Influence of Compensation and Work Emvironment Toward Employee Loyality in Pt. Cita Line Persada

Toriq Rahman Tohir[1,*] Hasanah[2] , Fara Alkausar[3]

Universitas Muhammadiyah Jakarta, Indonesia
Corresponding author. Email: Toriq2152@gmail.com

ABSTRACT

This research aims to determine and analyze the influence of compensation (X_1) and work environment (X_2) on employee work loyalty at PT. Cita Lini Persada. The independent (free) variables used in this research are compensation and work environment, while the dependent (bound) variable is employee work loyalty. This research uses an associative type of research with a quantitative approach distributed using questionnaires and data sourced from primary and secondary data. The population in this study were employees of PT. Cita Lini Persada, totaling 56 employees. The sampling technique used is saturated sampling which is included in non-probability sampling. Data analysis techniques in this research use validity tests, reliability tests, classic assumption tests (normality test, multicollinearity test and heteroscedasticity test), multiple linear regression analysis, coefficient of determination analysis (R^2) and hypothesis testing (t test and F test). The results of this research show that partially (t test) compensation has a positive and significant effect on employee work loyalty with a tcount > ttable value, of $6.278 > 2.006$ with a significant value of $0.000 < 0.05$, the work environment has a positive and significant effect on employee work loyalty with the tcount > ttable value, of $7.321 > 2.006$ with a significant value of $0.000 < 0.05$. In the F test, it is known that the Fcount > Ftable value is $117.349 > 3.17$ and the significant value is $0.000 < 0.05$. So it can be explained that Compensation and Work Environment simultaneously (together) have a positive and significant effect on Employee Work Loyalty.

Keywords: Compensation, Work Environment, Employee Loyalty

1. INTRODUCTION

Compensation is considered one of the primary factors influencing employee work loyalty. It encompasses both monetary and non-monetary rewards or benefits provided by an organization to its employees in recognition of their hard work and contributions. Compensation also serves as a tool to retain employee loyalty. According to Enny (2019, p. 37), compensation can be broadly defined as a form of reward given to employees as a token of appreciation for their contributions and work to the company. This appreciation can be in the form of direct or indirect financial rewards, as well as non-monetary rewards. Therefore, organizations need to pay attention to providing fair and equitable compensation as a way to maintain employee loyalty. This is in line with previous research by Heryati (2016), which found that the compensation variable has a positive and significant effect on employee loyalty.

The work environment is another crucial factor that is believed to influence employee work loyalty. According to Nitisemito in Enny (2019, p. 56), the work environment refers to everything that surrounds workers and can affect them in carrying out their assigned tasks. Examples include cleanliness, music, and others. Since these factors can impact the work performed, every company should strive to create a positive work environment for its employees. Therefore, a comfortable and supportive environment should be a priority for organizations as a means of retaining employee loyalty. This aligns with previous research by Verontino Fernando Giovanni and Mei Ie (2022: p. 232), which showed that the work environment has a positive and significant effect on employee loyalty.

The formulation of this research problem is: Does compensation affect employee work loyalty at PT. Cita Lini Persada?; Does the work environment influence employee work loyalty at PT. Cita Lini Persada ?; Do compensation and work environment together influence employee work loyalty at PT. Line Persada's dream?

The aim of this research is: To determine and analyze the effect of compensation on employee work loyalty at PT. Cita Lini Persada; To find out and analyze the influence of the work environment on employee work loyalty at PT. Cita Line Persada; To find out and analyze the influence of sompensation and work environment together on employee work loyalty at PT. Cita Line Persada.

2. RESEARCH METHODS

This research employs a quantitative research methodology. According to Sugiyono (2013, p. 8), quantitative research is a method based on positivism philosophy, used to investigate specific populations or samples, collects data using research instruments, analyzes data quantitatively/statistically, and aims to test predetermined hypotheses. Sugiyono (2013, p. 35) identifies three types of quantitative research:

1. Descriptive Research

2. Comparative Research

3. Associative Research

Given the aforementioned research design, this study will utilize an associative research approach, where the researcher attempts to establish relationships between two or more variables. In this context, the independent variables are compensation (X_1) and work environment (X_2), while employee work loyalty (Y) is the dependent variable.

