





Job Satisfaction Determinant and The Implication of Employee Retention

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Abstract

In this study, examining the work environment will affect employee retention, but it turns out that the work environment does not affect employee retention because further research is needed to raise job satisfaction; it is hoped that with job satisfaction, employees do not retain employees. The research aims to determine whether job satisfaction as mediation does not occur in employee retention. The research aimed to find out the relationship between work satisfaction and employee engagement with the performance of retaining employees at the Department of Trade, Cooperatives, and Small and Medium Enterprises of Demak Regency, Central Java, Indonesia. The research was conducted using a survey method by distributing questionnaires to 119 honorary employees of the Small and Medium Enterprises of Demak Regency, Central Java, Indonesia. The research sample was taken using non-probability sampling with a saturated sampling technique. The study results show that the work environment and employee engagement do not affect employee retention. However, instead, the work environment and employee engagement have a positive and significant effect on job satisfaction. The results also show that job satisfaction is a mediating variable in the relationship between work environment, employee engagement, and employee retention (capacity to maintain employee relationships with the company).

Keywords: *Work Environment; Employee Engagement; Job Satisfaction; Employee Retention.*

INTRODUCTION

Organizational leaders should review human resources in the company; by looking at human resources from attitudes and behavior, it will appear that employees are happy or unhappy in carrying out work, so superiors can assess the seriousness of employees. Thus, the continuity of employee performance remains good, but conversely, if the involvement of employees to maintain and motivate them to remain in the organization for the maximum period of time cannot be carried out, employee retention will occur because employee retention is part of the human resource management function which is related to encouragement to remain in the company and is the responsibility of boss (Alias, Zailan, Jahya, Othman, & Sahiq, 2019)

Current organizational leaders continually review and revise their retention strategies as top-priority action organizations. Employee retention strategies become part of the human resource management function in organizations and are one of the many tasks of managers (Alias et al., 2019). Raziq, 2015 mentions that employee retention is one of the main strategies of the organization's resource management division because primarily competent employees are human resources that contribute to a sustainable competitive advantage for an organization. Furthermore, organizational leaders believe that employee retention strategies also contribute to achieving organizational goals and objectives and staying in the market for the long term (Lee, Hom, Eberly, & Li, 2018)

Employee management is currently a must for the company if the company wants to develop (Raziq & Maulabakhsh, 2015). If employees work well, they will be able to improve employee performance; without good employee performance, the company will suffer losses. Company losses are experienced if the company often experiences employee resignation, with employee



resignation resulting in employee turnover. From the second decade of this century onward, employee turnover was a major concern for managers and executives. In 2016, for example, the Society for Human Resource Management (SHRM) in Lee et al. 2018 reported that 46% of HR managers considered employee turnover a major concern. Several factors affect employee retention, including the work environment (Budun, Amberi, & Rahmawati, 2021; Erwina, 2022), employee engagement (Nwanzu & Babalola, 2023; Rajan & Jayaraman, n.d.), and job satisfaction (Ashton, 2018; Desta, 2021).

Not only companies but also employee retention problems are experienced by government agencies. One of the government agencies that found employee retention problems was the DINDAGKOP UKM Demak Regency. DINDAGKOP UKM Demak Regency carries out technical support tasks for trade management, cooperatives, and small and medium enterprises. In order to carry out these duties and responsibilities, DINDAGKOP UKM Demak Regency needs human resources who are able and willing to stay in the organization for the long term. Therefore, the existence of honorary employees is very important, considering the limited number of ASN employees in DINDAGKOP UKM Demak regency. However, Based on existing data, the resignation of honoree employees continues to increase; honoree employees resign almost every year, so it can be said that employee retention is still weak/low. As in the following table:

Employee retention is a problem in companies, both private and government companies. One of the government agencies that has found employee retention problems is the Department of Trade, Cooperatives and SMEs (DINDAGKOP UKM) of Demak Regency. DINDAGKOP UKM Demak Regency carries out technical support tasks for the management of trade, cooperatives, and small and medium enterprises. To carry out these duties and responsibilities, the Demak Regency UKM DINDAGKOP requires human resources who are able and willing to stay in the organization for the long term. Therefore, the existence of honorary employees is very important given the limited number of state civil apparatus abbreviated ASN employees in the Demak Regency UKM DINDAGKOP. However, based on existing data, the number of honorary employees who resign continues to increase; honorary employees resign almost every year, so it can be said that employee retention is still weak/low, as in the following table:

