The Relationships of Work Environment, Compensation, And Organizational Commitments on Employee Retention
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Employee retention is an organization's effort to retain its potential employees. In this study aimed to analyse the effect of non-physical work environment, compensation, and organizational commitment on potential employee retention. Here, the sample population of this study taken from housekeeping and room service section totalling 60 employees over Tjampuhan Hotel, Gianyar, Bali. The determination of sample collection is use saturated sampling method with interview and questionnaire from 60 employees. Furthermore, in the processing data we analyse using descriptive and multiple linear regression analysis, respectively. The results show non-physical work environment doesn’t significant effect on employee retention, compensation, and organizational commitment. However, partially have a positive and significant effect on employee retention. This indicates that employee retention is not influenced by the non-physical work environment. However, it can be explained that the good result is captured according to the compensation received and organizational commitment with increase employee retention. Thus, the employees are retaining their membership in the organization.

Keywords: Employee Retention, Non-Physical Work Environment, Compensation, Organizational Commitment.

1. INTRODUCTION
Human Resources (HR) is one of the factors that can determine the success of an organization because the involvement of human resources as an organizational asset includes the planning, implementation, and control of the organization's operational activities [1]. Therefore, there needs to be an effort made by management from existing human resources with contribute optimally to organization. This mechanism can be done by keeping employees in the organization. In this study, the information obtained from the human resources division at Hotel Tjampuhan Ubud shows the turnover number of employees more than 10 percent. Here, the employee turnover is said to be normal if the value ranges from 5 to 10 percent per year while the high value is exceeding 10 percent per year [2]. A low turnover rate means the employee retention is high at organization [3]. Here, Employee retention is an effort made by organizations to retain competent employees. So that, they are willing to remain in the organization for a certain period of time [4]. The purpose of the efforts made by the organization to retain employees who are considered qualified by their own [5]. Retention is a continuous work relationship in-

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organization caused by psychological factors from a person [6]. Retention related to maintenance is carried out with the physical goal, mental, and loyal attitude of employees towards their work. The employee retention is an organization's ability to maintain which has the potential for organizations to continue to be loyal to the organization [7]. Factors that can affect employee retention include organizational commitment, organizational climate, employee welfare programs, and employer choice perception [8]. Here, employee retention can be affected by the work environment [9]. The work environment is a situation or something that is around the employee and which will affect on employee to carrying out a given task [10]. The work environment can be described as a condition or place that provides comfort and safety for employees in carrying out work activities properly which can later determine the success of the organization [11]. Many researchers have been studied conducted in terms of maintaining the performance of employees required collaboration between employees to organization can be achieved by always keeping the work environment [12]. Here, the importance of an organization creating a unique work environment so that selling points can be used to get new employees [13]. The
quality of the work environment can be affected by employee behavior at work, productivity, and provide satisfaction at work. Another factor that can affect employee retention is the compensation received by employees survive [14]. The compensation is all income received by employees in return for services provided to the organization in the form of money, direct goods or indirect goods [15]. Here, the compensation is an organizational obligation as a form of feedback on the performance provided in accordance with applicable regulations [16]. Compensation is spurring factor of employees to work optimally [17]. The fair compensation can be spurring employees to work responsibly and have work participation in the organization [18]. The compensation can affect employee retention when salaries are received on time, get support, bonuses, and work facilities [19]. Here, the compensation received by employees it can be reduce the higher employee retention and lowering turnover rates [20].

Furthermore, the employee’s retention can be done by improving organizational commitment. The organizational commitment is a desire to remain in the organization so that it can contribute to the achievement of organizational goals [21]. Organizational commitment it can be described as a employee condition in favor of the organization and its purpose and desirous of maintaining membership in an organization [22]. Employees can be committed if they voluntarily continue their relationship with the organization and devote themselves to achieving organizational goals [23]. Here, the organizational commitment has a positive and significant effect on employee retention, it means that the more organizational commitment is formed in employees. Here, the stronger employee’s is desire to remain organization also maintain employee commitment to the organization [24]. Thus, employee retention is stay awake even increase at organizational commitment has a positive and significant effect on employee retention [25, 26].

