution to the work team. Excellence in employee performance often correlates with higher loyalty and commitment to the organisation. In the study of Kurniawan (2019) there is an effect of Employee Performance on Employee Loyalty. In the study of Naufalia (2022) there is an effect of Employee Performance on Employee Loyalty. In the study of Nikin (2021) there is an effect of Employee Performance on Employee Loyalty. The results of the above research prove that there is an effect of employee performance on employee loyalty. If an employee has a good performance, the company will see and reward employees to continue to improve their performance, this will make employees feel more loyal to their company. Based on the results of previous research and the arguments presented above, the third hypothesis in this study is determined, H<sub>3</sub>: Employee Performance affects Employee Loyalty.

### **The Relationship between Positive Thinking Ability and Employee Loyalty**

Employees have the opportunity to influence decisions, be involved in solving problems, be well informed about organisational developments, receive feedback, feel that their work is meaningful and challenging, and feel secure in their work environment. All of these are indications of good and positive working conditions. This can certainly increase the level of employee loyalty to the company where they work. In the study of Astuti (2022) there is an effect of Positive Thinking Ability on Employee Loyalty. In the study of Naufalia (2022) there is an effect of Positive Thinking Ability on Employee Loyalty. In the study of Anjani (2020) there is an effect of Positive Thinking Ability on Employee Loyalty. The results showed that there is an influence of positive thinking skills on employee loyalty. By having good positive thinking skills, employees will be able to create a good and conducive work atmosphere, this will make employees more loyal to their company because they are not influenced by negative and bad thoughts about the company. Based on the results of previous research and the arguments presented above, the fourth hypothesis in this study is determined, H<sub>4</sub>: Positive Thinking Ability affects Employee Loyalty.

### **The Relationship between Innovative Behaviour and Employee Loyalty**

The delegation of authority to carry out responsibilities given by superiors to their employees is known as employee empowerment. Employee loyalty shows the loyalty of employees shown by deciding to keep their current job. Employee innovative behaviour is when employees show their creativity to improve organisational performance. In the research of Kurniawan (2019) there is an effect of Innovative Behaviour on Employee Loyalty. In the research of Hendry (2019) there is an effect of Innovative Behaviour on Employee Loyalty. In the research of Lavinia (2018) there is an effect of Innovative Behaviour on Employee Loyalty. The results of the above research indicate that there is an influence of innovative behaviour on employee loyalty. By having good innovative behaviour, an employee will be able to provide new ideas that can be accepted and become a positive contribution to employees, this will increase employee confidence to then continue to be able to provide new

ideas that develop for their company, which then creates a higher sense of loyalty to their company. Based on the results of previous research and the arguments presented, the fifth hypothesis in this study is determined, H<sub>5</sub>: Innovative Behaviour affects Employee Loyalty.

### **The Relationship of Positive Thinking Ability to Employee Loyalty through Employee Performance**

The work environment, which includes both physical and psychological elements, has a significant influence on employee performance and loyalty. Many believe that a supportive work environment can increase employee productivity. A supportive work environment is a place where both physical and non-physical aspects create a pleasant, safe, and relaxing atmosphere, and make employees feel comfortable during work. Conversely, discomfort in the work environment can have a negative impact, reducing employee performance, as well as affecting their level of loyalty and their ability to complete the tasks they face. In the research of Firdaus (2022) there is an effect of Positive Thinking on Employee Loyalty through Employee Performance. The results of the above research prove that there is an effect of Positive Thinking Ability on Employee Loyalty through Employee Performance. The ability of an employee to think positively helps employees create a positive work environment as well, this can then improve employee performance because they feel comfortable working in a good environment. Increased employee performance can then be one of the factors for an employee to feel more loyal or loyal to his company. Based on the results of previous research and the arguments presented, the sixth hypothesis in this study is determined, H<sub>6</sub>: Positive Thinking Ability affects Employee Loyalty through Employee Performance.

