



The Impact of Work Environment and Job Satisfaction on Employee Loyalty

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ABSTRACT

STIEPARI Semarang is a public organization engaged in educational services. As an education provider, STIEPARI Semarang is truly required to show its professionalism in the form of improvements and enhancements in organizational performance. STIEPARI Semarang's main task is to produce the best graduates according to stakeholders' needs. Seeing this, STIEPARI Semarang must strive as much as possible to improve its performance quality to compete and become a leading higher education institution in management and tourism in line with its vision and mission. Some employees also arrived late and took breaks exceeding the stipulated time. In this research, the type of study used is explanatory research or explanatory level research. Based on the type of explanatory research, this research is classified as associative research. The sampling technique used in this research is census sampling, where the entire population, which is 89 employees. The work environment has a positive impact on employee loyalty. As a result, more employee loyalty to the company is strongly correlated with a happy and encouraging work environment. Job satisfaction has a big impact on employee loyalty. As a result, there exists a strong association between employees' job satisfaction levels and their loyalty to the company

INTRODUCTION

Success and company performance can be seen from the performance achieved by its employees. Therefore, the company demands that its employees be able to display optimal performance because the quality of employee performance will affect the overall performance and success of the company (Amanda & Octafian, 2024; Palupiningtyas et al., 2022). General management theory states that one factor that needs to be considered by an organization in following developments and changes is the human resources factor (Al Salih & Al Doghan, 2023; Hendrajaya et al., 2022).

Human resources are a very important element and a key to success in achieving the company's goals, so their presence must be considered, managed, and their quality improved (Mammen, 2022). To achieve organizational or company goals, it must be supported by the availability of human resources who have excellence and capability in responding to every condition faced so they can provide the best for the company and realize the company's existence.

Education and change are two inseparable things. Both are equally important and must always be observed. Education that lags behind the current changes will not be able to meet the needs of students and society. This also applies to human resources; the human resources within an educational institution must continuously pay attention to current changes so that their knowledge can always be updated in line with the changing times.

In performing work, loyalty and job satisfaction are related to employees. Employee loyalty is crucial for the company and is supported by job satisfaction (Krisnaldy et al., 2019; Xiu-Lan et al., 2021). Employees with high job satisfaction will be enthusiastic about working, which impacts increased employee performance, low turnover rates, and employees working without pressure (Callea et al., 2016; Carmeli et al., 2017; Wisniewski et al., 2019).

In industrial development, the highest turnover rates are in the construction sector. Additionally, employees resigning in the construction industry are three times higher than in the retail trade and recreation & hospitality industries. This has serious implications for the construction industry because high turnover rates will incur additional recruitment costs, reducing the company's profits. To reduce turnover rates, it can start by measuring the number of employees, especially those with good performance and high potential to leave the company. Employee turnover rates vary across industrial sectors. The main reasons given by high-performing employees for leaving the company include salary, promotion opportunities, work-life balance, career development, and health care benefits.

A good working atmosphere can bring satisfaction to employees, impacting increased employee performance. Employees with low loyalty will not work optimally and are easily influenced by negative emotions, such as always wanting to move to another company, frequent absenteeism, and declining performance. Companies need to pay attention to employees to increase job satisfaction to maintain employee loyalty. Company policies that positively impact employees will increase employee loyalty at work.

Loyalty is the desire of employees to stay in the company and not accept job offers from competitors with better benefits. Employee loyalty cannot grow directly but requires high attention to each employee. Employees with high job satisfaction can create loyalty through the commitment implemented by company managers in good management control (Alkhodary, 2023; Urmila & Rayuwanto, 2022).

A good work environment will provide a sense of security and enable employees to work optimally (Maulana et al., 2020; Octafian & Nugraheni, 2020). The work environment can affect employee emotions. If employees like the work environment where they work, they will feel comfortable at their workplace, carrying out activities as working time is used well and optimistically, thus improving employee performance. This work environment includes working relationships formed among employees, both between subordinates and superiors, and physical or non-physical environments. Employees have needs related to the place and atmosphere in the environment where they work, including fair and equitable wages, opportunities for advancement/promotion, recognition as individuals, job security, a good workplace, acceptance by groups, fair treatment, and recognition for achievements. Thus, the work environment can be understood as a condition where an employee works, influencing them to increase their productivity.

STIEPARI Semarang is a public organization engaged in educational services. As an education provider, STIEPARI Semarang is truly required to show its professionalism in the form of improvements and enhancements in organizational performance. STIEPARI Semarang's main task is to produce the best graduates according to stakeholders' needs. Seeing this, STIEPARI Semarang must strive as much as possible to improve its performance quality to compete and become a leading higher education institution in management and tourism in line with its vision and mission.

Based on initial observations regarding employee loyalty at STIEPARI Semarang, some employees were still absent, leading to suboptimal service to students. Some employees also arrived late and took breaks exceeding the stipulated time. Even in recent times, some lecturers have resigned and moved to other workplaces. This illustrates a problem with employee loyalty, which ultimately will affect employee performance and the overall development of STIEPARI.

