

## THE EFFECT OF WORK ENVIRONMENT ON EMPLOYEE LOYALTY THROUGH JOB SATISFACTION (Study on Hotel Employees in Pekanbaru)

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**Abstract.** *This research is motivated by the importance of human resource management in moving the company. This research was conducted at the Pesonna Hotel Pekanbaru, Jalan Jendral Sudirman No. 455, Simpang Empat, Kec. Pekanbaru City, Pekanbaru City, Riau. And Batiqa Hotel Pekanbaru which is located on JL. Jend. Sudirman No. 17, Simpang Tiga, Kec. Bukit Raya, Pekanbaru City, Riau 28284, Indonesia. The purpose of this study was to determine the level of employee loyalty at Pesonna Hotel and Batiqa Hotel Pekanbaru. The sample of this study was taken as many as 79 respondents using the census method. In this study the method used is descriptive and quantitative. The data obtained from the results of the questionnaires/questionnaires were then tested using the PLS (Partial Least Square) analysis technique through the SmartPLS software. In this study the results obtained are that the work environment has a positive and significant effect on employee loyalty, the work environment has a positive and significant effect on job satisfaction, job satisfaction has a positive and significant effect on employee loyalty, and the work environment has a positive and significant effect on employee loyalty through job satisfaction at Pesonna Hotel and Batiqa Hotel Pekanbaru.*

**Keywords:** *Work Environment, Job Satisfaction, and Employee Loyalty*

### INTRODUCTION

Human resource management is part of organizational management that focuses on human resource elements. In an organization/company, humans are one of the most important elements that need to be managed properly. Without the role of humans even though the various factors needed are available, the organization will not run. Therefore, the organization should provide positive direction in order to achieve organizational goals.

One of the factors that influence the level of organizational success is employee loyalty to the organization. Martiwi, Triyono, and Mardalis (2012) said that in terms of work one of the important aspects needed by employees is work loyalty. According to Jusuf (2010), employee loyalty is an attitude that arises as a result of the desire to be loyal and devoted both to work, groups, superiors, and to the workplace which causes employees to be willing to make sacrifices to satisfy other parties or society. Reichheld and Scheffer (2000) said that the higher the loyalty of employees in a company, the easier

it is for the company to achieve the goals set. For companies whose employee loyalty is low, it is increasingly difficult for the company to achieve company goals.

Job satisfaction is one of the factors that influence employee loyalty. According to Robbins and Judge (2012), another determining factor in increasing employee loyalty is job satisfaction. Job satisfaction is an interesting issue because it has proven to have a big impact on employees and companies. For employees job satisfaction will lead to pleasant feelings at work. Whereas for companies, job satisfaction is useful in an effort to increase production, improve attitudes and behavior of employees. Job satisfaction is difficult to define because satisfaction is not a fixed state because it can be influenced and changed by forces both from within and outside the work environment (Suwatno and Priansa, 2011). A satisfactory work environment for employees can increase performance, on the other hand an inadequate work environment can reduce employee performance and ultimately decrease employee loyalty. Theoretically according to Mangkunegara cited by Khoirun and Bidayati (2016), factors can affect employee loyalty are leadership style, work productivity, fulfillment of salary expectations and incentives, type of work, organizational structure, promotion opportunities, work relations, and work environment.

Pesonna Hotel and Batiqa Hotel Pekanbaru have provided a safe and comfortable work environment for employees by providing a clean workplace, comfortable furniture layout, and a pleasant atmosphere. However, for some types of work, it can still be seen that the work space provided is still minimal and not wide enough so that it will feel uncomfortable to work on a daily basis. Pesonna Hotel Pekanbaru is a 3-star accommodation in Pekanbaru. Pesonna is one of the assets owned by BUMN PT. Pegadaian which is the purpose of building this hotel to develop and optimize existing assets. Pesonna already exists in nine cities in Indonesia, namely Semarang, Surabaya, Makassar, Pekalongan, Tegal, Gresik, Jogja there are two units, and Pekanbaru. In Pekanbaru, Pesonna Hotel is the third hotel founded by Pesonna Indah Jaya. Pesonna is an extension of the pawn shop, always optimizing asset values. Batiqa Hotel is a three-star hotel chain in Indonesia, with a very clear vision, namely to become the largest, most trusted and recognized hotel management network company in Southeast Asia. Batiqa Hotel management is committed to providing the best service with a touch of Indonesian hospitality to every guest. Pesonna Hotel and Batiqa Hotel Pekanbaru are quite well-known 3-star hotels in Pekanbaru.