### **The Relationship of Innovative Behaviour to Employee Loyalty through Employee Performance**

Innovation is a gradual process, with different activities and behaviours at each stage. Organisational performance is directly correlated with innovative work behaviour, where employees participate in initiatives and develop new ideas. Good performance stemming from creative ideas will then increase employees' sense of satisfaction and ownership of their company, which will inevitably increase the loyalty of existing employees (Ajiardani et al., 2022). In the research of Lavinia (2018) there is an effect of Innovative Behaviour on Employee Loyalty through Employee Performance. By having innovative behaviour, an employee will be able to provide ideas or input for the progress of his company, with this if the idea is then accepted by the company, it will increase the confidence possessed by employees to continue to launch new and better ideas in the future. This increases the sense of pleasure and confidence that encourages employees to be more loyal or loyal to the company where they work. Based on the results of previous research and the arguments presented, the seventh hypothesis in this study is determined, H<sub>7</sub>: Innovative Behaviour affects Employee Loyalty through Employee Performance.

## **RESEARCH METHODS**

This research is based on quantitative testing, this research uses an inductive deductive approach, namely the problem phenomenon approach followed by hypothesis testing from the research sample, this research aims to test the hypothesis and the results are generalised into general truths, the truth received from the results of proving the hypothesis is expected to answer the phenomenon of research problems. This research examines objects, namely positive thinking ability, innovative behaviour, employee performance, and employee



loyalty. The research subjects are private employees who have worked for more than one year who understand about positive thinking ability, innovative behaviour, employee performance and employee loyalty.

The population is the community being studied and the sample is a representative of the respondents being studied. The population used in this study is unknown, namely private employees who have worked for more than one year. Because the population is unknown, the number of samples in this study was determined by the Hair method, namely the number of samples calculated using the formula for the largest number of indicators of the variable under study multiplied by ten. The sample selection method uses the Convenience method, namely the easiest respondent method to find accompanied by Purposive Sampling, namely a sample with certain criteria. Purposive Sampling is used to select respondents according to criteria relevant to the research variables.

The data collection method using a research questionnaire was compiled based on the indicators of each variable studied, the respondents' answers using a Likert Scale of one to five consisting of strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5). To quantify the quality of the variables under study so that they can be tested using statistics, a Likert Scale is used. In this study, four variables form the Structural Equation Modelling (SEM) research model.

The following is the definition of the measurement indicators of each variable. First, Thinking is a person's action to produce a thought. The resulting thought can be positive or negative. Positive thinking leads to actions taken to solve problems, while negative thinking describes the reasons why things do not work to avoid solving problems. Abraham (2004) states that those who think positively will appear optimistic in their lives, while people who think negatively will appear pessimistic. In other words, positive thinking is a person's ability to think positively and express their thoughts in a positive way, which can produce calmness and happiness in their lives. The Positive Thinking Skills variable consists of 4 indicators, namely the existence of Positive Expectations, Self-Affirmation, Impartial Statements, and Realistic Self-Adjustment, according to Albreth (1992). Second, operationally, Janssen (2011) created a scale of innovative work behaviour elements to measure innovative work behaviour. Innovative work behaviour is when a person incorporates, proposes, and applies new processes, products, and ideas into their work. According to Hammond (2023), this creative work behaviour is essential to keep companies competitive and increase employee productivity. Albrecht (1992) suggests that these aspects are Idea Generation, Idea Promotion, and Idea Realisation. Thirdly, the behaviour of a leader will affect the psychological condition of employees, there are employees who see, observe, and imitate the behaviour of their leaders when they do their work according to expectations. The leader's behaviour shown by employees is considered to be in line with expectations, and the leader's behaviour that is not in line with expectations will adversely affect employee performance (Jayanti et al., 2019). According to Robbins (2006), there are six measures of worker performance: quality, quantity, timeliness, effective use of resources, independence, and commitment. Fourth, loyalty is a behaviour that results from the desire to be loyal to and improve the people in one's workplace, group, boss, or company. In this case, one must sacrifice something to satisfy others or society. It is this desire that drives a person to work without caring how much compensation they will receive, but more concerned with the results and outcomes they produce. This shows how important employee loyalty is for a company or institution (Khalimah, 2022). There are four indicators of employee loyalty according to Saydam (2016), among others: Compliance, Responsibility, Dedication and Integrity.

