



Analysis of the Effect of Compensation, Motivation, and Work Environment on Job Satisfaction and Employee Job Loyalty Using the Partial Least Square (PLS) Method at PT. XYZ

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ABSTRACT

PT.XYZ engaged in the wood processing industry by producing and exporting plywood. Based on preliminary research conducted, it is known that the current condition is that there are problems regarding decreased job satisfaction which results in a low employee work loyalty attitude towards the company. The purpose of this study is to determine the effect of compensation, motivation, and work environment on job satisfaction, to determine the effect of job satisfaction on employee job loyalty, and to provide suggestions for development and improvement to companies related to human resource management. All permanent employees of the production division PT. XYZ is the research population totaling 95 people, with a sample size of 50 employees. The research method is quantitative using a questionnaire with a scale of 1 to 5. The data analysis technique in this study uses the Structural Equation Modeling-Partial Least Square (SEM-PLS) method. The results showed that compensation has a significant effect on job satisfaction, motivation has a significant effect on employee job satisfaction, work environment has a significant effect on employee job satisfaction, and job satisfaction has a significant effect on employee job loyalty.

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1. INTRODUCTION

The development of the Industry 4.0 generation is significant in providing an impact in all aspects, which is reflected in the increasingly fierce competition between companies that are increasingly competitive. On that basis, companies must be able to develop in all fields and continue to maximize their overall performance in order to survive in the existing competition, one of which is through improving

human resource standards. In the fourth industrial revolution, low labor productivity is largely influenced by the level of human resources is one of main causes of business failure. If job satisfaction is fulfilled, a strong urge will arise to carry out the duties, which motivates them to be loyal to their work to achieve a hope of company competitiveness. The success of goals in the company is determined by the very important role of human

resources, both large and small companies (Bahri & Nisa, 2017).

PT XYZ is a manufacturing industry that produces and exports plywood made from wood raw materials. The production division is part of the company in charge of processing and processing the main raw material, namely sengon wood and supporting raw materials into finished products, namely plywood and is responsible for managing production management in order to achieve production targets. Based on initial observations and interviews, there are complaints that result in decreased job satisfaction which results in a low attitude of employee loyalty to the company. Thus, to obtain the highest level of job satisfaction and job loyalty, improving and protecting employees is very important. Employees who have fun at work tend to like what they do (Prasiwi et al., 2022). Overall performance if satisfied, the level of work loyalty will be high, satisfied employees are motivated by a sense of responsibility where loyalty means the willingness of a workforce to contribute with all their skills, abilities, thoughts and time in achieving organizational goals (Paisa & Gosal, 2019). Some of the problem factors that support job dissatisfaction and decreased job loyalty at PT. XYZ from the results of interviews and data obtained, indicate compensation problems, where the company does not fulfill the promises set, namely frequent delays in providing salaries and incentives from a predetermined time, in providing incentives to managers and employees when the work results reach the target are considered less in accordance with the expectations and hard work done by employees, where sometimes only employees with long service periods get incentives, employee wage rights in overtime are not in accordance with working hours, then the level of periodic salary increases is very small and there are no allowances such as meals and transportation. Then an indication of the problem of motivation, it is known that in the production division there has been a decrease in employee discipline, this can be seen in the data on the accumulated average percentage of employee absences from 2018 to 2022 consecutively of 4,21%; 3,67%; 6,46%; 7,13%; 5,43% which is in a fluctuating high trend, more than 3%

absence is a sign of poor work discipline. The decline in motivation occurred because employees felt unfair in giving awards, the company did not reward lower-level employees for their achievements, this led to poor relations between employees. The company is not transparent about the promotion system for employees, this can cause their work motivation to decrease. Furthermore, indications of physical work environment problems, related to the wood processing production process that uses machines, causing continuous noise, while there is no standard of personal protective equipment that must be used by employees, accompanied by air circulation conditions by poor ventilation where the average air temperature is above 30°C, so that the room is stuffy which causes a sense of sultry and employees easily fatigue.

Based on observational findings, it was found that there are many levels of staff turnover at PT XYZ over the past five years. Such problems can affect job satisfaction and lead to reduced job loyalty. From the observations made, it was found that there is a high rate of employee turnover at PT.XYZ, as shown in Figure 1.

