



## THE INFLUENCE OF THE WORK ENVIRONMENT AND EMPLOYEE ENGAGEMENT ON EMPLOYEE RETENTION

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**Abstract:** Companies develop and progress influenced by human resources. The company's ability to retain employees is the main thing that must be considered. Employee retention is affected by several variables including work environment and employee engagement. This study aims to determine the effect of the work environment and employee engagement on employee retention at CV. Symphony of Eternal Prosperity. This type of research is quantitative using a research sample of 83 employees. The data were obtained using questionnaires and interviews and processed using the SPSS version 22 statistical program. Based on the results of the study, it can be concluded that the work environment affects employee retention, employee engagement affects employee retention, and the work environment and employee engagement simultaneously affect employee retention CV. Symphony of Eternal Prosperity.

**Keywords:** Employee Engagement; Employee Retention; Work Environment

### INTRODUCTION

An organization has the biggest challenges in the current era of technological development, one of which is retaining employees. Organizational performance can be hampered if the employee turnover rate is high, employee turnover causes employees who have good work potential to decrease. Employees can be retained to stay in an organization by the three P's, namely, appreciation, recognition, and respect so that the employee can perform well.

Employee retention is a policy and practice that was created to produce a supportive work environment to provide employees with a safe and comfortable working environment. Because it can make employees want to stay in the company for a long time. The more employees who do not have the initiative to leave the company, the better for the company because it can reduce employee turnover in the company. Ratnawati & Subudi (2018) states that the employee retention factor is said to be a factor that influences success in increasing productivity and increasing the profitability of a company. Research shows that replacing old employees with new ones increases operational costs in the form of training and filling new employees (Bibi et al., 2018).

The results of surveys or direct interviews that researchers conducted with several employees regarding Employee Retention, on the CV. Symphony Makmur Abadi, low employee retention caused by the organizational structure of the companies that are still not clear, so that employees work with no maximum. Low employee retention is seen from the high level of employee turnover, which means that the company's ability to retain its best employees is low. If Employee Retention is bad, it will increase employee turnover, and disrupt work production standards and profitability. In general, the relationship between employee retention and performance is very complex, there is evidence that performance can decline (Sumarni, 2011)

Employee turnover can be in the form of resignation, transfer out of the organizational unit, and dismissal. This high turnover rate will cause a negative impact to the organization, regard this as creating instability on the condition of labor



employment and an increase in the cost of source power human who relates closely with the retention of employees. Low employee retention in CV. Simphoni Makmur Abadi can be seen from the employee turnover data in the table below:

**Table 1. Employee Turnover Rate CV. Simphoni Makmur Abadi Banten Year 2017 to 2020**

Year	Number of Employees at the beginning of the year	Number of Employees who go out	Number of employees logged in	Number of Year- End Employees	Turnover Rate
2017	32	9	8	31	3,17%
2018	30	12	10	28	6,89%
2019	27	14	11	24	11,76%
2020	23	9	7	21	9,09%

Source : CV. Simphoni Makmur Abadi (2020)

From the turnover data obtained in Table 1, it can be calculated the percentage of employee turnover rates in CV. Simphoni Makmur Abadi using the LTO (Labour Turnover) formula.

Several previous studies conducted by Lahida et al. (2017) state that the work environment affects employee retention. A supportive work environment such as creating a comfortable working atmosphere causes employees to be more enthusiastic in completing work and binds employees to remain with the company. In addition, research conducted by Soeharso (2020) states that employee engagement affects employee retention.

