The Influence of Work Environment and Workload on Job Satisfaction and its Impact on Employee Loyalty

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Abstract

The purpose of this study was to analyze the effect of work environment and workload on job satisfaction and its impact on employee loyalty of PT Erhsali Mitra Investama. The research sample was 44 employees. The data analysis technique uses SEM with smartPLS 4.0 software. The results of the study prove that: (1) Environment has no significant effect on employee loyalty, (2) Work environment has a positive and significant effect on job satisfaction, (3) Workload has no significant effect on employee loyalty, (4) Workload has a positive and significant effect on employee job satisfaction, (5) Job satisfaction has a positive and significant effect on employee loyalty, (6) Job satisfaction significantly mediates the effect of work environment on employee loyalty, (7) Job satisfaction does not significantly mediate the effect of workload on employee loyalty. The results showed that job satisfaction has a significant influence on employee loyalty. However, through the mediation test, it was found that job satisfaction does not serve as a significant mediator in the relationship.
INTRODUCTION

Human resources play an important role in achieving company goals. Companies need potential human resource factors, both leaders and employees in the pattern of tasks and supervision, which are the determinants of achieving company goals (Hapid and Sunarwan AR 2014). Adekunle (2014) explains the importance of employee loyalty for companies is to facilitate company operations by minimizing the cost of new hires if many employees resign due to lack of loyalty to the company. There are several factors that affect employee loyalty, namely Work Environment, Workload and Job satisfaction (Wardani and Indriati, 2023).

Raziq and Maulabakhsh (2015) state that a good work environment, among others, increases employee production and performance which in turn will increase company effectiveness and can reduce costs incurred by the company. By paying attention to a good work environment or creating working conditions that can provide motivation to work, it will have an influence on employee loyalty. In addition, efforts to increase employee loyalty include paying attention to workload. Excessive workload will cause employees to feel fatigue, it is better if the workload is adjusted to employees so that employee loyalty is maintained (Masram and Mu'ah, 2017). Suryani and Rahman (2020) in their research stated that the higher the workload received by employees, the employee loyalty will decrease. The effect of workload on employee loyalty is supported by the results of previous research which states that workload has a positive and significant effect on employee loyalty (Heryati, 2016; Alvina and Susanto, 2022).

Employee loyalty is also influenced by employee job satisfaction. Employee job satisfaction is a phenomenon that applies to be observed by organizational leaders (Jufrizen 2016). Job satisfaction in feelings of support or non-support experienced by employees at work (Mangkunegara 2017). Employees who are satisfied with their work will feel loyal to the company (Wardani and Indriati, 2023). This statement is in accordance with the results of research which states that job satisfaction has a positive and significant effect on employee loyalty (Larastrini and Adnyani, 2019; Nurcahyanti and Kuswandani, 2021).

Previous research explained that job satisfaction significantly mediates the influence of work environment and workload on employee loyalty (Alwi and Suhendra, 2019). The results of this study indicate that job satisfaction is an essential element for the work environment and workload in realizing employee loyalty. This means that job satisfaction accompanied by a conducive work environment and proportional workload will be able to increase employee loyalty. Research conducted by Basem et al. (2022) states that workload has a significant effect on employee loyalty with job satisfaction as mediation. Research conducted by Alyani and Djastuti (2017) states that the work environment has a positive and significant effect on employee loyalty through job satisfaction.

Research on employee loyalty will be conducted at PT Erhsali Mitra Investama which is located in Pandeyan, Bangunharjo, Sewon, Bantul,
The company is engaged in the trade of traditional medicines and cosmetics. This is due to a less conducive work environment, the workload received by employees is considered too large so that employees who work often feel burdened, and not achieving job satisfaction in accordance with employee expectations.

**THEORETICAL REVIEW**

**Employee Loyalty**

Employee loyalty is the attitude of an employee who shows a positive influence in his work to the company (Citra and Fahmi, 2019). This work loyalty can be seen from the ability to work and protect the organization from irresponsible parties, both inside and outside of work. There are five benefits of employee work loyalty: (1) Improve the quality and quantity of productivity; (2) Create a more favorable attitude of commitment and cooperation; (3) Meet the needs of more favorable cooperation; (4) Fulfillment of human resource planning needs; (5) Help employees keep them in the company (Runtu, 2020). According to (Heryati, 2016) there are indicators of employee loyalty, namely:

1. Loyal to the company,
2. Willing to work overtime,
3. Maintain the good name of the company,
4. Obey the rules,
5. Prioritizing the interests of the company.