2. METHODOLOGY
In order to achieve the result, we analyses the work environment and significant effect on employee retention. Here, the environment partially has a positive and significant effect on employee retention. It means that the employees care is provided by the organization in the form organizational support with a positive relationship with employee loyalty to the organization. Here, the work environment has a positive effect on employee retention while employees care on organization [27]. The positive effect if the work environment is safe, comfortable, and clean. Thus, employees will feel at home and last longer in the organization. There is a positive and significant relationship between work environment and employee retention [28]. Here, the positive relationship between work environment and employee retention is correlated while working environment of the employee’s retention in the banking industry [29]. It means that the work on banking industry environment will be increased employee retention. In addition, the work environment has a significant effect on employee retention [30]. Thus, the management should provide as much an attractive work environment for employees to improve their decision to stay in the organization [30]. Here, the work environment is contributing positively to employee retention. Thus, the non-physical work environment has a positive and significant effect on employee retention [31].

Furthermore, the compensation has a positive effect on employee retention. Meanwhile a relationship between compensation and employee retention [32]. A positive and significant effect on employee retention. Compensation can affect employee retention when salaries are paid on time, benefits, bonuses and work facilities. Thus, a compensation has a positive and significant effect on employee retention [33, 34]. Here, compensation has a positive and significant effect on job satisfaction, therefore the increasing compensation received by contract employees over Bali Province Regional Revenue Agency with the higher the level of job satisfaction felt by contract employees of the Bali Province Regional Revenue Agency. Here, the compensation has a positive and significant effect on employee retention [35]. A compensation has a positive and significant effect on employee retention at Batur Natural Hot Spring [36]. Here, the better of compensation provided by Batur Natural Hot Spring with increased employee retention. Here, compensation has a positive and significant effect on employee retention [37]. A positive relationship between organizational commitment and employee retention is obtained on service job. Furthermore, an organizational commitment has a positive and significant effect on employee retention. These results indicate that the better the employee's organizational commitment, the higher the employee retention. Without organizational commitment of employees, the level of employee retention will get worse and may result in the release of the employees of the organization. Therefore, the organization is recommended to be able to maintain and increase the already high organizational commitment. Here, the organizational commitment has a positive and significant effect on employee retention. Thus, the hypothesis in this study as follows:

\[H_1:\text{The work environment has a positive and significant effect on employee retention.}\]
\[H_2:\text{Compensation positive and significant effect on the retention of employees.}\]
\[H_3:\text{Organizational commitment has a positive and significant effect on employee retention.}\]
A. Data and Location
In this study, the data collection was conducted over Tjampuhan Hotel, Ubud District, Gianyar Regency, Bali, Indonesia. Here, the amount of employee in this hotel has reached 160 employees while the population of housekeeping and room service totaling in 60 people employees will be used as a saturated sample. The quantitative and qualitative data from both primary and secondary sources were collected by conducting interviews and distributing questionnaires. This study we use an associative causality research design to analyze the causal effect of the variables studied. In this questionnaire form, we arranged based on 4 (four) variables namely employee retention, non-physical work environment, compensation, and organizational commitment. Before being analyzed, the instrument was tested by performing validity (r> 0.30) and reliability (Cronbach Alpha> 0.60) tests. The test results show that all instruments used in the questionnaire have been declared valid and reliable [38]. After that all the data will be analyzed using linear regression analysis. Table I shows the characteristics of respondents over Tjampuhan Hotel, Ubud District, Gianyar Regency, Bali, Indonesia.