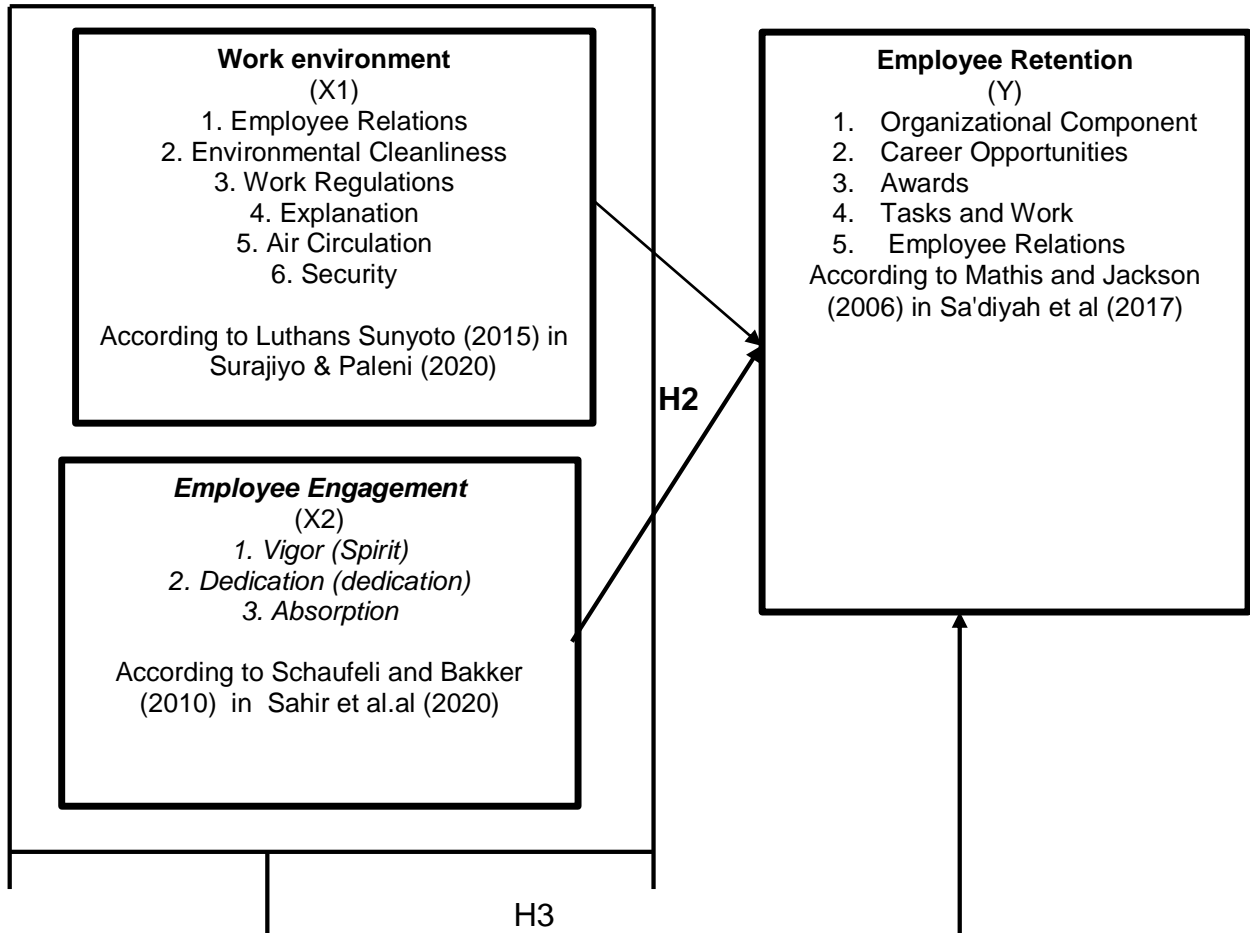
Employee retention has many meanings, in research by Adzka & Perdhana (2017) employee retention is a form of policy and method used by organizations to prevent valuable employees from leaving their jobs. According to Soeharso (2020), Employee retention is a must for a company in retaining its best employees. Retention is needed so that companies can retain employees who have a high potential to remain loyal to the company and their work. This must be implemented by every company appropriately and continuously so that the performance of each employee is getting better from day to day and besides that employee retention can reduce employee turnover rates. If the company fails to implement this program, the employee's performance will decrease and have a negative impact on the company's productivity. Company management will be considered immature in terms of human resources.

The work environment is a condition or place used to carry out employee activities comfortably and safely to achieve the success of a company (Astuti & Dewi, 2019). Meanwhile, Surajiyo & Paleni (2020) said that the organizational work environment is everything that can affect the continuity, existence, existence, and others concerning the organization both from within and from outside.