**Work Environment**

The work environment as a combination of tools, utensils, and materials faced by individuals around their workplace, including their work methods and their impact, both at the individual level and as a group (Sedarmayanti, 2017). There are two types of work environments, namely the physical work environment and the non-physical work environment (Sedarmayanti, 2017). According to Wuwungan et al. (2017) & Nitisemito (2020), the work environment indicators are:

1. Workspace comfort,
2. Security,
3. Relationship between coworkers,
4. Relationship between employees and leaders,
5. Completeness of work facilities,
6. Adequacy of work facilities.

**Workload**

Workload is a form of process or activity that must be completed immediately by an employee within a predetermined period of time. If an employee is able to complete and adjust to several tasks that have been given, then it does not become a workload (Vanchapo, 2020). Workload measurement can be used for several things, such as: (1) Evaluation and design of work procedures; (2) Work safety; (3) Job evaluation; (4) Setting rest schedules; (5) Job specifications and personnel selection; (6) Evaluation of pressure from environmental factors.
According to Mahendrawan and Indrawati (2015) & Rolos et al. (2018), the workload indicators are:
1. Work responsibilities,
2. Targets that must be achieved,
3. Use of time,
4. Resting work conditions,
5. Standard of work.

**Job Satisfaction**

Job satisfaction is a positive attitude of the workforce including feelings and behavior towards work through an assessment of one of the jobs as a sense of appreciation in achieving one of the important values of work (Afandi, 2018). There are four factors that affect employee job satisfaction: (1) Psychological factors; (2) Social factors; (3) Physical factors; (4) Financial factors (Sutrisno, 2017).

According to Aruan and Fakhri (2015), the workload indicators are:
1. Job responsibilities,
2. Compensation,
3. Supervision,
4. Career development,
5. Coworkers,

**Hypothesis**

The hypotheses used in this study are:
H1: The work environment has a positive and significant effect on employee loyalty of PT Erhsali Mitra Investama.
H2: Workload has a positive and significant effect on employee loyalty of PT Erhsali Mitra Investama.
H3: Job satisfaction has a positive and significant effect on employee loyalty of PT Erhsali Mitra Investama.
H4: The work environment has a positive and significant effect on job satisfaction of PT Erhsali Mitra Investama employees.
H5: Workload has a negative and significant effect on employee performance of PT. Erhsali Mitra Investama.
H6: The work environment has a positive and significant effect on employee loyalty of PT Erhsali Mitra Investama through job satisfaction.
H7: Workload has a negative and significant effect on employee loyalty of PT Erhsali Mitra Investama through job satisfaction.

**METHODOLOGY**

The data collection technique uses a questionnaire instrument survey method. The design sampling technique uses purposive sampling, with the sample criteria set as permanent employees at PT Erhsali Mitra Investama with a sample of 44 employees.
RESULTS

**Evaluation of Measurement Model (Outer Model)**

a. Convergent Validity

Convergent validity is used to determine the validity of each indicator against its latent variable. The validity test is aimed at the outer loading table. With the criteria if the EVE value is greater (>0.5) then the questionnaire item is declared valid.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Loading Factor</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Environment</td>
<td>X1_2</td>
<td>0.781</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>X1_5</td>
<td>0.893</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>X1_6</td>
<td>0.882</td>
<td>Valid</td>
</tr>
<tr>
<td>Workload</td>
<td>X2_1</td>
<td>0.906</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>X2_4</td>
<td>0.790</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>X2_5</td>
<td>0.839</td>
<td>Valid</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Y_1</td>
<td>0.853</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Y_2</td>
<td>0.810</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Y_5</td>
<td>0.771</td>
<td>Valid</td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>Z_1</td>
<td>0.778</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Z_2</td>
<td>0.811</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Z_3</td>
<td>0.829</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Primary data processed from 2023

The results of the convergent validity test using the Smart PLS 4.0 program in table 1 show that all indicators (constructs) on each research variable produce a loading factor value > 0.7.

![Figure 1: Results of Outer Loading Data Processing](image_url)
Table 2: Results of AVE Value

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Environment</td>
<td>0.728</td>
</tr>
<tr>
<td>Workload</td>
<td>0.716</td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>0.660</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.650</td>
</tr>
</tbody>
</table>

Source: Primary data processed from 2023

The variable that has the highest AVE value is variable X1, Work Environment with a value of 0.728.

b. Discriminant Validity Test
Discriminant Validity is carried out to ensure that each concept of each latent variable is different from other variables. Discriminant validity is determined by looking at the √AVE value, Fornell Larker criterion and cross loading.