The formulation of the problem in this study is how does the work environment influence employee loyalty through job satisfaction (Study at Hotels in Pekanbaru)?

## **LITERATURE REVIEW**

### **1. Human Resource (HR) Concept**

Human resource (HR) is the only resources that have feelings, desires, skills, knowledge, encouragement, power, and work (ratio, taste and intention). All of these HR potentials influence the organization's efforts to achieve its goals. No matter how advanced technology, information development, availability of capital and adequate materials, if without human resources it is difficult for the organization to achieve its goals. Werther and Davis (1996), stated that human resources are "employees who are ready, capable and alert in achieving the goals of the organization".

Human resource management (HRM) is a strategic area of the organization. Human resource management should be seen as an extension of the traditional view of managing people effectively and to do so requires knowledge of human behavior and the

ability to manage it. According to Simamora (1997), human resource management is the utilization and management of individual members of an organization or group of workers. According to Umar (1999), in his duties human resource management can be grouped into three functions, namely:

1. Managerial functions: planning, organizing, directing, and controlling.
2. Operational functions: procurement, development, compensation, integration, maintenance and termination.
3. The third function is the position of human resource management in achieving organizational goals in an integrated manner.

## **2. Work Environment**

According to A. S. Nitisemito (2012), defining the work environment is everything that is around workers who can influence themselves in carrying out the tasks assigned. According to Sedarmayanti (2011) defining the work environment is the whole of the tools and materials encountered, the environment the environment in which a person works, his work methods, and work arrangements, both as individuals and as a group.

According to Sedarmayanti (2011) states that in general, the type of work environment is divided into 2, namely:

1. Physical work environment

The physical work environment is all physical conditions that exist around the workplace that can affect employees either directly or indirectly. Meanwhile, according to Sumartono and Sugito (2004) the physical work environment is the physical conditions in the company around the workplace, such as air circulation, wall color, security, space for movement and others. So it can be concluded that the physical work environment is all tangible physical conditions that exist around the work place including air circulation, wall color, security, space for movement, and others that can affect employees directly or vice versa.

2. Non-physical work environment

According to Sedarmayanti (2010) the non-physical work environment is all conditions that occur related to work relations, both relations with superiors and co-workers, or relations with subordinates. Meanwhile, according to Nitisemito (2012) companies should be able to reflect conditions that support cooperation between superiors, subordinates and those with the same position status within the company. Conditions that should be created are a family atmosphere, good communication and self-knowledge.

## **3. Job Satisfaction**

According to Davis and Newstrom (2005) job satisfaction is the feelings of pleasure or displeasure of employees towards their work. Wexley and Yukl (Yuli T, 2003) stated that job satisfaction is a person's feelings towards his work. Job satisfaction in general is an attitude towards work that is based on evaluation of different aspects of work. A person's attitude towards his work describes pleasant or unpleasant experiences at work and his expectations about future experiences. Meanwhile, according to Osborn in Yuli T (2003) job satisfaction is the positive or negative degree of one's feelings about various aspects of work tasks, workplace and relationships with fellow workers.

Based on some of the limitations given by these experts, it can be concluded that job satisfaction is the way individuals feel about their work resulting from the individual's attitude towards various aspects contained in his work (Suwatno and Priansa, 2011).

According to Fred Luthans (2006) the dimensions of job satisfaction are:

1. The work. The characteristics of the work faced by individuals is one of the factors that determine the job satisfaction of the individual.
2. Salary. Satisfaction with salary is a multi-dimensional thing. This means that employee satisfaction lies not only in wages or salary alone.
3. Promotion opportunity. The opportunity to be promoted is something that can give satisfaction to employees. This opportunity is a form of reward that is different from other rewards.
4. Supervision by superiors. Workers express satisfaction with superiors who show an attentive attitude and provide support to their subordinates, rather than superiors who are indifferent and always criticize. Besides that, the opportunity given by superiors to subordinates to participate can also increase job satisfaction.
5. Colleagues. Interactions that occur among workers will create a certain atmosphere that also affects job satisfaction.