The analysis method used is quantitative analysis to test the hypothesis in the SEM research model. Data analysis using Smart PLS software assistance. The stages of data analysis consist of; first, Respondent Demographic Statistics, namely the identity of research



respondents. Second, Descriptive Statistics of research variables to determine the minimum value, maximum value, average value and Standard Deviation. Third, Validity Test and Data Reliability Test, namely to see the quality of questions in the questionnaire and the consistency of respondents in answering questions. Fourth, the Coefficient of Determination Test (R Square), which is to see the ability of the independent variable and the mediating effect of the intervening variable and its effect on the dependent variable. Fifth, Hypothesis Test with hypothesis measurement standards is accepted if the t statistical value is greater than 1.96 and the P Value is smaller than 0.05. Sixth, Regression Equation to see the coefficient of influence of each independent variable and the mediating impact on the dependent variable (Sitorus et al., 2023).

## ANALYSIS AND DISCUSSION

Descriptive statistics are used to analyse data by providing an overview or description without reaching conclusions that apply to the public or generalisation. Descriptive Statistics Research variables to determine the minimum value, maximum value, average value and Standard Deviation (Andini et al., 2020). The demographic data of the respondents in this study are described as follows. The number of respondents was 154 people consisting of 73 male respondents and 81 female respondents. A total of 8 respondents have a high school / equivalent education, 139 respondents have an S1 / equivalent education, and 7 respondents have a S2 / equivalent education. The following descriptive statistics of the research variable data are presented below.

Table 1. Descriptive Statistics of Research Data

No.	Research Variables	Minimum	Maximum	Average
1	Positive Thinking Ability	1	5	3,35
2	Innovative Behaviour	1	5	3,95
3	Employee Performance	1	5	4,20
4	Employee Loyalty	1	5	4,29

Source: Processed by The Author (2023)

The level of application or implementation of the positive thinking variable is at a minimum of 1, a maximum of 5, and an average of 3.35. The average value of 3.35 is equivalent to 67% implementation, so it needs to be increased by another 33%. The level of implementation of innovative behaviour is at a minimum of 1, a maximum of 5, and an average of 3.95. The average value of 3.95 is equivalent to 79% implementation, so it needs to be increased by another 21%. The implementation level of employee performance is at a minimum of 1, a maximum of 5, and an average of 4.20. The average value of 4.20 is equivalent to 84% implementation, so it needs to be increased by another 16%. The employee loyalty implementation level is at a minimum of 1, a maximum of 5, and an average of 4.29. The average value of 4.29 is equivalent to 85.8% implementation, so it needs to be increased by another 14.2%.

Partial Least Square (PLS) analysis, a variance-based alternative analysis method to Structural Equation Modelling (SEM), was used to test the hypotheses of this study. The purpose of PLS is to help researchers find latent variables for prediction purposes. The advantage of this method is that it can be estimated with a relatively small sample size and does not require assumptions. The Smart PLS Version 3 program is a tool used to estimate structural equations on a variance basis.

### 1). Outer Model Testing

The purpose of testing the outer model is to determine the validity and reliability of the model under study. The effect of Average Variance Extracted (AVE) will be used to analyse this test.