Table I. Characteristics of Respondents

<table>
<thead>
<tr>
<th>No</th>
<th>Respondent Characteristic</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>People</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Based on Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Male</td>
<td>34</td>
<td>56.67%</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>26</td>
<td>43.33%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Based on Ages (Years old)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>21-25</td>
<td>9</td>
<td>15.00%</td>
</tr>
<tr>
<td>2</td>
<td>26-30</td>
<td>14</td>
<td>23.33%</td>
</tr>
<tr>
<td>3</td>
<td>31-35</td>
<td>15</td>
<td>25.00%</td>
</tr>
<tr>
<td>4</td>
<td>36-40</td>
<td>7</td>
<td>11.67%</td>
</tr>
<tr>
<td>5</td>
<td>41-45</td>
<td>9</td>
<td>15%</td>
</tr>
<tr>
<td>6</td>
<td>&gt; 45</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Based on Education Background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Senior High School</td>
<td>3</td>
<td>5.00%</td>
</tr>
<tr>
<td>2</td>
<td>Diploma I</td>
<td>4</td>
<td>6.67%</td>
</tr>
<tr>
<td>3</td>
<td>Diploma II</td>
<td>9</td>
<td>15.00%</td>
</tr>
<tr>
<td>4</td>
<td>Diploma III</td>
<td>19</td>
<td>31.67%</td>
</tr>
<tr>
<td>5</td>
<td>Diploma IV</td>
<td>1</td>
<td>1.67%</td>
</tr>
<tr>
<td>4</td>
<td>Bachelor Degree</td>
<td>24</td>
<td>40.00%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Based on Work Exp. (Years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1-5</td>
<td>36</td>
<td>60.00%</td>
</tr>
<tr>
<td>2</td>
<td>6-10</td>
<td>20</td>
<td>33.33%</td>
</tr>
<tr>
<td>3</td>
<td>11-15</td>
<td>1</td>
<td>1.67%</td>
</tr>
<tr>
<td>4</td>
<td>&gt; 15</td>
<td>3</td>
<td>5.00%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

3. RESULTS AND DISCUSSION
In order to achieve the result, we use multiple linear regression with SPSS 18.0 for Windows to test the hypothesis. The results of multiple linear regression analysis are showing the two hypotheses are accepted and one hypothesis is rejected (see Table II).

Table II. Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>(Constant)</td>
<td>-1.146</td>
<td>1.231</td>
<td>-0.931</td>
</tr>
<tr>
<td>Non-Physical Work Env.</td>
<td>0.087</td>
<td>0.051</td>
<td>0.118</td>
<td>1.705</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.162</td>
<td>0.069</td>
<td>0.226</td>
<td>2.358</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0.463</td>
<td>0.066</td>
<td>0.665</td>
<td>7.028</td>
</tr>
</tbody>
</table>

Based on calculation result using SPSS software from observation data in Table II, we obtain the regression equation. This equation is expressed in equation 1.

\[ Y = -1.146 + 0.087X_1 + 0.162X_2 + 0.463X_3 \]  \hspace{1cm} (I)

where, \(X_1\) to \(X_3\) is hypothesis variable. Here, the results of classical assumption test shows that the model is free from heteroscedasticity symptoms or has homogeneous variance (heteroscedasticity). The value of variance inflation factor (VIF) is less than 10 (multicollinearity) and the regression model is categorized on normally distribution. Furthermore, the magnitude of independent variables effect on dependent variable is indicated by value of determination total (R-Square) reached 0.740 it means that the 74 percent of the variation retention of employees affected by variations in the working environment of non-physical, compensation and organizational commitment while rest of 26 percent is explained by other factors not included in the model. The regression coefficient value for each independent variable is positive with a t-test significance value of less than 0.05 for the compensation variable and organizational commitment while the significance value for non-physical work environment variables is greater than 0.05 while the variables of compensation and organizational commitment have a positive and significant effect on employee retention, while non-physical work environment variables do not have a significant effect on employee retention. Thus, based on the regression model it can be interpreted as follows:

a) Variable non-physical work environment \(X_1\) has a coefficient value of + 0.087 with significance > 0.094 it means more than 0.05 so that the variable is insignificant.

b) Variable compensation \(X_2\) has a coefficient value of + 0.162 with the significance is less than 0.05 (<0.05), it means shows that there is positive and significant compensation for employee retention \(Y\).
c) Variable organizational commitment (X3) has a coefficient value of ± 0.463 with significance less than 0.05 (<0.05) it means a positive and significant correlation between organizational commitment to employee retention (Y).