#### **4. Employee Loyalty**

According to Poerwadar Minta (2012), loyalty can be interpreted as loyalty, devotion and trust given or directed to a person or institution in which there is a sense of love and responsibility to try to provide the best service and behavior.

According to AS Nitisemito (2012), loyalty is a condition that exists in an employee or employee who has a great responsibility towards the company where the employee works. Basically every company really wants to create loyalty that occurs in each employee because the company and employees have a very close relationship so that loyalty occurs.

To form employee loyalty in the company does not just happen, but in it there are aspects that can realize this loyalty. Each aspect is part of the company's management that has links with employees and the company. Aspects of loyalty to individuals put forward by Siswanto (2002) namely:

a. Obey the rules

The ability of employees to always try to comply with regulations, orders from the company, and not violate the rules that have been set. Labor obedience is a priority to increase loyalty to the company.

b. Responsibility

Employees who are able and able to carry out their duties as well as possible and are aware of the risks in carrying out their duties which will lead to loyalty. Employees who have high loyalty certainly have better responsibilities.

c. Willingness to cooperate

It is not possible to achieve the goals of a company or organization individually. Therefore establishing cooperative relationships with other people in an organization or group will make it easier to achieve company goals.

d. A sense of belonging

There is a feeling that arises from employees to look after each other and advance the company/organization. As well as taking part in maintaining the good name of the company during working hours and outside working hours. This will create loyalty to achieve company goals.

e. Interpersonal relationships

To achieve common goals, of course, it is supported by people who are in the organization or company itself, so the interpersonal relationships of the individuals in

it are very important. These employees will have harmonious social relations with both superiors and fellow co-workers.

f. Likes work

Employees who work must do their job with pleasure. This can be seen from the employees who always try to give the best for the company, and also do not demand additional salary.

## METHOD

This research took place at Pesonna Hotel and Batiqa Hotel in Pekanbaru. Pesonna Hotel in Pekanbaru is a 3 star accommodation located on Jalan Jendral Sudirman No. 455, Simpang Empat, Kec. Pekanbaru City, Pekanbaru City, Riau. And Batiqa Hotel Pekanbaru which is located at JL. Gen. Sudirman No. 17, Simpang Tiga, Kec. Bukit Raya, Pekanbaru City, Riau 28284, Indonesia. The population of this study were all employees of Pesonna Hotel and Batiqa Hotel Pekanbaru, totaling 79 people. In this study, the authors took all of these populations as research samples using census techniques. If the total population is less than 100 people, then the sample is taken as a whole, but if the population is greater than 100 people, then 10-15% or 20-25% of the total population can be taken (Arikunto, 2012), because the study population is 79 people, then the members of the population become the entire respondent. In this research, the source of information is HRD.

The data collected consists of two types, namely primary data and secondary data. The data collection technique used in this study was a questionnaire. Data analysis is an activity after data from all respondents has been collected. Activities in data analysis are: grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to answer the problem formulation, and performing calculations to test the hypotheses that have been proposed (Sugiyono, 2013). In this study using descriptive data analysis and quantitative data analysis. This study uses quantitative data analysis methods through SmartPLS 3.0 software. In quantitative analysis research using SEM (Structural Equation Modeling) analysis or structural equation models using the PLS (Partial Least Square) program to examine the relationship between variables.

## RESULTS AND DISCUSSION

### Validity test

#### Construct Reliability and Validity

Matrix	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (A...	Copy to Clipb
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	
kepuasan kerja (z)	0.940	0.944	0.949	0.651	
lingkungan kerja(x)	0.878	0.883	0.908	0.621	
loyalitas karyawan (y)	0.923	0.925	0.934	0.540	

**Figure 1. Average Variance Extracted (AVE)**

An instrument can be said to be valid if the instrument can measure what must be measured (Cooper and Schindler, 2014). In this study the validity of the questionnaire will use Convergent validity and Discriminant validity with the help of SmartPLS 3.0.