Table 1. Resign Data of Honoree Employees

No	Year	Sum
1	2018	1 person
2	2019	2 person
3	2020	4 person

Source : DINDAGKOP UKM (2021)

Research on employee retention has been carried out before, but there are still inconsistencies in the results of research between one study and another. Research by Kundu & Lata (2017) and Rattu et al. (2018) has proven that the work environment has a positive effect on employee retention (Kundu & Lata, 2017; Rhacyella Rattu & J Tielung, 2018). This research turns out to be contrary to the results of Tielung et al. (2018), which proves otherwise that the work environment has no significant effect on employee retention.

Previous studies by Kadiresan et al. (2019), Rajan & Jayaraman (2018), and Fletcher et al. (2016) have also proven that employee engagement has a positive effect on employee retention. This research contradicts the results of Kadiresan's research (2019), which proves otherwise that employee engagement has no significant effect on employee retention, so more in-depth research is needed. Based on the phenomenon and previous research, this study aims to determine the effect of work environment and employee engagement on employee retention through intervening, as

well as the work atmosphere, work facilities, and relationships with coworkers which still experience barriers to employees at UKM DINDAGKOP honorary employees in Demak Regency. Therefore the research objectives are 1) to analyze how the relationship between work environment and employee engagement influences employee retention through job satisfaction. 2) How do the work atmosphere, relationships with colleagues, and work facilities affect employee retention? and 3) how are work involvement and organizational involvement related to employee retention?

LITERATURE REVIEW

Employee Retention

Employee retention is identified as the capacity to maintain employee relationships with the organization. This can be attributed to the company's efforts to support its employees by paying attention to the number of employees who come out and join the organization (Kadiresan, Khuan, Arumugam, Rasu, & Theseira, 2019).

Employee retention is concerned with maintaining or encouraging employees to remain within the organization for a maximum period (Lahkar Das & Baruah, 2013). Das & Baruah (2013) describe it as the process by which employees are encouraged to remain with the organization for a maximum period or until the completion of a project. Employee retention can be influenced by several factors, including work environment, employee engagement, and job satisfaction (Fletcher, Alfes, & Robinson, 2018; Kadiresan et al., 2019).

Kundu & Latta (2017) use three indicators to assess employee retention, i.e., most likely to stay in the organization, will not easily move away from the organization, and put the organization the best of all other workplace organizations.

Work Environment

A work environment is a place where employees perform their activities, which can have both positive and negative impacts on employees to achieve expected results (Pawirosumarto, Sarjana, & Gunawan, 2017). The physical form of the work environment is space, physical layout, noise, equipment, materials, and coworker relationships. The quality of all these aspects has an important and positive impact on the quality of work performance (Katz & Kahn, 1966; Robbins & Judge, 2013).

Saeed et al. (2023) state that the work environment is a physical environment that affects employee performance, safety, and quality. In addition to the physical environment in which employees work, the work environment includes the working relationships of fellow employees and the relationship between subordinates and their superiors. Pawirosumarto et al. (2017) use three dimensions in assessing the work environment, namely the work atmosphere, relationships with colleagues, and work facilities.

The work environment is a place where employees carry out their activities, which can have both positive and negative impacts on employees to achieve the expected results (Saeed, Ali, & Rashid, 2023). The physical form of the work environment is space, physical layout, noise, equipment, materials, and coworker relationships. The quality of all these aspects has an important and positive impact on the quality of work performance (Yakup, 2017).

A conducive work environment will have a good impact on the continuity of employment, while a less conducive work environment will harm employee employment continuity (Pawirosumarto et al., 2017). Kundu & Lata (2017) and Rattu et al. (2018) have proven that work environments have a positive influence on employee retention. Raziq & Maulabakhsh (2015) have also proven that work environments have a positive influence on job satisfaction.

Employee Engagement

Employee engagement refers to the relationship between employees and their organizations (Nguyen, Vuong, Ton, & Tran, 2020). Hewitt Associates LLC (2004) defines employee engagement as a state in which an individual is emotionally and intellectually committed to an organization or group (Anitha, 2014). Employee engagement is the most powerful factor for measuring the strength of a company. Katz & Kahn (1966) also stated that employee involvement in their work is strongly related to organizational effectiveness.