According to Sahir et al. (2020), high employee engagement will display excellent performance. This is supported by previous research by Waluyo (2018) which states that employee engagement affects employee retention. A satisfactory work environment for employees can increase employee retention, otherwise, an inadequate work environment will reduce employee retention and ultimately decrease employee engagement (Pramuji, 2017).



This study aims to determine and analyze the effect of the work environment, employee engagement on employee retention CV. Everlasting Prosperity Shimponi.



**Figure 1. Framework**  
 Source: Processed data (2021)

Based on the theory and framework that has been described previously, several hypotheses can be formulated as follows:

H1: It is suspected that there is an influence of the Work Environment on Employee Retention on a CV. Simphoni Makmur Abadi

H2: It is suspected that there is an influence of Employee engagement on Employee Retention on a CV. Simphoni Makmur Abadi.

H3: It is suspected that there is an influence of the Work Environment and Employee Engagement on Employee Retention on a CV. Simphoni Makmur Abadi.

## METHODS

The type of research conducted by the author is a type of quantitative research. The research method used is the descriptive method. The sample in this study was 83 employees of CV. Simphoni Makmur Abadi. In this study, the researcher used the proportional stratified random sampling technique, which was carried out by dividing the population into sub-populations/ strata proportionally and carried out randomly (Riduwan, 2012). The sampling technique using Proportionate Stratified Random



Sampling is done by collecting data on the number of employees from each section which is then determined the number of samples needed for each section.

The technique of collecting data is library research and field research through interviews and questionnaires. The measurement scale in this study uses a Likert scale. The data analysis techniques are instrument test, classical assumption test, multiple linear regression analysis, coefficient of determination test, while hypothesis testing using partial t-test and simultaneous f-test.

## RESULTS AND DISCUSSION

The results of the instrument test of the validity of the Work Environment variable stated that all statements were valid based on the calculated r-value (0.481 - 0.866) which was greater than the  $r_{table}$  of 0.2159 with a significance of 0.05. All statements are declared valid on the Employee Engagement variable with a calculated r-value (0.265 - 0.467) greater than the  $r_{table}$  0.2159. Employee retention variable with an r arithmetic value (0.299 - 0.757) is greater than  $r_{table}$  0.2159 This means that all statements are said to be valid.

While the results of the reliability test using the Cronbach alpha method for the level of consistency of the  $X_1$  variable obtained an alpha value of 0.873 and the  $X_2$  variable obtained an alpha value of 0.683 and the Y variable obtained an alpha value of 0.907 this means that the alpha obtained from the variable is  $> r$  and it means that all statements contained in the questionnaire can be declared reliable.

Table 2. T-Test

Model	Unstandardized Coefficients		Coefficients <sup>a</sup>		t	Sig.
	B	Std. Error	Standardized Coefficients	Beta		
(Constant)	2,603	9.310			.280	.781
Work Environment ( $X_1$ )	.975	.144	.632		6,760	.000
Employee Engagement ( $X_2$ )	.478	.216	.206		2.208	.030

a. Dependent Variable: Employee Retention (Y)

Source: Processed data (2021)

Based on Table 2 can be seen a constant value (the value of  $\hat{I} \pm$ ) of 2.603 and for the Environmental Working (value  $\hat{I}^2$ ) of 0.975 and *Employee engagement* ( $\hat{I}^2$  value) amounted to 0,478, which can be obtained regression linear multiple as follows:

$$Y = a + b_1x_1 + b_2x_2 + e$$

$$Y = 2.603 + 0.975X_1 + 0.478X_2 + e$$

Following the obtained regression equation, it can be interpreted as follows:

Employee Retention constant coefficient (Y) of 2.603 means that if the value of the Working Environment ( $X_1$ ) and *Employee engagement* ( $X_2$ ) equal to the value of zero, then the level or magnitude of Employee Retention (Y) of 2.603.

The regression coefficient of the Work Environment variable ( $X_1$ ) of 0.975 means that every time there is an increase in the  $X_1$  variable (Work Environment) by 1%, Employee Retention increases by 0.975 (97.5%) or vice versa every time there is



a decrease in the  $X_1$  variable (Work Environment) by 1% then Employee Retention decreased by 0.975 (97.5%).