From the picture above it can be concluded that the research has good Convergent Validity. AVE value  $> 0.5$  is a good measure of Convergent Validity.

#### Discriminant Validity

	kepuasan kerja...	lingkungan ker...	loyalitas karya...
kepuasan kerja ...	0.807		
lingkungan ker...	0.539	0.788	
loyalitas karya...	0.728	0.578	0.735

Figure 2. Square Foot of AVE

From the picture above it can be concluded that the research has good discriminant validity. The square root value of AVE  $>$  the correlation value between the constructs/latent variables, then good discriminant validity is achieved.

#### Reliability Test

##### Construct Reliability and Validity

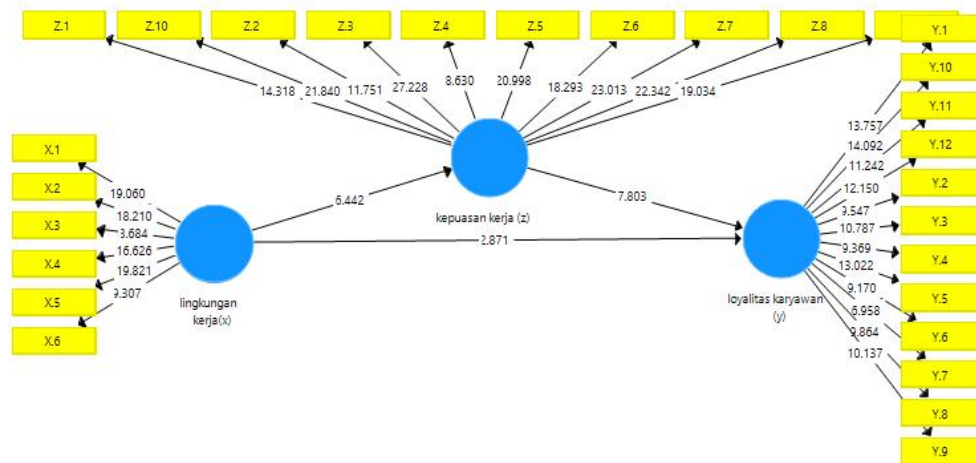
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (A...
kepuasan kerja (z)	0.940	0.944	0.949	0.651
lingkungan kerja(x)	0.878	0.883	0.908	0.621
loyalitas karyawan (y)	0.923	0.925	0.934	0.540

Figure 3. Cronbach's Alpha and Composite Reliability

The results of the reliability test in this study indicate that in general the measurement variables that can be declared reliable, namely showing Cronbach's alpha and composite reliability  $> 0.8$ .

#### Hypothesis testing

The writer uses SmartPLS Software to test the hypothesis. The tests carried out are the evaluation of the inner model and the t-test to answer the four existing hypotheses. The following are the results of the hypothesis testing that has been done, Evaluation of the Inner Model:



**Figure 4. Inner Model**

From the evaluation results of the inner model, the R Square value is obtained as follows:

#### R Square

Matrix	R Square	R Square Adjusted
	R Square	R Square Adjusted
kepuasan kerja ...	0.290	0.281
loyalitas karya...	0.579	0.568

**Figure 5. R Square**

It can be concluded that the R Square value of job satisfaction is 0.290. This means that 29% of the variable job satisfaction is influenced by the work environment. And the remaining 71% is influenced by other variables not examined by this study. Meanwhile, the R Square value of employee loyalty is 0.579. This means that 57.9% of the employee loyalty variable is influenced by the work environment and job satisfaction. And the remaining 42.1% is influenced by other variables not examined by this study.