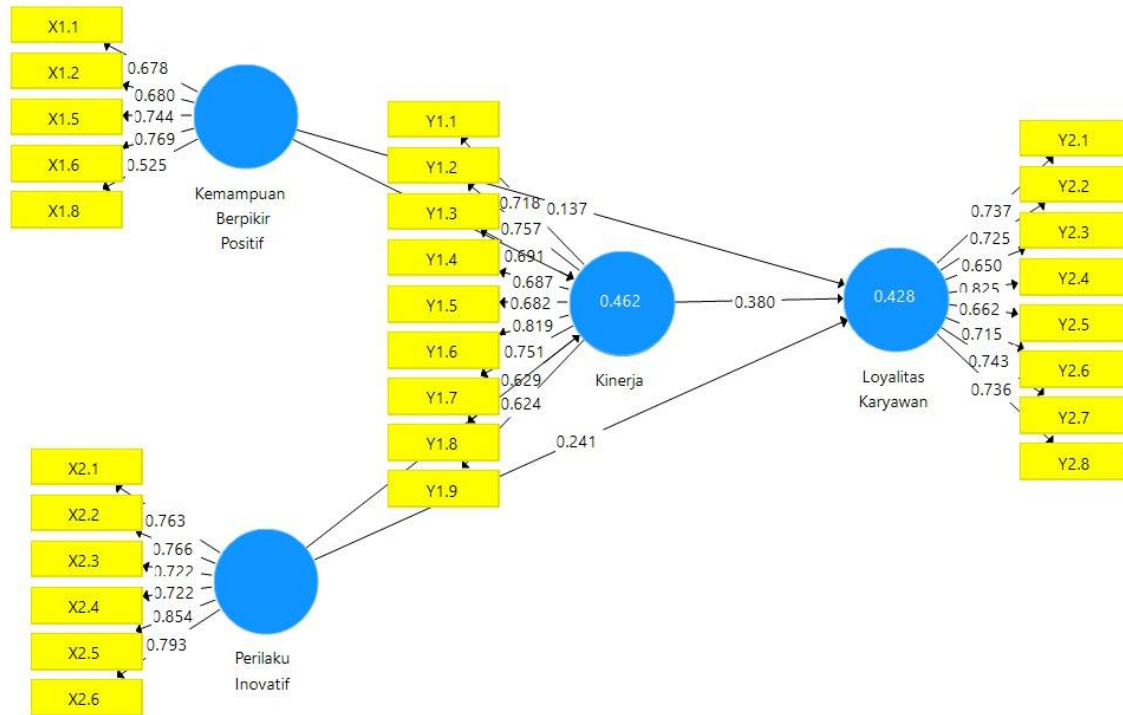


Figure 1. Outer Model Algorithm Results

In testing convergent validity, the Average Variance Extracted (AVE) value is used because this value is obtained from convergent validity output. Each construct of the latent variable construct will have a value above 0.5 or greater than 0.5 because the expected AVE value in this study is more than 0.5, for more details the AVE results can be seen in the table below:

Table 2. Reliability and AVE values

Construct Reliability and Validity	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Positive Thinking Ability	0,714	0,734	0,813	0,468
Employee Performance	0,875	0,882	0,900	0,502
Employee Loyalty	0,872	0,881	0,899	0,527
Innovative Behavior	0,863	0,865	0,898	0,595

Source: Smart PLS output (2023)

### 2). Hypothesis Testing

In this study, T Statistics and P Values were used to test the hypothesis. If the T Statistics value is more than 1.96 and the P Values are less than 0.05, the hypothesis is considered accepted. The following are the results of Path Coefficients direct and indirect effects:

Table 3. Path Coefficients Direct Effect

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Decision
Positive Thinking Ability -> Performance	0,377	0,385	0,074	5,091	0,000	Accepted
Innovative Behaviour -> Performance	0,395	0,395	0,076	5,171	0,000	Accepted
Performance -> Employee Loyalty	0,380	0,384	0,108	3,505	0,000	Accepted
Positive Thinking Ability -> Employee Loyalty	0,137	0,131	0,106	1,290	0,198	Rejected
Innovative Behaviour -> Employee Loyalty	0,241	0,250	0,090	2,678	0,008	Accepted

Source: Smart PLS output (2023)

Based on the figure above, it shows that there are five hypotheses that have a direct effect. One hypothesis, H4, is rejected because the T statistic value  $< 1.96$  and the P value  $< 0.05$ , while the other four hypotheses are accepted because the T statistic value  $> 1.96$  and the P value  $< 0.05$ . The TStatistics value of Positive Thinking Ability on Employee Loyalty is  $1.290 < T$  Table  $1.984$ , indicating that there is no effect of Positive Thinking Ability on Employee Loyalty. The TStatistics value of Positive Thinking Ability on Employee Performance is  $5.091 > T$  Table  $1.984$ , indicating that there is a significant effect of Positive Thinking Ability on Employee Performance. The TStatistics value of Innovative Behaviour on Employee Loyalty is  $2.678 > T$  Table  $1.984$ , this indicates that there is a significant effect of Innovative Behaviour on Employee Loyalty. The TStatistics value of Innovative Behaviour on Employee Performance is  $5.171 > T$  Table  $1.984$ , this indicates that there is a significant effect of Innovative Behaviour on Employee Performance. The TStatistics value of Employee Performance on Employee Loyalty is  $3.505 > T$  Table  $1.984$ , this indicates that there is a significant effect of Employee Performance on Employee Loyalty.

Table 4. Path Coefficients Indirect Effect

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Decision
Positive Thinking Ability -> Performance -> Employee Loyalty	0,143	0,147	0,049	2,896	0,004	Accepted
Innovative Behaviour -> Performance -> Employee Loyalty	0,150	0,153	0,057	2,614	0,009	Accepted

Source: Smart PLS output (2023)

Based on the table above, it shows that both hypotheses that have an indirect effect are accepted because the T-Statistics value  $> 1.96$  P-Values  $< 0.05$ .