3. DATA ANALYSIS

3.1. Instrument Variable Testing

3.1.1. Validity Test

According to Sugiyono (2013, p. 121), validity refers to the degree of reliability and accuracy of a measurement instrument used in research. A valid instrument means that the measurement tool used to obtain data (measure) is valid.

3.1.2. Reliability Test

Reliability testing is used to determine the consistency of a measurement instrument, whether the instrument used can be relied upon and remains consistent if the measurement is repeated. Thus, it can be concluded under the following conditions:

1) If Cronbach Alpha > 0.6, then the observation instrument is declared reliable.

2) If Cronbach Alpha < 0.6, then the observation instrument is not reliable.

3.2. Classical Assumption Test

This type of testing includes: a) Normality Test; b) Multicollinearity Test; and c) Heteroscedasticity Test

3.3. Data Analysis Methods

3.3.1. Multiple Linear Regression Analysis

According to Purnomo (2017, p. 161), multiple linear regression analysis is used to determine the influence or relationship in a linear manner between two or more independent variables with one dependent variable. This research uses multiple linear regression with the following multiple linear regression equation (see Equation 1):

$$Y = \alpha + \beta 1 X1 + \beta 2 X2 + \varepsilon \dots \dots \dots \dots (1)$$

3.3.2. Coefficient of Determination (R^2)

The coefficient of determination (R^2) or R Square is used to measure the extent to which the model is able to explain the variation of the dependent variable (Ghozali, 2016, p. 95). The R^2 test shows the percentage of independent variables (X) that explain the dependent variable (Y) (see Equation 2).

$$Kd = r2 \times 100\% \dots \dots \dots \dots \dots \dots \dots \dots \dots (2)$$

3.4. Hypothesis Testing

3.4.1. Partial Test (t-test)

1) Formulate Hypotheses

Ho: $\beta = 0$, meaning there is no significant influence. Ha: $\beta \neq 0$, meaning there is a significant influence.

2) Determine the Critical Value or Significance Level

The significance level for this study is 5%, meaning the risk of making a wrong decision is 5%.

3) Decision Making

a) If probability (sig t) > α (0.05), then Ho is accepted, meaning there is no significant partial influence of the independent variable (x) on the dependent variable (y).

b) If probability (sig t) < α (0.05), then Ho is rejected, meaning there is a significant partial influence of the independent variable (x).

3.4.2. Simultaneous/Joint Test (F-test)

The F-value is determined by comparing the calculated F and the table F. Before making this comparison, the confidence level (1-α) and the degrees of freedom (α:K-1, n – K) must be determined first. The Alpha (α) value in this study is 0.05, and the following testing criteria are used:

1) If calculated F > table F, then H0 is rejected and Ha is accepted, which means the independent variables have a simultaneous effect on the dependent variable.

2) If calculated F < table F, then H0 is accepted and Ha is rejected, which means the independent variables do not have a simultaneous effect on the dependent variable.

4. RESULTS AND DISCUSSIONS

4.1. Instrument Analysis Test Results

4.1.1. Validity Test

The validity criterion for an instrument is if the calculated r value > table r value, then the instrument or statement items are significantly correlated with the total score (declared valid). The table r value with degrees of freedom (df) = n-2. In this case, n is the number of samples, which is 56. In this study, the df is calculated as df = n – 2 = 56-2 = 54 with alpha (α) 0.05 (5%), and the table r value is 0.2632. The results of the validity test for the Compensation variable (X1), the work environment variable, and the work loyalty variable are all valid. This is because the calculated r value is greater than the table r value, which is greater than 0.2632.