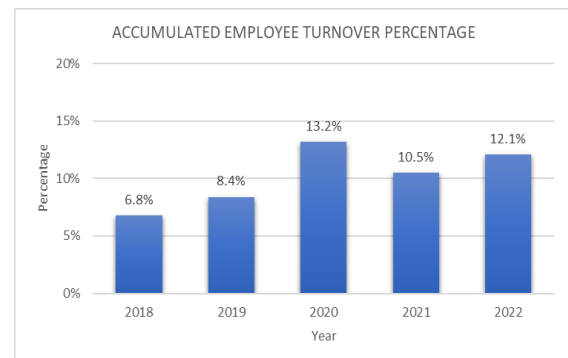


Figure 1. Employee data 2018 to 2022
(Source: pocessed data PT. XYZ 2018-2022)

Figure 1 shows a graph illustrating the percentage rate of staff turnover at PT for the last five years. XYZ has experienced a fluctuating trend with an increasing trend. The excessive number of employee turnover affects the performance of the company, which is preoccupied by the departure of many employees, thus requiring new efforts to recruit new employees. The decline in job loyalty can be influenced by employee job satisfaction because if job satisfaction is fulfilled, the level

of job loyalty will be high. This shows that the company needs to improve conditions so that it can increase work productivity. This research is grounded on the previous research gap. Research done by (Emily & Kadang, 2020) reveals that there was a significant positive effect on compensation and work environment with job satisfaction. Contrary to this, in research conducted by (Saputra, 2021) compensation has a negative and insignificant effect on employee job satisfaction, and in research by (Fitriani & Yusiana, 2020) the work environment has an insignificant effect on employee job satisfaction. Based on the research gap phenomenon, this research was conducted, with different research objects, adding developer variables, namely motivation and job loyalty. This research intends to recognize the ties between the aspects and influences of compensation, motivation, and work environment on job satisfaction and employee loyalty in relation to these phenomena and issues. The methodology utilized is partial least squares, a multivariate strategy coincidentally manipulate explanatory and reaction variables (Wibisono et al., 2021). In this research, the partial least square method was selected, since in data analysis the use of pls is based on the assumption of a relatively small sample, namely a sample size of less than 100 can be made for analysis, in this study there were 50 samples, pls can confirm the theory, explain whether there is a relationship between latent variables or not, and can be used to test hypotheses so that it is in line with the goal of this study. Findings of this research should inform PT XYZ's efforts to improve employee happiness and loyalty.

2. LITERATURE REVIEW

In human resource management, job satisfaction is so important due to its influence on employee productivity in the workplace. satisfaction at work can be defined as a positive attitude towards employees, including feelings and behavior at work, naturally through job evaluation as a reward for achieving important values contained in the job (Saputra, 2021). Further opinion according to Afianto & Utami (2017) The condition of enjoyment or good sentiment brought about by one's work performance or experience is known as job satisfaction. According to some of the above

viewpoints, job satisfaction is a positive form of work by an employee that they undergo, with their level of satisfaction with each encounter in the workplace. Intrinsic and extrinsic factors can be used to categorize the variables that influence job satisfaction. Employee-generated variables, such as expectations and unique requirements, are referred to as intrinsic or internal factors. Extrinsic or external elements are those that come from sources other than the individual, such as company policy practices, physical environment, interaction relationships between coworkers, and payment methods (Bahri & Nisa, 2017).

Loyalty is an attitude of loyalty that a person shows through his best behavior by serving and being responsible (Lumiu et al., 2019). Essential company tasks involve maintaining employee loyalty, increasing the level of loyalty, and paying attention to individual workloads (Prasiwi et al., 2022). High loyalty from employees shows characteristics, namely particularly the capability to always collaborate with employees, maximize their skills, and enjoy competition in the workplace (Tambunan, 2019). Factors that can affect loyalty are work infrastructure, benefits, work atmosphere, salary income, personal or employee characteristics, workplace characteristics, company design characteristics, companies and employees with work experience (Astuti et al., 2022). According to some of the points of view mentioned above, job loyalty can be defined as an employee's commitment to carry out work to the maximum based on comfortable conditions and job satisfaction, to produce maximum results for the company and others.