Kadiresan et al. (2019) describe employee engagement as having an inverse relationship with turnover intention. Employees who have a sense of involvement at work will have a lower tendency to leave the organization because they think it provides an opportunity to develop themselves.

Yakup (2017) states that a high level of involvement in every organizational activity will create a sense of satisfaction that the organization pays attention to employees as an inseparable part of the organization.

Nguyen et al. (2020) use two dimensions in assessing employee engagement, namely employee engagement in work and employee involvement in the organization. Previously, Kadiresan et al. (2019), Fletcher et al. (2016), and Rajan & Jayaraman (2018) proved that employee engagement has a positive influence on employee retention. Yakup (2017) has also proven that employee engagement has a positive influence on job satisfaction.

Job satisfaction

Job satisfaction is a general attitude toward a person's performance that shows the difference between the number of awards received by them and the amount they believe they should receive (Anitha J, 2014). Job satisfaction is very important for employees (Syariah Saifudin & Kusumawati, 2020). An employee's job satisfaction depends on the working conditions themselves, which are considered important in working life (Yanuar Mufti, Sri Pudjiarti, & Darmanto, 2019).

Individual satisfaction or dissatisfaction with his work is something that is individual and depends on how the individual perceives conformity or conflict between his desires and results (Pawirosumarto et al., 2017). Thus, job satisfaction was assessed using five dimensions of satisfaction, namely satisfaction at work, satisfaction with supervision, satisfaction with wages, satisfaction with promotion, and satisfaction with colleagues.

A conducive work environment will have a good impact on the continuity of employment, and employees will feel satisfied in working (Pawirosumarto et al., 2017). Once employees are satisfied with the work they are doing, it will encourage the intention to stay with the organization (Fletcher et al., 2018). A high level of involvement in every organizational activity will also cause satisfaction in employees (Yakup, 2017). Alias et al. (2019), Fletcher et al. (2016), and Ashton (2017) proved that job satisfaction has a positive influence on employee retention.

Work Environment and Employee Retention

If employees enjoy their work environment, they will enjoy their time at work to carry out these activities, they will use their working time effectively and optimally, and their work performance will also be high (Pawirosumarto et al., 2017). Kundu & Lata (2017) and Rattu et al. (2018) have also proven that the work environment has a "positive" effect on employee retention. Therefore, the following hypothesis is proposed:

H1: Work environment positively affects employee retention

Work Environment and Job Satisfaction

In addition to the physical environment or "where employees work, the work environment includes the working relationship among employees and the relationship between subordinates and their superiors. A conducive work environment will have a good impact on the continuity of employment, while a less conducive work environment will have a negative impact on the continuity of work (Pawirosumarto et al., 2017). Raziq & Maulabakhsh (2015) have also proven that the work environment has a positive effect on job satisfaction.

H2: Work environment positively affects the job satisfaction

Employee Engagement and Employee Retention

Employees who display a happy attitude towards the organization are employees who have a high level of engagement. Employees who show high levels of engagement tend to have a high intention to stay longer with the organization. Previous studies have described employee engagement as having an inverse relationship with intention to leave. Employees who have a sense of involvement in the workplace will have a low tendency to leave the organization because they think it provides an opportunity for self-development (Kadiresan et al., 2019). Kadiresan et al. (2019), Fletcher et al. (2016), and Rajan & Jayaraman (2018) prove that employee engagement has a positive effect on employee retention.

H3: Employee Engagement positively affects Employee Retention

Employee Engagement and Job Satisfaction

If the organization makes efforts to involve employees in the decision-making process, employees will also feel they have responsibility and ownership of the decisions made in which they participate. With a high level of involvement in every organizational activity, it will create a sense of satisfaction that the organization pays attention to employees as an integral part of the organization (Yakup, 2017). Yakup (2017) proves that employee engagement has a positive influence on "job satisfaction."

H4: Employee Engagement Positively Affects Job Satisfaction

Job Satisfaction positively affects Employee Retention.