### 3). Coefficient of Determination (R Square)

The purpose of testing the coefficient of determination is to measure how much a model is able to show the effect of the independent variables simultaneously on the dependent variable as indicated by the adjusted R-Square value (Ghozali, 2016). One way to determine the

coefficient of determination is to calculate the R Square value. From this value, it can be seen how much the contribution of the dependent variable in the regression model is able to explain changes in the dependent variable. According to Ghazali (2016), a situation where the coefficient of determination value is close to one and far from zero indicates that the independent variable cannot provide sufficient explanation of the dependent variable. On the other hand, a situation where the coefficient of determination is close to one and far from zero indicates that all the data needed to predict the dependent variable can be obtained from the independent variable.

Table 5. Coefficient of Determination

R Square	R Square	R Square Adjusted
Performance	0,462	0,454
Employee Loyalty	0,428	0,417

Source: Smart PLS output (2023)

Based on Table 5, the value of the Coefficient of Determination (R-Square) on the Employee Performance variable is 0.462, which means that the independent / free variables simultaneously have an influence of 46.2% on Employee Performance (intervening variable). For the Employee Loyalty variable is 0.428, this indicates that all independent / free variables simultaneously have an influence of 42.8% on Employee Loyalty (dependent / dependent variable). While the remaining 11% is influenced by other variables not tested in the study.

#### 4). Regression Equation

The Regression Equation Model can be seen in table 3. Based on the table, the regression equation is obtained as follows:

Model 1 : Performance = 0.377 Positive Thinking Ability + 0.395 Innovative Behaviour

Model 2 : Employee Loyalty = 0.137 Positive Thinking Ability + 0.241 Innovative Behaviour + 0.380 Performance

The regression equation has the following meaning. First, if a company wants to improve employee performance, what needs to be done is to improve the ability to think positively and the innovative behaviour of its employees. Second, if a company wants to increase employee loyalty, it is necessary to increase the ability to think positively, innovative behaviour and performance possessed by its employees.

#### 5). Discussion

The first hypothesis in this study is accepted. Positive Thinking Ability affects Employee Performance. Positive thinking is implemented through four things, namely the existence of positive expectations in employee thinking, affirmation of oneself and others, impartial statements or actions or restraint, and realistic self-adjustment to the environment and conditions around. The implementation of these four things is proven to have a positive effect on employee performance. The better the quality and quantity and implementation of the four thinking indicators, the better or more significantly improved employee performance. Conversely, if there is a decrease in the implementation of the four indicators of positive thinking ability, it will cause a significant decrease in employee performance. The results of this study consistently support and complement research that has previously been conducted by Barokah (2021), Putra (2019), Hill (2019), Adinda (2022) and Tomi (2022).

The second hypothesis in this study is accepted. Innovative behaviour affects employee performance. Innovative behaviour is implemented in how an employee can create new ideas for the company, then share these ideas with colleagues and superiors and how employees can realise ideas that are then accepted by the company. The implementation of these three things is proven to have a positive effect on employee performance. The better the

quality and quantity and implementation of the three indicators of innovative behaviour, the better or more significantly improved employee performance. Conversely, if there is a decrease in the implementation of these three indicators, it will cause a significant decrease in employee performance. The results of this study consistently support and complement the research previously conducted by Abduraham (2021), Anjar (2020), Elny (2021), Riyanto (2023), and Hadi (2020).

The third hypothesis in this study is accepted. Employee Performance affects Employee Loyalty. Employee performance is implemented in the quality or quality possessed by employees, the quantity of work that can be done by an employee, punctuality in attendance and work, effective use of existing resources in the company, independent attitude, and commitment of an employee. The implementation of these six things is proven to have a positive effect on employee loyalty. The better the quality and quantity and the implementation of the six employee performance indicators, the better or significantly increased employee loyalty. Conversely, if there is a decrease in the implementation of the six indicators, it will cause a significant decrease in employee loyalty. The results of this study consistently support and complement the research previously conducted by Putra (2019), Juwita (2021), Kurniawan (2019), Martin Rifaldo (2022), Nursiti (2018), and Simbolon (2023).