4.1.2. Reliability Test

Instrument reliability testing in this study uses the Cronbach Alpha formula because the instrument is in the form of a questionnaire and a tiered scale (see Table 1). In this study, if the Cronbach Alpha value > 0.600, then an instrument is declared reliable, while if the Cronbach Alpha value < 0.600, then an instrument is declared unreliable.

Table 1. Reliable instrument test results

Variable	Cronbach's Alpha	limitation	Information
Compensation (X_1)	0,678	0,600	Reliable
Work environment (X_2)	0,822	0,600	Reliable
Employee work loyalty (Y)	0,670	0,600	Reliable

Source: IBM SPSS V.20 data processing results

4.2. Classic Assumption Test Results

4.2.1. Normality Test

The normality test can be carried out using statistical methods by looking at the normal P-Plot graph and Histogram graph (see figure 1).
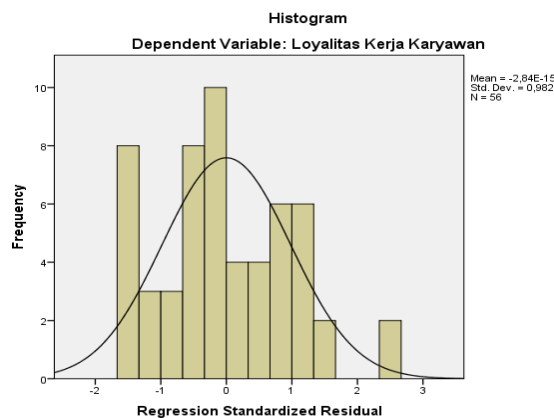

Figure 1 Histogram Graph Normality Test Results (Source: IBM SPSS V.20 data processing results)

4.2.2. Multicollinearity Test

If the value of VIF (Variance Inflation Factor) < 10 and the value of Tolerance is greater than 0.10, then the regression model can be considered to have no multicollinearity issues (see Table 2).

Table 2. Test Result of Multicollinearities

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,333	2,114		,630	,531		
	Compensation	,502	,080	,465	6,278	,000	,633	1,579
	Work environment	,346	,047	,542	7,321	,000	,633	1,579
a. Dependent Variable: Employee Loyalty								

Source: IBM SPSS V.20 data processing results

4.2.3. Heteroskedasticity Test

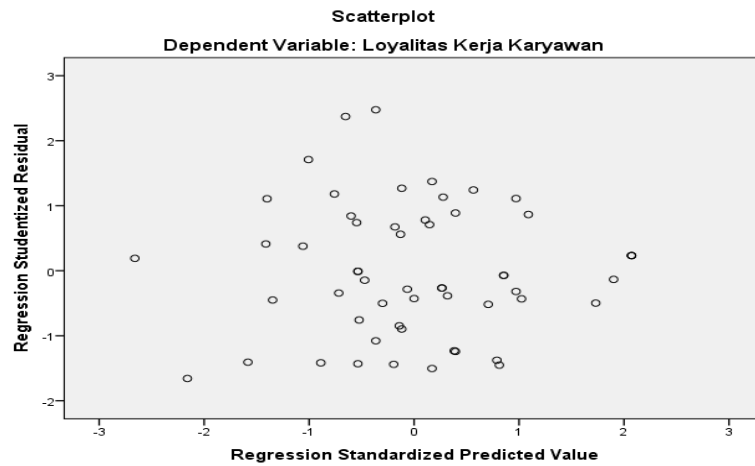The results of heteroskedasticity test in this study can be seen from the figure 2:

Figure 2 Test Result Heteroskedasticities (Source: IBM SPSS V.20 data processing results)

4.3. Data Analysis Technique

4.3.1. Multiple Linear Regression Analysis

This multiple linear regression analysis was carried out to determine the influence of the variables, namely compensation (X_1) and work environment (X_2) as a whole, on the dependent variable, namely employee work loyalty (Y) (see Equation 3).