Based on the above explanation, the researcher is interested in studying the conditions of employees at STIEPARI Semarang, one of the pioneering higher education institutions in tourism in Central Java. This study focuses on the work environment and job satisfaction in increasing employee loyalty to the institution, thereby improving the institution's development.

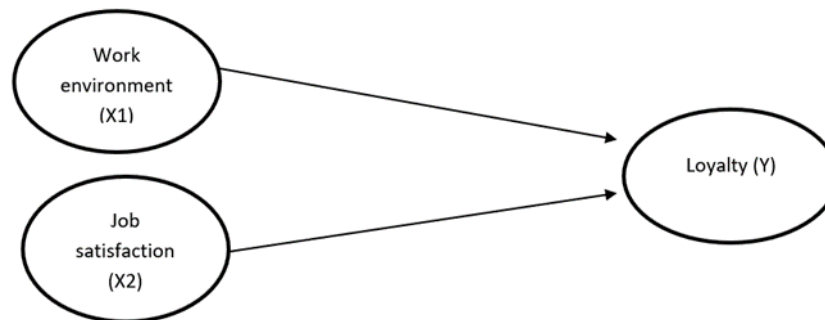
LITERATURE REVIEW

The work environment consists of both physical and non-physical environments inherent to employees, making it inseparable from efforts to develop employee performance (Andriyanti & Apriyanti, 2023; Astuti, 2020). A good and conducive work environment will provide a sense of safety and comfort for employees, thus enhancing their productivity and performance (Citraningtyas & Djastuti, 2017; Owiti et al., 2024).

Aranki et al., (2019) & Finanda & Lutfi, (2018) states that job satisfaction is the result of employees' perceptions of how well their job provides what they consider important. Job satisfaction reflects an individual's feelings towards their job, which can be seen from the positive attitudes employees have towards their job and everything they encounter in their work environment (Maulana et al., 2020).

Wulandari et al., (2022) defines loyalty as the dedication reflected by employees' willingness to protect and defend the organization both within and outside of work. Employee loyalty can be seen from their willingness to stay with the organization, do their best for the organization, and maintain the organization's reputation (Mauludi & Kustini, 2022; Mitonga-Monga, 2019).

A conceptual framework here :



Picture 1. Conceptual Framework

METHODOLOGY

In this research, the type of study used is explanatory research or explanatory level research. Based on the type of explanatory research, this research is classified as associative research. Associative research aims to determine the relationship between two or more variables. The results of such research ultimately explain the causal relationships between variables through hypothesis testing. In this study, the author attempts to explain the relationship between the Work Environment (X1), Job Satisfaction (X2), and Employee Loyalty (Y).

The population is the total number of all members being studied. In relation to the research to be conducted, the population in this study consists of all employees and lecturers of STIEPARI Semarang, totaling 90 people, comprising 40 educational staff and 50 lecturers. The sampling technique used in this research is census sampling, where the entire population, which is 89 employees (with 1 person as the researcher), is used as the sample since the population is less than 100 respondents.

The data obtained from the respondents would be meaningless without data analysis. Data analysis is required to make a decision to accept or reject the hypothesis as part of this research. The data analysis in this study is based on statistical calculations utilizing SPSS software as the medium for statistical calculations. Data analysis begins with testing the research instruments before using them for further research. The data analysis continues with analyzing the research instruments that have produced data and ultimately performing hypothesis testing.

RESULT

Based on the analysis results, the following data was obtained:

Table 1. Primary Data Test Results

Gender	Frequency	Percentage
Male	52	58,42 %
Female	37	41,58 %
Total	89	100 %

Source: Primary Data Processed in 2024

Table 1 shows the count and percentage frequency of respondents based on gender, namely male and female out of a total of 89 respondents. There are 52 males in the sample, accounting for 58.42% of the total sample. There are 37 females in the sample, making up 41.58%, indicating that the majority of respondents in this sample are male.

The following table reveals the analysis results on the variables of work environment and job satisfaction in relation to employee loyalty :

Table 2. Primary Data Test Results

Work Environment and Job Satisfaction on Employee Loyalty			
Variable	Standardized Coefficients Beta	t-value	Significance Level
Work Environment	.302	2.571	0,012
Job satisfaction	.476	4.050	0,000
R ²		0,544	

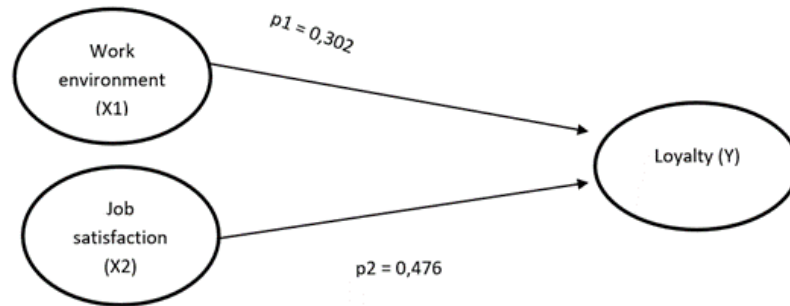
Source: Primary Data Processed in 2024

From the table mentioned above, it is explained that the variables of work environment and job satisfaction influence the variable of employee loyalty, with calculated significance values less than 0.05, specifically 0.012 and 0.000. Furthermore, the combined influence of the work environment and job satisfaction variables is confirmed to be 0.544.