An effective compensation system in human resource management can give employees a feeling of satisfaction at work and make it easier for businesses to develop employee loyalty so that they stay with the company (Hasibuan, 2017). Fitriani & Yusiana (2020) emphasize that compensation is a method of giving money to employees consistently as a sign of balance in the tasks performed. Direct compensation, which is the reward given by the company for satisfaction aimed at industrial needs, is in the form of incentives,

and benefits. Compensation that is not classified as direct, is an additional reward given to employees based on policies and objectives to increase the level of employee welfare. Uncertain compensation, such as vacation pay, pensions, and health benefits, is directly related to the work that employees do (Karomah & Aldiansyah, 2019). From some of the perspectives mentioned above, it can be interpreted that what is meant by compensation is a reward between financial and non-material benefits provided by the company to its workers including gifts, bonuses, allowances, and awards.

According to Septiawan et al. (2020) in organizations, motivation is related to how to guide subordinates to carry out their obligations productively in order to successfully obtain predetermined goals. Motivation is the driving force or impetus that arises in an individual to carry out something. Motivation arises from stimuli that must be met in order to fulfill satisfaction in material and non-material needs. (Correia & Pragiwani, 2020). According to Hidayat et al. (2020) motivation can be seen as a driving force that makes people do something to achieve goals. Providing motivation will usually be carried out by companies that strive for high employee performance efficiency in the company (Zulaspan et al., 2022). From the above opinions, motivation can be summarized as something in a person that arises in the form of an urge to do something, which encourages them to do it because they feel satisfied after achieving a goal. The work environment is defined as a place where workers operate every day, the work environment is considered favorable if it can create a sense of security while making individuals to give their best abilities (Djamil Mz & Zaenudin, 2018). There are two types of work environment, namely the physical work environment which includes everything related to where employees work so that it can directly or indirectly affect employees and situations that arise as a result of working relationships with superiors, friends, and subordinates included in the non-physical environment (Sedarmayanti, 2017).

From several points of view above, the interpreted work environment is where the

employee's work is equipped with supporting facilities including relationships with colleagues in an adequate group work process so that at work a sense of comfort and security arises.

Partial Least Squares is a data analysis approach based on the idea that large sample sizes are not required, that is, samples of less than 100 can be studied, and the residual distribution can be used for analysis and to support weak hypotheses (Sutrisno, 2021). According to (Laura & Afivah, 2022), an alternative approach to the covariance-based SEM that measures the relationship between variables to a variance-based approach that measures the correlation between two variables that are similar to random variables is PLS. The purpose of using PLS-SEM is to make predictions. The predictions made are predictions about the relationships between constructs and also help researchers to obtain latent variables for these predictions (Zulaspan et al., 2022).

The theoretical framework is an explanation of the theoretical flow in line with the background, problem formulation, and theoretical basis. Three exogenous variables affect two endogenous variables in this research model. This research has a direction to examine the effect of compensation, motivation, and work environment on job satisfaction and employee loyalty. The theoretical foundation of this research is depicted in the figure below:

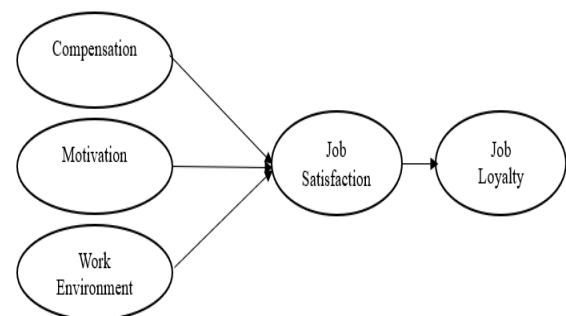


Figure 2. Theoretical framework
(Source: pocessed data)

From the teoretical framework, the initial hypothesis used in this study can be formulated:

- H1: Compensation has a significant effect on job satisfaction.
 H2: Motivation has a significant positive effect on job satisfaction.
 H3: Work environment has a significant effect on job satisfaction.
 H4: Job Satisfaction has a significant effect on job loyalty.

3. RESEARCH METHOD

PT XYZ is the place of this research, and is a company engaged in wood processing. Data was collected through a questionnaires, questions and answers. Variables must be identified in this study to illustrate the relation and the effect of the variable being studied. In this study, the endogenous variables are job satisfaction and employee loyalty. Endogenous variables are measured using several indicators, including indicators of job satisfaction variables (Y1) which include satisfaction with the job itself, satisfaction with finance, physical satisfaction, social satisfaction, and promotion opportunities, and indicators of job loyalty variables (Y2), which include obedience, loyalty, responsibility, and a sense of belonging. Indicators of compensation variables (X1) are salaries, wages, incentives, and allowances. Physiological needs, security and safety needs, appreciation needs, social needs, and self-actualization needs are indicators of motivation variables (X2). Air temperature, cleanliness, coworker relations, noise, and availability of work facilities are indicators of work environment variables (X3).