Table 3: Fornell-Larker Criterion Management Value

<table>
<thead>
<tr>
<th>Variable</th>
<th>Work Environment</th>
<th>Workload</th>
<th>Employee Loyalty</th>
<th>Job Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Environment</td>
<td>0,854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workload</td>
<td>0,236</td>
<td>0,846</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>0,481</td>
<td>0,245</td>
<td>0,812</td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0,666</td>
<td>0,396</td>
<td>0,612</td>
<td>0,806</td>
</tr>
</tbody>
</table>

Source: Primary data processed from 2023

The table shows that the √AVE value of the work environment variable with the variable itself is 0.854, meaning that the √AVE value of the work environment on itself is greater than other variables. Furthermore, the discriminant validity test is carried out using the cross-loading test.
The results of the Fornell-Larker Criterion and Cross Loading calculations above show that the validity of the research referred to from discriminant validity shows its validity.

c. Reliability Test
Reliability test is shown through the Composite Reliability and Cronbach's Alpha values which are above 0.6 with the following results. The following is the research reliability value:

### Table 5: Reliability Test Value

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Environment</td>
<td>0.813</td>
<td>0.889</td>
</tr>
<tr>
<td>Workload</td>
<td>0.814</td>
<td>0.883</td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>0.742</td>
<td>0.853</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.733</td>
<td>0.848</td>
</tr>
</tbody>
</table>

From the Construct Reliability and Validity table, the Cronbach's Alpha value for the work environment, workload, employee loyalty and job satisfaction variables are above 0.6, so it can be concluded that these variables are reliable.

### Structural Model Evaluation (Inner Model)

a. Test Coefficient of Determination ($R^2$)

The $R^2$ value can be used to assess the effect of certain endogenous variables and exogenous variables whether they have a substantive influence (Ghozali, 2014). The strength of the relationship can be seen from the $R^2$ value in the following R Square table:
Table 6: Processing Value of the Coefficient of Determination Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Loyalty</td>
<td>0,385</td>
<td>0,338</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>0,504</td>
<td>0,480</td>
</tr>
</tbody>
</table>

Source: Primary data processed from 2023

In table 6 above, the path coefficient test results are explained as follows:
1. The relationship between work environment variables on employee loyalty has a value of 0.132 with a positive direction of influence.
2. The relationship between work environment variables on Job Satisfaction has a value of 0.607 with a positive direction of influence.
3. The relationship between workload variables on employee loyalty has a value of 0.007 with a positive direction of influence.
4. The relationship between workload variables on Job Satisfaction has a value of 0.253 with a positive direction of influence.
5. The relationship between job satisfaction variables on employee loyalty has a value of 0.522 with a positive direction of influence.

**Hypothesis Test**
Hypothesis testing aims to test the relationship whether the independent variable partially has a real effect or not on the dependent variable. The t test to test direct and indirect effects can be seen from the results of the Path Coefficients table.

![Path Diagram of the Theoretical Research Model](image)

**Figure 2: Path Diagram of the Theoretical Research Model**

Based on the effect of direct hypothesis testing and indirect effect hypothesis testing, it can be explained as follows.
c. Direct effect hypothesis test

Hypothesis testing is done by comparing the t-statistic or t-count that has been determined. The rules of thumb used in this study are t-statistic > t-table with a significance level of p-value < 0.05, meaning that the alternative hypothesis proposed is "accepted". The results of testing the direct effect hypothesis are carried out using the path coefficients value presented in the following table:

<table>
<thead>
<tr>
<th>Table 7: Hypothesis Path Coefficient Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Sample Mean Standard T Statistics P Values</td>
</tr>
<tr>
<td>Sample (O) Mean Deviation (STDEV) (O/STDEV) Values</td>
</tr>
<tr>
<td>Work Environment → Employee Loyalty</td>
</tr>
<tr>
<td>Work Environment → Job Satisfaction</td>
</tr>
<tr>
<td>Workload → Employee Loyalty</td>
</tr>
<tr>
<td>Workload → Job Satisfaction</td>
</tr>
<tr>
<td>Job Satisfaction → Employee Loyalty</td>
</tr>
</tbody>
</table>

Source: Primary data processed from 2023

Based on Table 7, the results of hypothesis testing can be explained as follows:
1. Testing H1: The work environment has no significant effect on the Employee Loyalty variable.
2. H2 testing: The work environment has a positive and significant effect on job satisfaction.
3. Testing H3: Workload has no significant effect on employee loyalty.
4. Testing H4: Workload has a positive and significant effect on job satisfaction.
5. Testing H5: Job satisfaction has a positive and significant effect on employee loyalty.

d. Hypothesis Test of Indirect Influence

To determine the role of job satisfaction variables in mediating the effect of environment and workload on employee loyalty, it can be shown in the Path Coefficients table.
Table 8: Hypothesis Path Coefficient Value

|                             | Original Sample Mean (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|-----------------------------|--------------------------|----------------|----------------------------|--------------------------|----------|
| Employee Environment → Job Satisfaction → Employee Loyalty | 0,316 | 0,332 | 0,130 | 2,432 | 0,015 |
| Workload → Job Satisfaction → Employee Loyalty | 0,132 | 0,131 | 0,074 | 1,774 | 0,077 |

Source: Primary data processed from 2023

1. Testing H6: job satisfaction significantly mediates the effect of employee environment on employee loyalty.
2. Testing H7: job satisfaction significantly mediates the effect of workload on employee loyalty.