To assess the significance of the prediction model in testing the structural model, it can be seen from the t-statistic value between the independent variables and the dependent variable in the Path Coefficient table in the SmartPLS output below:

**Table 1. Path analysis**

	Original Sample Estimate	T-Statistic	P-Value
KK(Z)-LYK(Y)	0,587	7,803	0,000
LK(X)-KK(Z)	0,539	6,442	0,000
LK(X)-LYK(Y)	0,261	2,871	0,004
LK(X)-KK(Z)-LYK(Y)	0,316	4,569	0,000

Based on the table values above, the results for each hypothesis are as follows:

1. Hypothesis Testing H1:

From the table above it can be seen that the original sample estimate value of the Work Environment (LK) on Employee Loyalty (LYK) is 0.261, the t-statistic value is  $2.871 > 1.96$  and the P Value is  $0.004 < 0.05$ . The positive original sample estimate value proves that the work environment has a positive and significant effect on employee loyalty at Pesonna Hotel and Batiqa Hotel in Pekanbaru by proving that the t-statistic value is more than 1.96 and the p value is less than 0.05, then  $H_0$  is rejected and  $H_a$  is accepted, so this hypothesis can be accepted.

2. Hypothesis Testing H2:

From the table above it can be seen that the original sample estimate value of the Work Environment (LK) on Job Satisfaction (KK) is 0.539, the t-statistic value is  $6.442 > 1.96$  and the P Value is  $0.000 < 0.05$ . The positive original sample estimate value proves that the work environment has a positive and significant effect on job satisfaction at Pesonna Hotel and Batiqa Hotel Pekanbaru by proving that the t-statistic value is more than 1.96 and the p value is less than 0.05, then  $H_0$  is rejected and  $H_a$  is accepted, so this hypothesis can be accepted.

3. Hypothesis Testing H3:

From the table above it can be seen that the original sample estimate value of Job Satisfaction (KK) on Employee Loyalty (LYK) is 0.587, the t-statistic value is  $7.803 > 1.96$  and the P Value is  $0.000 < 0.05$ . The positive original sample estimate value proves that job satisfaction has a positive and significant effect on employee loyalty at Pesonna Hotel and Batiqa Hotel Pekanbaru by proving that the t-statistic value is more than 1.96 and the p value is less than 0.05, then  $H_0$  is rejected and  $H_a$  is accepted, so this hypothesis can be accepted.

4. Hypothesis Testing H4:

From the table above it can be seen that the original sample estimate value of the Work Environment (LK) on Employee Loyalty (LK) through Job Satisfaction (KK) is 0.316, the t-statistic value is  $4.569 > 1.96$  and the P Value is  $0.000 < 0.05$ . The positive original sample estimate value proves that the work environment has a positive and significant effect on employee loyalty at Pesonna Hotel and Batiqa Hotel Pekanbaru by proving that the t-statistic value is more than 1.96 and the p value is less than 0.05, then  $H_0$  is rejected and  $H_a$  is accepted, so this hypothesis can be accepted.

## E. CONCLUSION

Based on the research results, it can be seen that some of the conclusions obtained from the research are as follows:

1. Overall, the work environment, Job Satisfaction and Employee Loyalty at the Pesonna Hotel and the Batiqa Hotel in Pekanbaru have been created well.
2. The results of the study show H1 that the work environment has a significant effect on employee loyalty, is accepted, meaning that the better the work environment, the more loyal the employees.
3. The results of the study show H2 that the work environment has a significant effect on employee job satisfaction, is accepted, this means that the better the work environment, the employees will feel satisfied with their work.
4. Research results H3 that job satisfaction has a significant effect on employee loyalty, accepted, this means that job satisfaction is a factor that determines the level of employee loyalty.



5. The research results show H4 that the work environment has a significant effect on employee loyalty through job satisfaction, is accepted. The influence of the work environment on employee loyalty through job satisfaction has a greater influence than the influence of the work environment on employee loyalty. This means that this study has a greater indirect effect than the direct effect, so that job satisfaction as an intervening variable has an influence on this research. Improved work environment followed by increased job satisfaction can increase employee loyalty. The better the work environment and job satisfaction, the higher employee loyalty will be.

Based on the conclusions above, the authors try to provide suggestions that might be used as a contribution to the company's thoughts in the future. The suggestions from the author are as follows:

1. With the proven influence of the work environment on employee loyalty through job satisfaction, it is suggested to the leadership of Pesonna Hotel and Batiqa Hotel in Pekanbaru to better maintain a conducive work environment and improve aspects that can increase employee job satisfaction so that employee loyalty to the company can be more increase.
2. For future researchers, it is suggested to enlarge the research unit or expand the scope of research in order to produce more valid research conclusions.

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