Job satisfaction has long been viewed as a causative factor that drives intention to stay with an organization because it is a pleasurable psychological state; individuals are satisfied with the work they do and the job roles they do (Fletcher et al., 2018). Fletcher et al. (2016) and Ashton (2017) proved that job satisfaction has a positive effect on employee retention.

H5: Job Satisfaction positively affects Employee Retention

Job Satisfaction mediates the influence between Work Environment and Employee Retention.

A conducive work environment will have a good impact on the continuity of employment, and employees will feel satisfied at work (Pawirosumarto et al., 2017). Once employees are satisfied with the work they are doing, it will encourage the intention to stay with the organization (Fletcher et al., 2016). This shows that "job satisfaction has a role in mediating the effect of the work environment on employee retention.

H6: Job Satisfaction mediates the influence between Work Environment and Employee Retention

Job Satisfaction mediates the influence between Employee Engagement and Employee Retention.

A high level of involvement in every organizational activity will create a sense of satisfaction for employees (Yakup, 2017). Once employees are satisfied with the work they are doing, it will encourage the intention to stay with the organization (Fletcher et al., 2016). This shows that job satisfaction has a role in mediating the effect of employee engagement on employee retention.

H7: Job Satisfaction mediates the influence between Employee Engagement and Employee Retention

For more details, you can see the theoretical framework model, as shown in Figure 1.

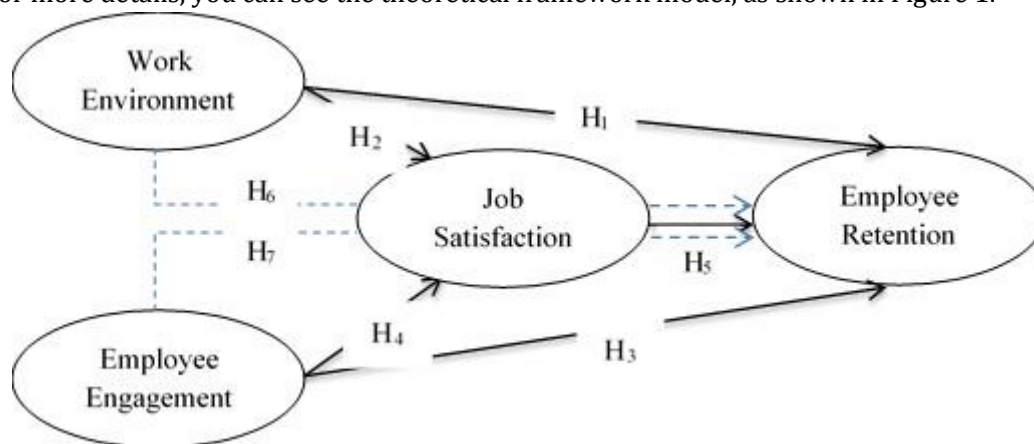


Figure 1. Conceptual Framework

RESEARCH METHOD

This research is a field research using quantitative methods. This research was conducted at the Department of Trade, Cooperatives and SMEs (DINDAGKOP UKM) of Demak Regency, Jalan Kyai Mugni 1016 Demak, because he chose a Demak place and because it is close to work and domicile.

The population in this study were temporary employees of DINDAGKOP UKM, as many as 119 people. Samples were taken from the entire existing population (119 respondents). In accordance with the number of employees, 119 people, a saturated/census sampling technique was used (Darko, Bediako, & Tawiah, 2023). Manage, analyze, and test research data using the Smartpls 3.2.9 tool (Desta, 2021). Because the PLS-SEM analysis consists of two sub-models, namely the outer model and the inner model of measurement, because the number of respondents is limited, the PLS model becomes stable and reliable if there is sufficient data; a sufficient number of samples for the PLS method should comply with the principle of "10 samples per independent variable" or "10 samples per parameter to be estimated". The indicators used in this study are:

Table 2. Operational variables

Number	Variable	Indicator
1	Work Environment	Adopting research from Pawirosumarto et al. (2017), which consists of 3 dimensions: 1. Work atmosphere