Employee engagement variable regression coefficient ( $X_2$ ) of 0.478 means that every time there is an increase in the  $X_2$  variable (*Employee engagement*) by 1%, Employee Retention increases by 0.478 (47.8%) or vice versa every time there is a decrease in the  $X_2$  variable (*Employee engagement*) by 1% then Employee Retention decreased by 0.478 (47.8%).

Furthermore, hypothesis testing 1 and 2 was carried out using a partial t-test as follows:

Based on the table above, it is known that the  $t_{count}$  for the Work Environment variable is 6.760, while the  $t_{table}$  uses a 5% level with  $(df) = nk = 83 - 2 = 81$ , which is 1.663. These results show that  $t_{count} > t_{table}$   $6,760 > 1,663$  and  $sig. < 0.05$  ( $0.000 < 0.05$ ), it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, which means that there is an influence of the Work Environment ( $X_1$ ) on Employee Retention (Y). Thus, if the value of the Work Environment ( $X_1$ ) increases, then Employee Retention (Y) will also increase

The results of hypothesis testing 2 show that it is known that the  $t_{count}$  of the Employee engagement variable is  $2.208 > 1.663$  and  $sig. < 0.05$  ( $0.030 < 0.05$ ), it can be concluded that  $H_0$  was rejected and  $H_a$  accepted, which means that there is the influence of Employee Engagement ( $X_2$ ) with Employee Retention (Y). Thus, if the value of Employee engagement ( $X_2$ ) increases then Employee Retention (Y) will also increase.

While the results of hypothesis testing 3, namely the F test (simultaneous) obtained the results as shown in the following table:

**Table 3. F-Test**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2448.787	2	1224.394	22.864	.000 <sup>b</sup>
Residual	4284.128	80	53.552		
Total	6732.916	82			
a. Dependent Variable: Employee Retention (Y)					
b. Predictors: (Constant), <i>Employee engagement</i> (X2), work environment (X1)					

Source: Proceed data (2021)

F-test is done by comparing  $F_{count}$  greater than  $F_{table}$ . The F-test also compares the predetermined significance probability value of 0.05. Based on the results of the F-test above, it can be seen that the  $F_{count}$  value is 22.864 when compared with  $F_{table}$  at a significance level of 0.05 and  $(df) = nk - 1 = 83 - 2 - 1 = 80$  which is 3.11 then  $F_{count}$  is greater than  $F_{table}$  ( $22.864 > 3.11$ ). The significance value of 0.000 is smaller than 0.05 ( $0.000 < 0.05$ ), it can be concluded that  $H_0$  is rejected  $H_a$  is accepted. The results of the F-test show that the work environment ( $X_1$ ) and employee engagement ( $X_2$ ) have a simultaneous effect on employee retention (Y).

The magnitude of the contribution of the influence of the work environment and employee engagement on employee retention is obtained from the results of the coefficient of determination test as follows:



**Table 4. Coefficient of Determination Test**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.603 <sup>a</sup>	.364	.348	7.31790	1,220

a. Predictors: (Constant), Employee engagement (X<sub>2</sub>), Work Environment (X<sub>1</sub>)  
 b. Dependent Variable: Employee Retention (Y)

Source: Processed data (2021)

The coefficient of determination test results obtained a Rsquare value of 0.364 or 36.4%, this indicates that the contribution of the work environment and *employee engagement* in explaining employee retention is 36.4% while the remaining 63.6% is explained by other variables not included in the research model.

### CONCLUSION

Based on the results of the research and discussion that have been described previously, this study concludes that partially the Work Environment and Employee Engagement have an effect on Employee Retention at CV. Simphoni Makmur Abadi. Simultaneously the work environment and employee engagement affect Employee Retention at CV. Simphoni Makmur Abadi. The better the work environment provided by the company, and the higher the employee engagement, the more employee retention will increase. Judging from the value of the coefficient of determination of 0.364 or 36.4%. this shows that the contribution of the work environment and employee engagement in explaining employee retention is 36.4% while the remaining 63.6% is explained by other variables not included in the research model.

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