The impact of the work environment on employee loyalty can be observed from the beta or standardized coefficient value, which is $X1 \rightarrow Y = p1 = 0.302$.

The impact of job satisfaction on employee loyalty can be seen from the beta or standardized coefficient value, which is $X2 \rightarrow Y = p2 = 0.476$.

Based on these analysis results, the magnitude of the influences is depicted as follows:



Picture 2. Model Analysis Results
Source: Primary Data Processed In 2024

DISCUSSION

The influence of the work environment on employee loyalty can be seen from the analysis results above, which show that the environment has a significant effect on employee loyalty at 0.302 with a significance value of $0.012 < 0.05$. This indicates that the influence of the environment on employee loyalty is statistically significant.

The influence coefficient of 0.302 indicates that the environment has a positive impact on employee loyalty. This means that the better or more conducive the work environment, the higher the level of employee loyalty to the company. Conversely, if the work environment is less favorable or not conducive, it can decrease employee loyalty.

A good work environment can encompass several aspects, such as harmonious interpersonal relationships among employees and with superiors, adequate facilities and work resources, company policies that support employee comfort and welfare, and a positive and productive work atmosphere. When employees feel comfortable and satisfied with their work environment, they tend to be more engaged, motivated, and committed to staying with the company in the long term.

These findings are consistent with previous theories and research that state that the work environment is one of the important factors influencing employee loyalty (Alkhodary, 2023; Mampuru et al., 2024; Mauludi & Kustini, 2022). Employees who feel valued, supported, and facilitated by their work environment are more likely to be loyal to the company. They will feel more emotionally attached to the company and reluctant to leave, even if there are offers from other places. Therefore, companies need to pay attention to and manage the work environment well to increase employee loyalty.

Several efforts that can be made include creating a positive environment, building good relationships between employees and management, providing adequate facilities and work resources, and implementing policies that support employee welfare and development. With a conducive work environment, companies can retain their best employees and reduce turnover rates.

The influence of job satisfaction on employee loyalty can be seen from the analysis results above, which show that satisfaction has a significant effect on employee loyalty at 0.476 with a significance value of $0.000 < 0.05$. This indicates that the influence of satisfaction on employee loyalty is statistically significant.

The influence coefficient of 0.476 indicates that job satisfaction has a strong positive effect on employee loyalty. This means that the higher the level of job satisfaction felt by employees, the higher their loyalty to the company. Conversely, if job satisfaction is low, it can decrease employee loyalty.

Job satisfaction is a positive or negative feeling experienced by employees regarding their job overall. Job satisfaction can be influenced by various factors, such as appropriate salary and benefits, opportunities for growth and promotion, relationships with colleagues and superiors, and comfortable and safe working conditions. When employees are satisfied with these aspects, they tend to be more engaged, motivated, and committed to staying with the company.

These findings are in line with previous theories and research that state job satisfaction is an important predictor of employee loyalty (Maulana et al., 2020; Nugraha et al., 2021). Employees who are satisfied with their jobs are more likely to be loyal to the company. They will feel more emotionally attached to the company and reluctant to leave, even if there are offers from other places. Therefore, companies need to pay attention to and improve employee job satisfaction to retain their loyalty.

Some strategies that can be implemented include offering competitive compensation and benefits, providing career development and promotion opportunities, creating a positive and supportive work environment, and involving employees in decision-making processes. With high job satisfaction, companies can retain their best employees and reduce turnover rates. Other factors, such as organizational commitment, corporate culture, and individual employee characteristics, can also play a role in determining the level of loyalty. Therefore, companies need to consider these various factors comprehensively in their efforts to enhance employee loyalty.

CONCLUSION AND RECOMMENDATION

The work environment has a positive impact on employee loyalty. As a result, more employee loyalty to the company is strongly correlated with a happy and encouraging work environment. Job satisfaction has a big impact on employee loyalty. As a result, there exists a strong association between employees' job satisfaction levels and their loyalty to the company.

Several strategies can be employed to enhance workplace conditions, such as fostering a happy atmosphere, cultivating strong employee-manager relationships, ensuring sufficient facilities and resources, and enacting policies that prioritise employee well-being and growth. By ensuring high levels of job satisfaction, firms may effectively retain their top-performing staff and mitigate turnover rates.

FURTHER STUDY

Due to the limited sample size of 89 respondents and the study being done at a single research location, the findings may not be broadly applicable to larger populations or diverse settings. The unique attributes of the sample and research site may restrict the capacity to extrapolate the results to alternative contexts or institutions. When the sample size is small, there is a higher likelihood of response bias. Employees that demonstrate a willingness to partake in the study may possess distinct features or perspectives that distinguish them from employees who choose not to participate. This can impact the representativeness of the sample and the findings of the study.

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