Based on calculation result, the Non-physical work environment variable is not significant influence on employee retention. From the previous study, the non-physical work environment (psychological work environment) is a work environment that is non-physical in nature and cannot be captured directly by the five human senses, but the situation can be felt through relationships among employees, subordinates with superiors, and superiors with subordinate. In social life, a human is always live side by side and need help from others. Likewise, in an organization the person cannot fully complete the task he has because a job sometimes involves many people. It is found that a less harmonious relationship between employees is a reason to stop working. Respondents’ descriptions of a harmonious relationship show that there are some employees who feel less harmonious but are reluctant to disclose it so they choose to answer quite well. This is becoming a serious problem if not resolved immediately. Based on the researchers’ observations, this less harmonious relationship was created due to a lack of communication between employees considering the room service and housekeeping sections whose job it is to ensure that the room is kept clean, so that time for communication is minimal. The lack of communication between employees results in a non-physical work environment that does not affect employee retention. Thus, from previous study stated that the non-physical work environment has no effect on employee retention.

Based on compensation description, a positive and significant effect on employee retention at Tjampuhan Hotel can be explained that the higher the compensation received by employees. Thus, the higher the retention of employees at Hotel Tjampuhan Ubud has been captured. The results of this study confirm attribution theory which explains the causes of a person to take action or behave, which in this case is a situational attribute or someone behaves because of the surrounding environment. Employees decide to stay in their jobs influenced by the compensation they receive, considering that the answers given by respondents indicate that they are satisfied with the rewards, bonuses, insurance benefits and incentives they receive. Based on previous research shows that compensation has a positive and significant effect on employee retention. Compensation can affect employee retention when salaries are paid on time, benefits, bonuses and work facilities. Compensation is the reason employees do work to make ends meet. Therefore, a satisfactory compensation can be improving the employee’s survival feel in the workplace. This study also found that organizational commitment has a positive and significant effect on employee retention. The organizational commitment possessed by the higher employee retention. The results of this study confirm the attribution theory which explains the cause of a person doing deviant actions which are dispositional attributions or internal causes. Employees decide to stay influenced by organizational commitment by showing a positive attitude to the organization. This attitude can be motivating employees to behave positively and maintain good relations among employees, also comply with organizational rules and policies. Here, organizational commitment makes employees determined to work hard, sacrifice and be responsible for the achievement of employee goals and organizational goals. Thus, the organizational commitment has a positive and significant effect on employee retention. If the low employee commitment has a negative impact on the organization, there are many losses received by the organization if the employee has low organizational commitment.

4. CONCLUSION
The results of this study indicate that the non-physical work environment has no significant effect on employee retention. This means that employee retention is not influenced by the non-physical work environment. Compensation has a positive and significant effect on employee retention at Hotel Tjampuhan Ubud. This means that the better the level of compensation received by employees, the higher the employee retention. The organizational commitment has a positive and significant effect on employee retention at Tjampuhan Hotel Ubud. It means that the better the organizational commitment the employee has, the higher the decision to stay at his current job. The implication of this research shows that there is a significant influence between compensation and organizational commitment on employee retention. Empirically the results of this study support previous research on the effect of compensation and organizational commitment on employee retention. The results of this study also inform that the compensation received by employees is perceived. The highest compensation will be improving the employee’s survival feel in the workplace. So that, employees tend to stay at their current jobs as well as in the organizational commitment. If employees have a high commitment to the organization, the employees tend to stay in the organization.

References


Received: 29 November 2020, Accepted: 1 February 2021