Number	Variable	Indicator
		<ul style="list-style-type: none"> a. Supportive work atmosphere 2. Relations with colleagues <ul style="list-style-type: none"> : a. Harmonious relationship b.No mutual intrigue 3. Work facilities <ul style="list-style-type: none"> a. Complete equipment b. modern equipment
2	<i>Employee engagement</i>	Adopt from Nguyen et al. (2020), which consists of two dimensions: <ul style="list-style-type: none"> 1. Work Engagement <ul style="list-style-type: none"> a. Work at high-intensity b. Putting full effort into work c. Puts a lot of energy into work d. Enthusiastic about work , e. Feel energetic at work f. Proud of his work g. He is happy with his job h. Focused mind at work i. At work, focus j. At work, he focuses a lot of attention on his work 2. Organizational Involvement <ul style="list-style-type: none"> : a. Proud to be a part of the organization b. Get involved with things that happen in the organization c. Don't be a rioter in this organization Feel more alive by joining the organization.
3	<i>Employee retention “</i>	Adopt from Kundu & Lata (2017), which consists of 3 indicators: <ul style="list-style-type: none"> a. I will most likely stay at this organization for the next five years b. I'm not going to change this organization easily For me, this organization is the best of all the organizations in which to work.
4	<i>Job satisfaction</i>	adopted from Desta et al. (2021) consists of 5 dimensions: <ul style="list-style-type: none"> 1. Work <ul style="list-style-type: none"> a. Satisfied with the job b. Desired task 2. Supervision <ul style="list-style-type: none"> a. Satisfied with the supervision b. Effective control 3. Wages <ul style="list-style-type: none"> a. Satisfied with the wages

Number	Variable	Indicator
		b. The pay is in accordance with the responsibilities
		4. Promotion
		a. Satisfied with career opportunities
		Promotion according to ability

Based on the data processing of 119 respondents, it can be described as follows:

FINDINGS AND DISCUSSION

Findings and discussions can be explained using descriptive analysis and inferential analysis. Based on the data processing of 119 respondents, it can be described as shown in Table 3.

Table 3. Profile of Respondents

Characteristic	Description	Distribution	
		Frequency	Percentage
Gender	Male	94	79.0
	Female	25	21.0
Total		119	100,0
Ages	21-25	15	12.6
	26-30	28	23.5
	31-35	31	26.1
	36-40	25	21.0
	41-45	11	9.2
	46-50	6	5.0
	More than 50 years	3	2.5
Total		119	100,0
The Last Education	Under High School	23	19.3
	High School	72	60.5
	Diploma	7	5.9
	S1	17	14.3
Total		119	100,0
Working Time	1-2 years	8	6.7
	3-4 years	26	21.8
	5-6 years	15	12.6
	More than 6 years	70	58.8
Total		119	100,0

Source: Primary data processed, 2021

Respondents who were temporary employees of DINDAGKOP UKM in Demak Regency were men, namely 79%, and the remaining 21% of respondents were women. The work of temporary employees of the Demak Regency UKM DINDAGKOP is, on average, male because the type of work is mostly cleaning the market, so it requires male workers. Of the existing honoraries are 26.1% aged 31-35 years because it shows that more than 50% of the honorary employees of the Demak Regency UKM DINDAGKOP are of productive age, and as many as 23.5% of respondents are aged 26-30 years for better organizational performance. The rest are spread over the age range of 36-50 years. 60.5% of high school-educated employees, 14.3% of undergraduates, and 5.9% of diplomas. The remaining 19.3% of the workforce has an education below senior high school. Therefore, it is necessary to increase the knowledge and skills of honorary employees because temporary employees are dominated by parents with 5-6 years of service, as much as 12.6%, and with more

than 6 years of service, as many as 58.8%. This means that institutions must develop various strategies so that employee retention is maintained so that organizational performance can be stable.

Evaluation of Outer Model

Previously, there has been a test of the validity and reliability of the construct. Based on data processing, the results of the test are obtained as follows:

Table 4. Cross Loading

Construct	EE	ER	JS	WE
EEK1	0.751	0.472	0.643	0.636
EEK10	0.742	0.496	0.535	0.521
EEK2	0.825	0.440	0.593	0.613
EEK3	0.661	0.322	0.412	0.562
EEK4	0.807	0.421	0.522	0.612
EEK5	0.768	0.404	0.497	0.479
EEK6	0.753	0.394	0.541	0.544
EEK7	0.791	0.410	0.586	0.506
EEK8	0.718	0.370	0.356	0.428
EEK9	0.685	0.516	0.541	0.463
EEO1	0.766	0.517	0.620	0.606
EEO2	0.724	0.371	0.522	0.496
EEO3	0.706	0.432	0.585	0.491
EEO4	0.722	0.430	0.521	0.535
EEO5	0.729	0.527	0.609	0.523
EEO6	0.722	0.549	0.522	0.525
ER1	0.534	0.926	0.697	0.444
ER2	0.510	0.901	0.657	0.448
ER3	0.606	0.919	0.755	0.497
JS1	0.651	0.732	0.855	0.532
JS10	0.488	0.605	0.763	0.461
JS2	0.632	0.556	0.735	0.397
JS3	0.656	0.679	0.805	0.585
JS4	0.611	0.608	0.761	0.587
JS5	0.403	0.482	0.708	0.417
JS6	0.380	0.443	0.664	0.375
JS7	0.556	0.673	0.860	0.495
JS8	0.536	0.532	0.719	0.413
JS9	0.606	0.487	0.735	0.593
WE1	0.559	0.265	0.452	0.694
WE2	0.589	0.290	0.508	0.690
WE3	0.511	0.446	0.482	0.709
WE4	0.475	0.360	0.412	0.710
WE5	0.466	0.436	0.450	0.784

Source: Primary data processed, 2021

WE	<i>Work Environment</i>
EEK1	<i>Employee Engagement</i>
ER1	<i>Employee Retention</i>
JS1	<i>Job Satisfaction</i>

Desta's opinion (2021) that a loading factor of 0.5 to 0.60 can still be maintained for models that are still in the development stage."The validity of each construct in the model can be said to be good because it has a value of > 0.60, with the latent variable to be measured (Desta, 2021). The reliability of variables in the model can also be said to be good, based on data processing obtained from the following test results:

Table 5. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
EE	0.946	0.952	0.552
ER	0.903	0.939	0.837
JS	0.920	0.933	0.582
WE	0.765	0.842	0.516

Source: Primary data processed, 2021

Table 5 above shows Cronbach's alpha value > 0.60, which reflects that the reliability of all indicators in the model is considered good. In addition, composite reliability > 0.70 also meets the standard (Ghozali, 2021). The AVE value > 0.50 with the interpretation that one latent variable can explain more than half of the variants of the manifest variable (indicator) in the average (Taheri, Miah, & Kamaruzzaman, 2020).

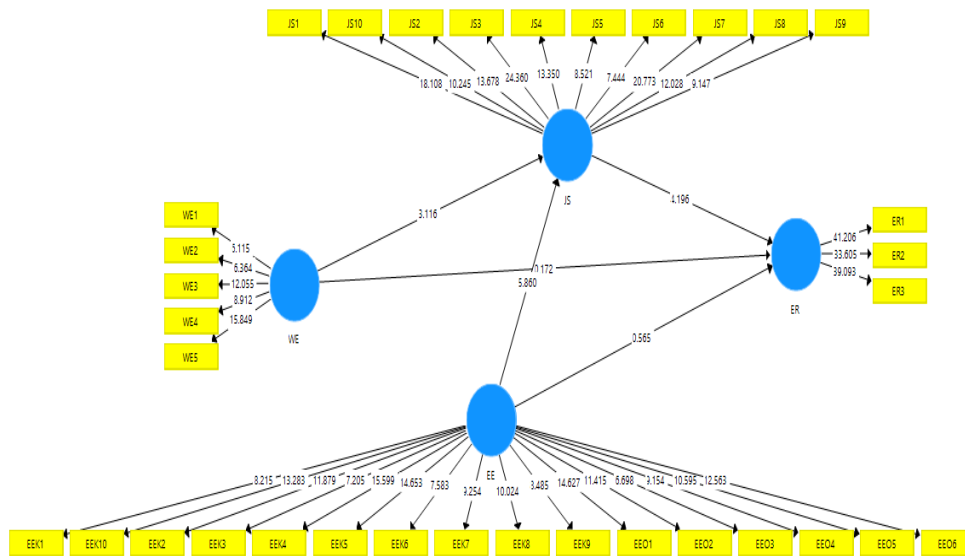


Figure 2. Bootstrapping PLS Model

Source: SmartPLS Test Output

From Table 6, it can be analyzed that the value of R-square (R2) for employee retention is 0.597 and for job satisfaction 0.566; this indicates that the model falls into the moderate category because it is below 0.67 (Desta, 2021).