DISCUSSION

The Effect of Work Environment on Employee Loyalty

Testing the first hypothesis (H1) has proven that the work environment has no significant effect on employee loyalty, so the first hypothesis (H1) is rejected. This test explains that the work environment is not a factor that affects employee loyalty.

The results of this study are in accordance with previous research conducted by Klaudia et al (2020) and Fitriyani (2018) which states that the work environment has no effect on employee loyalty. The results of this study indicate that good or bad work environment in a company does not affect employee loyalty.

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The Effect of Work Environment on Job Satisfaction

Testing the second hypothesis (H2) has proven that the work environment has a positive and significant effect on job satisfaction, so the second hypothesis (H2) is accepted. This test explains that in this study the work environment is a factor that affects employee job satisfaction. The more conducive the employee’s work environment can increase employee job satisfaction.

The role of the work environment in influencing job satisfaction has been proven by several previous studies such as Wuwungan et al. (2017) and Aruan and Fakhri (2015). The results of this study indicate that a good work environment affects employee job satisfaction.

The Effect of Workload on Employee Loyalty

Testing the third hypothesis (H3) has proven that workload has no significant effect on employee loyalty, so the third hypothesis (H3) is rejected. This test explains that in this study workload is not a factor that affects employee loyalty. This means that the high and low workload of employees does not affect employee loyalty.

The results of this study are in accordance with previous research conducted by (Yoyo and April 2021) which states that workload has no significant effect on employee loyalty.

The Effect of Workload on Job Satisfaction

Testing the fourth hypothesis (H4) has proven that workload has a positive and significant effect on job satisfaction, so the fourth hypothesis (H4) is accepted. This test proves that workload can affect employee job satisfaction. This means that the greater the workload borne by employees will increase work strength.

From previous research conducted by Anggraini (2018) which shows that workload has a positive and significant effect on job satisfaction.

The Effect of Job Satisfaction on Employee Loyalty

Testing the fifth hypothesis (H5) has proven that job satisfaction has a positive and significant effect on employee loyalty, so the fifth hypothesis (H5)
is accepted. This test explains that the higher the employee job satisfaction, the higher the employee loyalty.

The results of this study are in accordance with the research of Larastrini and Adnyani (2019) and Nurcahyanti and Kuswandani (2021). This statement explains that the more aspects of job satisfaction are fulfilled, the higher loyalty will be.

**The Role of Job Satisfaction in Mediating the Effect of Employee Environment on Employee Loyalty**

Testing the sixth hypothesis (H6) proved that job satisfaction significantly mediates the influence of the environment on employee loyalty. The results of this study explain that the more conducive the employee work environment can increase job satisfaction and ultimately will have an impact on increasing employee loyalty.

This is supported by researchers Wuwungan et al., (2017); Aruan and Fakhri, (2015); Larastrini and Adnyani, (2019). Stating that a good work environment tends to increase employee job satisfaction which also has an impact on employee loyalty.

**The Role of Job Satisfaction in Mediating the Effect of Workload on Employee Loyalty**

Testing the seventh hypothesis (H7) proved that job satisfaction significantly does not mediate the effect of workload on employee loyalty. The results of this study explain that workload can have an impact on employee loyalty without employees needing to feel satisfied at work.

The results of this study are not in line with previous researchers conducted by (Gustina 2019) showing that workload has a positive influence on loyalty with job satisfaction as mediation.

**CONCLUSIONS AND RECOMMENDATIONS**

Based on the results of the research that has been conducted by researchers, it can be concluded that in this study the following things are stated:

1. The environment has no significant effect on employee loyalty of PT Erhsali Mitra Investama.
2. The work environment has a positive and significant effect on job satisfaction at PT Erhsali Mitra Investama.
3. Workload has no significant effect on employee loyalty at PT Erhsali Mitra Investama.
4. Workload has a positive and significant effect on employee job satisfaction at PT Erhsali Mitra Investama.
5. Job satisfaction has a positive and significant effect on employee loyalty at PT Erhsali Mitra Investama.
6. Job satisfaction significantly mediates the influence of the work environment on employee loyalty at PT Erhsali Mitra Investama.
7. Job satisfaction does not significantly mediate the effect of workload on employee loyalty at PT Erhsali Mitra Investama.
FURTHER STUDY

Through surveys or interviews, this research can investigate employees’ perceptions of their work environment, including factors such as company culture, management support, development opportunities, and work-life balance.

REFERENCES


Usniarti, Nuvriasari