The fourth hypothesis in this study is rejected. Positive Thinking Ability has no significant effect on Employee Loyalty. Positive thinking is implemented through four things, namely the existence of positive expectations in employee thinking, affirmation of oneself and others, impartial statements or actions or restraint, and realistic self-adjustment to the environment and conditions around. The implementation of these four things is proven to have no positive effect on employee loyalty. The better the quality and quantity and the implementation of the four thinking indicators, the better or significantly increased employee loyalty. The results of this study are not in line with research previously conducted by Anjani (2020), Firdaus (2022), Nursiti (2018), Sausan (2021), and Valentino (2016), because the ability to think positively owned by employees does not directly make employees become loyal to the company where they work, just because an employee can think positively, not necessarily they will feel that spending more time and defending the company is something they need to do.

The fifth hypothesis in this study is accepted. Innovative behaviour is implemented in how an employee can create new ideas for the company, then share these ideas with colleagues and superiors and how employees can realise ideas that are then accepted by the company. The implementation of these three things is proven to have a positive effect on employee loyalty. The better the quality and quantity and the implementation of the three indicators of innovative behaviour, the employee loyalty will be good or increase significantly. Conversely, if there is a decrease in the implementation of these three indicators, it will cause a significant decrease in employee loyalty. The results of this study consistently support and complement the research previously conducted by Ajiardani (2022), Astuti (2022), Kurniawan (2019), Naufalia (2022), and Riyanto (2023).

The sixth hypothesis in this study is accepted. Positive Thinking Ability affects Employee Loyalty through Employee Performance. Positive thinking is implemented through four things, namely the existence of positive expectations in employee thinking, affirmation of oneself and others, impartial statements or actions or restraint, and realistic self-adjustment to the environment and conditions around. Employee performance is implemented in the quality or quality possessed by employees, the quantity of work that can be done by an employee, punctuality in attendance and work, effective use of existing resources in the

company, independent attitude, and commitment of an employee. The implementation of these ten things is proven to have a positive effect on employee loyalty. The better the quality and quantity and implementation of the ten indicators of positive thinking and employee performance, the employee loyalty will be good or increase significantly. Conversely, if there is a decrease in the implementation of the ten indicators, it will cause a significant decrease in employee loyalty. The results of this study consistently support and complement the research previously conducted by Lavinia (2018) and Firdaus (2022).

The seventh hypothesis in this study is accepted. Innovative Behaviour affects Employee Loyalty through Employee Performance. Innovative Behaviour affects Employee Loyalty. Innovative behaviour is implemented in Idea Generation, Idea Promotion, and Idea Realisation. Employee performance is implemented in quality, quantity, timeliness, effective use of resources, independence, and commitment. The implementation of these nine things is proven to have a positive effect on employee loyalty. The better the quality and quantity and the implementation of the nine indicators of innovative behaviour and employee performance, the better or significantly increased employee loyalty. Conversely, if there is a decrease in the implementation of the nine indicators, it will cause a significant decrease in employee loyalty. The results of this study consistently support and complement the research previously conducted by Lavinia (2018) and Hadi (2020).

## CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

The results of the discussion show that, based on calculations carried out with SmartPLS 3.0 software, there is no significant effect of positive thinking ability on employee loyalty. While there is a significant effect of Positive Thinking Ability on Employee Performance, there is a significant effect of Innovative Behavior on Employee Loyalty, there is a significant effect of Innovative Behavior on Employee Performance and there is a significant effect of Employee Performance on Employee Loyalty.

As this study itself definitely has shortcomings that need to be corrected in future studies, the direct experience gained by the researcher from this study shows that there are some limitations that researchers should be aware of as they develop their research. Some of the limitations in the study are that the research focuses only on private employees, which is one type of job, such as civil servants, entrepreneurs, and others. Since each respondent has diverse views, beliefs, and understandings when we collect data, the information submitted through the questionnaire may not reflect the true views of the respondents. In addition, other factors such as how honest the respondents are in filling out the questionnaire also affect this.

As a result of the research that has been conducted, some recommendations that can be proposed are to improve the accuracy of the research data, more research samples should be taken, observe and assess any changes in respondents' behaviour over time through ongoing research and it is hoped that there are additional variables that may affect many aspects of this research. If a company wants to improve the performance of its employees, then the company needs to carry out activities that can improve the positive thinking ability and innovative behaviour of these employees. Meanwhile, if a company wants to increase employee loyalty, then the company needs to carry out activities that can increase the innovative behaviour and performance of its employees.

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