This study applies a quantitative method approach. All permanent employees of PT XYZ production division, with the total 95 people are the population used. The sampling technique, namely purposive sampling, was chosen for this study with the sample selection criteria being permanent employees of the production division who have worked for more than one year at PT XYZ, the sample calculation using the theory of determining the number of PLS samples according to Gefen is 10 times the number of indicators on the latent variable which has the largest number of indicators, in this study the largest number of indicators in one variable is 5, so the number of samples in this study was 50 samples, which according to Hair et al. (2017) met the minimum

requirements for PLS samples, namely in the structural model with 10 times the highest route in construction. To collect data, questionnaires were distributed to respondents using a Likert scale for variable assessment which was conducted directly to several employees of PT. XYZ. SmartPLS program is used for analyzing the data. PLS-SEM is the data analysis approach used. Research stages to solve the problem:

PLS Method Data Processing (Outer Model Evaluation)

Outer model evaluation is the first stage in PLS-SM. Outer model evaluation as testing or ensuring the existence of a bound relationship between constructs and their indicators (Arfian & Yoraeni, 2019). The outer model is evaluated using three tests, the first is the convergent validity test. Retrieved from Hair et al. (2017) where the indicators are considered to be valid when outer loading > 0.70 dan furthermore, validity testing can be done using the average variance extract (AVE) value, provisions for the average variance extracted (AVE) value are > 0.50 , so that the variable is said to be valid. The discriminant validity test value of the goal construction load must be greater than the value of other construction loads (Arfian & Yoraeni, 2019). Furthermore, Reliability is to examine the consistency of the respondent's response data seen from the indicators in measuring the variable. According to Ghazali (2021) the basis for decision making parameters:

1. If the CR value ≥ 0.70 is concluded to be reliable.
2. If the CR value ≥ 0.70 is concluded to be reliable.

Inner Model Evaluation

After evaluating a measurement model, the inner model is examined to define the relations among the variables or to test hypotheses (Djamil Mz & Zaenudin, 2018). The R Square test determines the level of research quality, $R^2 > 0.7$ is included in the strong model, 0.5 is included in the medium model, and 0.25 is included in the poor model (Ghozali, 2021). Furthermore, Q-Square testing is used to specify its relative influence on the model, with categories of value of $Q^2 > 0$ indicating predictive relevance and $Q^2 < 0$ indicating less predictive relevance. The model that has been

made is fit or not with the Goodness of Fit test (Djamil Mz & Zaenudin, 2018). Hair et al. (2017) state the goodness of fit value is included in the high category if $Gof \geq 0.36$.

Hypothesis Test

The structural relationship between latent variables and the path coefficient between variables is determined through hypothesis testing (Saputra, 2021). The bootstrap procedure is used to test the hypothesis by looking at the original sample value (path coefficient). A value close to positive one illustrates a positive relationship with a strong category, while a value close to negative 1 indicates a strong negative relationship. If the t statistic value is more than 1.96 and the p value is less than 0.05, hypothesis accepted. If the t-statistic is greater than 1.96 and the p-value is greater than 0.05, the hypothesis will be denied.

4. RESULT AND DISCUSSION

A. Outer Model Evaluation

The outer model test includes three test, namely convergent validity, discriminant, and reliability.

Convergent Validity Test

The validity test conducted using SmartPLS shows the path diagram presented in the Figure 3.

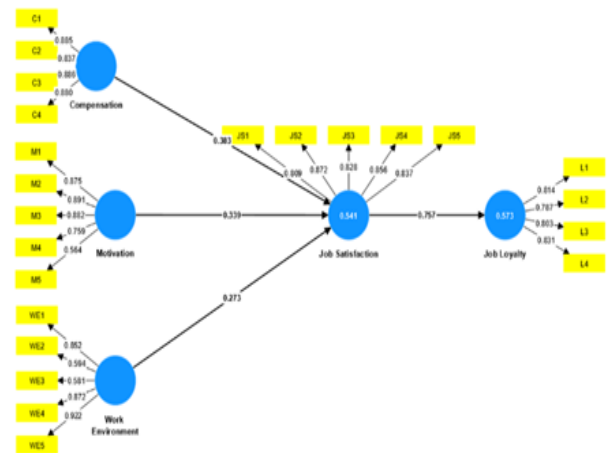


Figure 3. PLS-Sem algorithm measurement Model Output (Source: processed data)

Validity testing to determine whether or not the indicators contained in the variable are valid. In this modeling, all indicators use reflective in the SEM-PLS model, so it is reviewed from the output of the outer loading value.