Table 6. R-Square and R-Square Adjusted

Construct	R Square	R Square Adjusted
ER	0.597	0.586
JS	0.566	0.558

Source: Primary data processed, 2021

Based on the results of hypothesis testing, the following data is obtained:

Table 7. Results of Hypothesis-testing

<i>Hypothesis</i>	<i>Relationship</i>	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>	<i>Conclusion</i>
H1	WE -> ER	-0.018	-0.015	0.106	0.169	0.433	Rejected
H2	WE -> JS	0.235	0.231	0.077	3.045	0.001	Accepted
H3	EE -> ER	0.091	0.123	0.162	0.563	0.287	Rejected
H4	EE -> JS	0.565	0.581	0.098	5.777	0.000	Accepted
H5	JS -> ER	0.715	0.687	0.172	4.168	0.000	Accepted
H6	WE -> JS -> ER	0.168	0.158	0.068	2.472	0.007	Accepted
H7	EE -> JS -> ER	0.404	0.397	0.116	3.476	0.000	Accepted

Source: Primary data processed, 2021

Furthermore, to measure how well the observation value produced by the model and also the estimation of its parameters can be seen from the value Q-Square (Q^2). Based on the results of processing obtained data as follows:

From Table 7, it can be seen that the original sample estimate Work Environment / WE value is 0.235 with a significance of 0.001, which is less than 0.05, which is indicated by the t-statistic value of 3.045, which is greater than the t-table value of 1.980. The original sample estimate value is positive, so the processing results indicate that the work environment has a positive effect on job satisfaction.

The original sample value of Employee Engagement/EE is 0.091 with a significance of 0.287 greater than 0.05, which is indicated by a t-statistic value of 0.563, which is smaller than the t-table value of 1.980. Even though the original sample estimate is positive, the processing results indicate that employee engagement has no effect on employee retention.

On the original sample estimate, the Job Satisfaction/JS value is 0.715 with a significance of 0.000, which is less than 0.05 and is indicated by the t-statistic value of 4.168, which is greater than the t-table value of 1.980. The original sample estimate value is positive, so the results of this processing indicate that job satisfaction has a positive effect on employee retention. Based on the results of the data processing, it can be concluded that the fifth hypothesis is accepted.

Furthermore, to measure how well the observation value produced by the model and also the estimation of its parameters can be seen from the value Q-Square (Q^2). Based on the results of processing obtained data as follows:

Table 7. Q-Square

Construct	SSO	SSE	$Q^2 (=1-SSE/SSO)$
EE	1904	1904	
ER	357	188.843	0.471
JS	1190	817.419	0.313
WE	595	595	

Source: Primary data processed, 2021

From Table 4.12, it can be stated that the value of Q-square ER $0.471 > 0$ and the Q-square value JS $0.313 > 0$ have a good predictive relevance value (Desta, 2021).

From the results of data processing, the following explanation can be given.

The Impact of Work Environment on Employee Retention

Based on the results of the first hypothesis testing, it can be concluded that the work environment variable does not affect employee retention. This contradicts the hypothesis that work environments influence employee retention developed from the results of Kundu & Lata (2017) and Rattu et al. (2018) research. However, the results of this study are consistent with Kembau's (2018) study, which suggested that there is no influence between work environment variables and employee retention.

The Impact of Work Environment on Job Satisfaction

Based on the results of the second hypothesis, testing can be concluded that the work environment variable influences job satisfaction. The results support previous research conducted by Raziq & Maula Bakhsh (2015), which has also proven that work environments have a positive influence on job satisfaction.

The Effect of Employee Engagement on Employee Retention

Based on the results of testing, the third hypothesis can be concluded that the variable of employee engagement does not affect employee retention. The results of this study contradict the hypothesis that employee engagement influences employee retention developed from the results of Kadiresan et al. (2019), Fletcher et al. (2016), and Rajan & Jayaraman (2018). Employees who show an encouraging attitude towards the organization are employees who have a high level of attachment. Employees who show a high level of engagement should have a high intention to last longer in the organization.