$$Y = \alpha + \beta 1\, x1 + \beta 2 x2 + e \ldots\ldots\ldots\ldots (3)$$

Based on the results of the multiple linear regression analysis which can be seen in Table 3, a multiple linear regression equation can be prepared as follows (see Equation 4):

$$Y = 1,333 + 0,502\, X1 + 0,346\, X2 + e \ldots\ldots\ldots\ldots (4)$$

Table 3. Multiple Linear Regression Test Results

Coefficients[a]					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,333	2,114		,630	,531		
	Compensation	,502	,080	,465	6,278	,000	,633	1,579
	Work environment	,346	,047	,542	7,321	,000	,633	1,579
a. Dependent Variable: Employee Loyalty								

Source: IBM SPSS V.20 data processing results

4.3.2. Analysis of the Coefficient of Determination (R^2)

From the results of data analysis, the results of the Coefficient of Determination or R Square are obtained as follows:

Table 4. Coefficient of Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,903[a]	,816	,809	1,424
a. Predictors: (Constant), Work Environment, Compensation				
b. Dependent Variable: Employee Loyalty				

Source: IBM SPSS V.20 data processing results

Based on the results of the coefficient of determination analysis in Table 4 above, the R Square value is 0.816 or 81.6%. This indicates or explains that the contribution of the Compensation and Work Environment variables to Employee Work Loyalty is 81.6%, while the remaining 18.4% is contributed by other variables not included in this study, such as Work Motivation and Career Development.

4.4. Hypothesis result testing

4.4.1. T test

Determine the t_{table} value through degrees of freedom (df) with α = 5% (0.05). So df = n – k – 1 = 56 – 2 – 1 = 53, so that the value of t_{table} = 2.00575 is rounded to 2.006. From the results of data analysis, the t test results were obtained as follows (see Table 5):

Table 5. Statistical t test results

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,333	2,114		,630	,531		
	Compensation	,502	,080	,465	6,278	,000	,633	1,579
	Work environment	,346	,047	,542	7,321	,000	,633	1,579
a. Dependent Variable: Employee Loyalty								

Source: IBM SPSS V.20 data processing results

4.4.2. Simultaneous/together testing (F Test)

Determine the Ftable value through df 1 (number of variables – 1) = k – 1 = 3 – 1 = 2, and df 2 = n – k = 56 – 3 = 53 α with = 5% (0.05), so that the value obtained Ftable = 3.17. So, from the results of data analysis, the results of the F Test are obtained as follows:

Table 6. Simultaneous Test Results (F Test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	476,050	2	238,025	117,349	,000[b]
	Residual	107,503	53	2,028		
	Total	583,554	55			
a. Dependent Variable: Employee Loyalty						
b. Predictors: (Constant), Work Environment, Compensation						

Source: IBM SPSS V.20 data processing results

Based on the results of the F Test (joint/simultaneous test) analysis in Table 6 above, it can be seen that the calculated F value is 117.349 and the table F value is 3.17, which means that the calculated F value > the table F value with a significance value (Sig.) of less than 0.05 or 0.000 < 0.05. Therefore, it can be concluded that Ho is rejected and Ha is accepted, which means that Compensation and Work Environment have a positive and significant simultaneous effect on Employee Work Loyalty.

5. CONCLUSION

1) Compensation on Employee Work Loyalty

Based on the results of the analysis, it can be concluded that H0 is rejected and Ha is accepted, which means that Compensation has a positive and significant effect on Employee Work Loyalty at PT. Cita Lini Persada.

2) Work Environment on Employee Work Loyalty

Based on the results of the analysis, it can be concluded that H0 is rejected and Ha is accepted, which means that Work Environment has a positive and significant effect on Employee Work Loyalty at PT. Cita Lini Persada.

3) Compensation and Work Environment Jointly on Employee Work Loyalty

There is a positive and significant joint effect of Compensation and Work Environment on Employee Work Loyalty at PT. Cita Lini Persada.

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