Table 1. Validity test

Latent Variable	Indicator	Code	Outer Loading
Compensation	Salary	C1	0.885
	Wages	C2	0.837
	Incentives	C3	0.886
	Allowances	C4	0.880
Motivation	Physiological Needs	M1	0.875
	Security and Safety Needs	M2	0.891
	Social Needs	M3	0.882
	Appreciation Needs	M4	0.759
	Self-Actualization Needs	M5	0.564
Work environment	Air Temperature	WE1	0.852
	Cleanliness	WE2	0.594
	Noise	WE3	0.581
	Coworkers Relation	WE4	0.872
	Availability of work facilities	WE5	0.922
Job Satisfaction	Satisfaction with the job itself	JS1	0.809
	Satisfaction with finance	JS2	0.872
	Physical satisfaction	JS3	0.828
	Social satisfaction	JS4	0.856
	Promotion opportunities	JS5	0.837
Job Loyalty	Obedience	L1	0.814
	loyalty	L2	0.787
	Responsibility	L3	0.803
	Sense of belonging	L4	0.831

(Source: processed data)

From testing the validity of outer loading, it is known that there are several indicators that are

still invalid, this happens because there is an outer loading value below 0.70 that shows the

indicator not working at the measurement model. Therefore, improvements or re-estimation are made by removing a number of invalid indicators based on the outer loading value. Here are the following output image of the SEM-PLS model path diagram that has been repaired.

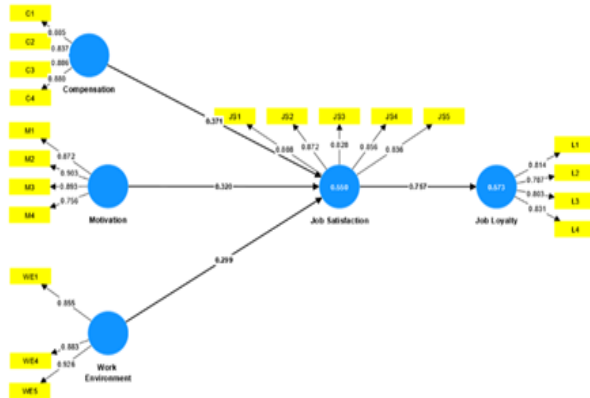


Figure 4. Measurement model output after improvement (Source: processed data)

Retrieved from the figure, the outer loading value has met the validity limit. Then to find

out the validity is done by looking at the AVE value presented in the Table 2.

Table 2. AVE value

Latent Variable	AVE	Description
Compensation	0.707	Valid
Motivation	0.761	Valid
Work environment	0.789	Valid
Job Satisfaction	0.654	Valid
Job Loyalty	0.736	Valid

(Source: processed data)

Table 2 shows the score in AVE for each variable is > 0.5, so the results of the convergent validity analysis through (AVE) that the variable in the research model is declared valid.

Discriminant Validity Test

The results of this testing, which are based on the cross loading table, are presented in Table 3.

Table 3. Cross loading value

	Job Satisfaction	Compensation	Work Environment	Job Loyalty	Motivation
C1	0.510	0.885	0.260	0.556	0.269
C2	0.413	0.837	0.191	0.492	0.255
C3	0.485	0.886	0.259	0.568	0.267
C4	0.525	0.880	0.307	0.565	0.276
JS 1	0.808	0.438	0.324	0.579	0.379
JS 2	0.872	0.591	0.523	0.680	0.450
JS 3	0.828	0.482	0.433	0.614	0.412
JS 4	0.856	0.390	0.513	0.631	0.624
JS 5	0.836	0.433	0.479	0.669	0.487
L1	0.630	0.558	0.388	0.814	0.351
L2	0.579	0.445	0.453	0.787	0.302
L3	0.629	0.463	0.506	0.803	0.409
L4	0.608	0.561	0.570	0.831	0.435
WE1	0.446	0.159	0.855	0.506	0.281
WE4	0.478	0.236	0.883	0.453	0.411
WE5	0.528	0.374	0.926	0.610	0.446
M1	0.485	0.273	0.421	0.394	0.872
M2	0.575	0.300	0.303	0.409	0.903
M3	0.492	0.258	0.485	0.419	0.893
M4	0.336	0.205	0.264	0.374	0.756

(Source: processed data)

In the table, it is known that the cross-loading value for each variable is greater than the cross-loading value on other variables. From this table, the discriminant validity test requirements have been met as seen from the indicators contained in the study.