The Effect of Employee Engagement on Job Satisfaction

Based on the results of testing, the fourth hypothesis can be concluded that the variable employee engagement influences job satisfaction. The results of this study support previous research conducted by Yakup (2017), Kembau et al. (2018), and Susyanto (Susyanto, 2019), which has also proven that employee engagement has a positive influence on job satisfaction.

Effect of Job Satisfaction on Employee Retention

Based on the results of testing the fifth hypothesis, it can be concluded that variable job satisfaction influences employee retention. The results of this study support previous research conducted by Alias et al. (2019), Fletcher et al. (2016), and Ashton (2017), which has also proven that job satisfaction has a positive influence on employee retention.

Job Satisfaction as a mediation variable for the influence of Work Environment on Employee Retention

Based on the results of the sixth hypothesis testing, it can be concluded that the job satisfaction variable becomes the mediation of the relationship between the work environment variable and employee retention. The results of this study are in line with Pawirosumarto et al.'s (2017) statement that a conducive work environment will have a good impact on the continuity of employment, and employees will feel satisfied working. Once employees are satisfied with the work they are doing, it will encourage the intention to stay with the organization (Kembau, Sendow, & Tawas, 2018; Susyanto, 2019).

Job satisfaction is a very strong mediation variable for the relationship between work environment and employee retention. If job satisfaction is not used as a priority for DINDAGKOP agencies, then the work environment cannot be used as a strong reason for honorees to continue working in DINDAGKOP UKM. Job satisfaction becomes an important variable for DINDAGKOP UKM agencies to increase employee retention of honorary employees.

Job Satisfaction mediates the influence between Employee Engagement and Employee Retention.

Based on the results of the seventh hypothesis test, it can be concluded that the job satisfaction variable becomes the mediation of the relationship between employee engagement variables and employee retention. The results of this study are in line with Yakup's statement (2017), which states that a high level of involvement in every organizational activity will cause satisfaction in employees (Yakup, 2017). Once employees are satisfied with the work they are doing, it will encourage the intention to stay with the organization (Fletcher et al., 2018).

CONCLUSIONS

Based on the results of analysis and discussion in this study, it can be concluded that job satisfaction can mediate the relationship between Employee Engagement and work environment to Employee Retention. Thus, the analysis of the influence of the work environment is not significant on employee retention but is significant for job satisfaction. Similarly, employee engagement is not significant for employee retention but significant for job satisfaction, and job satisfaction has a positive and significant effect on employee retention.

This finding implies that the part or unit that handles human capital must have employee retention planning, not just focus on personnel administration and ignore employee retention, because it will negatively impact the organization. If employee turnover increases, resulting in work discomfort and can reduce employee work performance due to job dissatisfaction.

Satisfaction is a series of feelings of pleasure or displeasure and an employee's emotions regarding his work, so that is an employee's assessment of pleasant, positive, or negative feelings towards his work. In this case, these are matters related to work along with specific factors such as supervision, salary and benefits, promotion opportunities, working conditions, fair work assessment, good social relations at work, prompt resolution of complaints, and good treatment from the leadership towards the employees. These things can make employees comfortable working, thereby reducing turnover.

The limitations of this study's use of cross-sectional methods, even though job satisfaction has a long time for employees, then advise future researchers need to use longitudinal survey methods and develop research models by adding other variables in predicting employee retention because this study is limited to observations of work environment and employee engagement. Researchers can further add variables such as perceived organizational support, organizational citizenship behavior, employee participation, and rewards in their research models.

Theoretical Implications

This research has two important implications to be used as a reference for future research. First, the work environment and employee engagement do not always shape employee retention for an employee. Second, in certain cases (temporary employees), there are more important factors for employee retention to be formed, namely how much job satisfaction they feel.

Practical implications

Programs on employee retention are important for organizations in retaining their best employees. The presence or absence of an employee retention program largely determines the continuity of the existence of the best employees.

LIMITATION & FURTHER RESEARCH

This research relies on data collected through surveys, thereby introducing bias and accurately reflecting actual employee behavior. Another limitation is the use of non-probability

sampling, which may not accurately represent the employee population. Future research will use a larger sample size to increase the generalizability of the results. As well as research can include other variables such as organizational culture, leadership style, and employee motivation. Additionally, future research can explore why the work environment and employee engagement do not affect employee retention and apply in other organizations.

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