Reliability Test

The consistency and stability of the results of respondents' answers are presented in the Table 4.

Table 4. Cronbach Alpha and Composite Reliability

Variables	Cronbach Alpha	Composite Reliability
Compensation	0.896	0.923
Motivation	0.895	0.927
Work Environment	0.866	0.918
Job Satisfaction	0.824	0.883
Job Loyalty	0.881	0.918

(Source: processed data)

From the data above, it shows that the Cronbach's alpha and composite reliability values of the research variables are greater than 0.70. So it can be interpreted that the above variables have met the reliability criteria or indicators so that they are able to measure each latent variable properly.

B. Inner Model Evaluation

Testing at this stage is carried out through the R² test, Q² test, and goodness of fit test.

R-Square Test (R²)

The R² value explains the ability of exogenous variables to describe endogenous variables. Below is a table of R-Square values displayed in Table 5.

Table 5. R-squere value

Description	R-Squere
Job Satisfaction	0.550
Job Loyalty	0.573

(Source: processed data)

The R² value of the job satisfaction variable is 0.550, Which implies that influencing variable has a moderate influence on the influenced variable, namely job satisfaction, and the model can be explained well. The work loyalty variable is 0.573 so that it can be interpreted that the model is able to describe the variables that have a moderate contribution to the influenced variable, namely work loyalty. In the end, the R² result is 55%, which means that the variables of compensation, motivation, and workplace environment can be explained by job satisfaction, and the remaining 45% is explained by variables outside this study. and the work loyalty variable can be explained by 57.3%, by the job satisfaction variable, while 42.7% other variables can explain it.

Q-Square Test (Q²)

In the structural model, Q² serves to measure

the accuracy of predictions with the goodness of the observed values in the model shown in Table 6.

Table 6. Q-squere value

Description	Q-Squere (=1-SSE/SSO)
Job Satisfaction	0.360
Job Loyalty	0.359

(Source: processed data)

Dari hasil pengolahan diatas nilai Q² variabel job satisfaction is 0.360 and job loyalty is 0.359, then Q²> 0 and means that the research model fits the data, fulfills predictive relevance so that good prediction accuracy has been achieved.

GoF (Goodness of Fit) Test

Testing is done using parameters on the gof index value. The Goodness of Fit test calculation is done manually, as follows:

$$GoF = \sqrt{AVE \times R^2}$$

In this study, the GoF result was 0.639 so that it refers to the criteria for the Goodness of Fit (GoF) value according to Hair, et. al (2017), overall the SEM-PLS model is classified as a high fit category, so that the research model can be accepted because the current data can explain relationship among the studied variables.

C. Hypothesis Test

The significance of the relationship between variables and whether the hypothesis is acceptable or not is presented in the bootstrapping results in Figure 5.

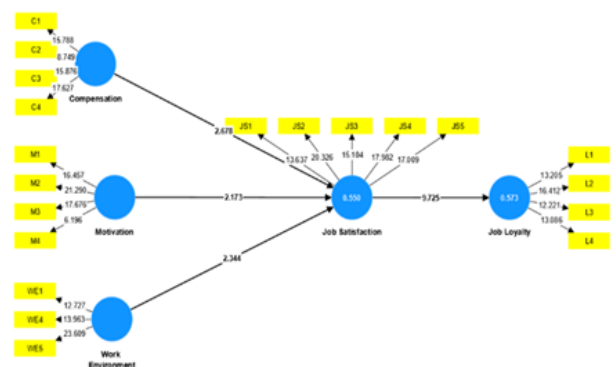


Figure 5. Model bootstrapping test results (Source: processed data)

Furthermore, to test the hypothesis on the inner model, seen from the T-statistic value, the P values are in Table 7.

Table 7. Hypothesis testing

	Original sample (O)	Sample mean (M)	Std. deviation (STDEV)	T statistics ((O/STDEV))	P values
Compensation (C) -> Job Satisfaction (JS)	0.371	0.361	0.139	2.678	0.007
Motivation (M) -> Job Satisfaction (JS)	0.320	0.332	0.147	2.173	0.030
Work Environment (WE)-> Job Satisfaction (JS)	0.299	0.286	0.127	2.344	0.019
Job Satisfaction (JS)-> Job Loyalty (L)	0.757	0.760	0.078	9.725	0.000

(Source: processed data)

Discussion

H1: Compensation has a significant effect on job satisfaction.

In the first hypothesis, the positive path coefficient value is 0.371, T-Statistics is 2.678 > 1.96 (tcount > ttable) with a significant stage of P value 0.007 < 0.05. Hypothesis 1 is accepted, compensation has a significant effect on job satisfaction. Respondents feel that compensation in this company is quite good. Providing high compensation from the company in accordance with the responsibilities given, results in increased employee job satisfaction and vice versa. Research conducted by (Putri & Supriadi, 2022) is in line with this study, compensation has a positive impact on job satisfaction of employees of PT Temara Mas Sakti in Jakarta.

H2: Motivation has a significant effect on job satisfaction.

The second hypothesis statement, the positive path coefficient value is 0.320, T Statistics is 2.173 > 1.96 (tcount > ttable) with a significant stage of P value 0.030 < 0.05. Hypothesis 2 is accepted, motivation have a significant influence to job satisfaction of PT XYZ employees. The work motivation provided by the company is felt by employees to be quite good. High employee work motivation, higher employee job satisfaction, and otherwise. This research is in line with research (Prasiwi et al., 2022) with the outcome that there are positive and significant impact between work motivation and employee job satisfaction.

H3: Work environment has a significant effect on job satisfaction.

In the third hypothesis, the positive path coefficient value is 0.299, T Statistics is 2.344 > 1.96 (tcount > ttable) with a significance level of P value 0.019 < 0.05. So hypothesis 3 is accepted, the work environment has a significant effect on job satisfaction of PT XYZ employees.

Respondents said the work environment in this workplace was quite good. If the company has a good work environment, employees are more satisfied with their jobs, and vice versa, if it is inadequate, satisfaction decreases with their jobs. Creating a conducive work environment requires good work environment management. This research is in line with research (Putri & Supriadi, 2022) PT Patra Badak Arun Solusium found that employee job satisfaction is strongly influenced by their work environment.

H4: Job Satisfaction has a significant effect on job loyalty.

The fourth statement obtained a positive path coefficient value of 0.757, T Statistics 9.725 > 1.96 (tcount > ttable) with a significant stage P value of 0.000 < 0.05. So hypothesis 4 is accepted, job satisfaction has a significant effect on the job loyalty of PT XYZ employees. Respondents feel that job satisfaction in this company is quite good. High employee job satisfaction causes higher loyalty in employees to the company and low job satisfaction causes loyalty to the workplace to decrease. This study was aligned with the research (Prasiwi et al., 2022) Employee job satisfaction significantly affects employee loyalty.

The results of this study can provide input that can be used as material for thought and consideration for PT XYZ in tackling labor problems, which relate to compensation, motivation, work environment, job satisfaction, and employee job loyalty. For similar industries, this research can be used as a source of information in tackling human resource problems and can be used as a basis for formulating policies, decision making, and guidelines for management in an effort to increase job satisfaction and employee job loyalty.

5. CONCLUSION

Based the research and discussion, it can be concluded that variable compensation has a significant positive effect on job satisfaction, variable motivation has a significant positive effect on job satisfaction, variable work environment has a significant positive effect on job satisfaction, and variable job satisfaction has a significant positive effect on job loyalty. Suggestions for development also improvement to PT. XYZ based on indicators with the lowest outer loading values is increase and improve compensation to be higher by providing wages in accordance with overtime working hours, company should pay more attention to the need for appreciation, can by recognizing the results of work and rewarding outstanding employees can be done fairly, pay more attention to the need for appreciation, by recognizing the results of work and rewarding outstanding employees can be done fairly, and pay attention to the air temperature in the work environment by improving air circulation, namely by adding an exhaust fan, so that increasing job satisfaction and employee job loyalty can be achieved.

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