



The Influence of Work Environment and Reward Programs on Turnover Intentions Through Work Loyalty at PT. Metallic Bara Synergy, Jambi

Siti Vania Wildhanie Wallad^(✉), Meilita Tryana Sembiring^{id},
and Vivi Gusrini Ramadani Pohan

Universitas Sumatera Utara, Medan, Indonesia
sitivvania1996@gmail.com

Abstract. This study aims to analyze the influence of Work Environment and Reward Programs on Turnover Intentions through Work Loyalty. The research method used is a quantitative description with Path Analysis in answering the research hypothesis. The population in this study is all employees, with a total of 78 people. The results show that all variables directly affect Turnover Intention or indirectly Work Loyalty affects Turnover Intention.

Keywords: Reward Program · Work Environment · Work Loyalty · Turnover Intention

1 Introduction

PT. Metalik Bara Sinergi, Jambi, a company engaged in the coal mining sector, is currently facing obstacles in employee turnover rate; from the available data, the average employee turnover for the past 5 years is 9.77% above average 5% for the coal industry. There are indications that employees feel the pressure of the work environment, which is far from family, crowds, and a remote area of the work environment. This condition becomes a stressor for employees. According HR of PT. Metalik Bara Sinergi, Jambi that a few employees were uncomfortable with the working environment conditions in the mining industry, and at last, they chose to resign from the company. Data shows that the employee turnover rate is quite high, as shown in Table 1 below.

Another indications that relate to high turnover rate in the company is about the rewarding system. The implementation of the reward program has not been carried out objectively, but there is still a subjective element from superiors. This becomes demotivating for other employees because they think rewards are only given to certain employees, not based on objective assessments.

This condition indirectly causes employee dissatisfaction at work, ultimately resulting in them leaving the company [1]. Based on the description above, this study aims to examine the influence of Work Environment and Reward Programs on Turnover Intentions through Work Loyalty at PT. Metalik Bara Sinergi, Jambi.

Table 1. Turnover Rate for the year 2016–2020

Year	Total in early year	Total in last year	Employee resign	Turnover
2016	19 persons	30 persons	3 persons	12.24%
2017	30 persons	42 persons	5 persons	13.89%
2018	42 persons	51 persons	7 persons	15.05%
2019	51 persons	69 persons	1 person	1.67%
2020	69 persons	98 persons	5 persons	5.99%

1.1 Theoretical Review

Work Environment

Work environment is everything that exists around workers who can influence themselves in carrying out their assigned tasks. Therefore, the determination and creation of a good work environment will determine the success of achieving organizational goals [2]. Dimensions that become a benchmark for the comfort or not of the work environment as follows: 1) Treatment; 2) Trustworthy; 3) Collaboration; 4) Convenience.

Reward Program

Reward program is a program carried out by the company in a structured manner to provide positive rewards to employees for their achievements outside of their daily work routines [3]. Dimensions that become to measure Reward Program as follows: 1) Goal; 2) Equality; 3) Equity; 4) Need.

Work Loyalty

Employee Loyalty is optimal as possible to make a positive contribution to the company by maintaining the good name of the company and defending the interests of the company. Loyalty is not just physical loyalty or presence in the company, but includes thoughts, attention, ideas, and dedication fully devoted to the company [4]. Dimensions of Work Loyalty that used in this research as follows: 1) Obedience; 2) Responsibility; 3) Hardwork; 4) Ownership; 5) Personnel relation; 6) Peasure of work.

Turnover Intention

Turnover intention can be interpreted as an individual's intention, willingness or will to move by himself from the company where he works. Turnover intention is a type of withdrawal behavior towards work [5]. Dimensions of turnover intention as follows: 1)Thinking of Quitting; 2) Intention to Search; 3) Intention to Quit.

Conceptual Framework

The Conceptual Framework explains the flow of thought in a research [6]. The conceptual framework is prepared as a guide in conducting research so that research has a corridor so that it can be a guide for researchers in finding answers according to the formulation of research problems. The conceptual framework in this research are shown in Fig. 1:

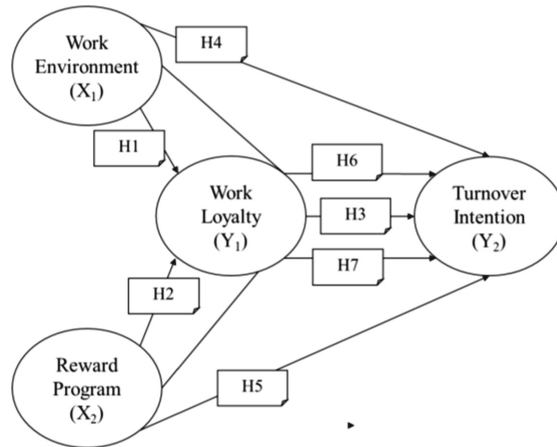


Fig. 1. Conceptual Framework

Hypothesis Based on Conceptual Framework as described on Fig. 1, the hypothesis research are:

H1: there is a direct influence of the Work Environment on Work Loyalty at PT. Metallic Bara Synergy, Jambi.

H2: There is a direct influence of the Reward Program on Work Loyalty at PT. Metallic Bara Synergy, Jambi.

H3: Is there a direct influence of Work Loyalty on Turnover Intention at PT. Metallic Bara Synergy, Jambi.

H4: There is a direct influence of the Work Environment on Turnover Intentions at PT. Metallic Bara Synergy, Jambi.

H5: There is a direct influence of the Reward Program on Turnover Intention at PT. Metallic Bara Synergy, Jambi.

H6: There is an indirect influence of the Work Environment on Turnover Intentions through Work Loyalty at PT. Metallic Bara Synergy, Jambi.

H7: There is an indirect influence of the Reward Program on Turnover Intention through Work Loyalty at PT. Metallic Bara Synergy, Jambi.

2 Methods

The design used in this research is correlational analysis, which is a type of research carried out with the aim of detecting the extent to which variations in a variable are correlated with one or more other variables based on the correlation coefficient [6]. Hypothesis Testing is done by Path Analysis.

The population in this study is all employee listed in teh company with total 78 people.

3 Result and Discussion

There are 2 (two) types of hypothesis proving in this study, they are direct evidence and indirect evidence. The direct evidence of the hypothesis is shown in accordance with Table 2 below:

Based on Table 2, can be concluded that:

1. Work Environment (X1) directly has a positive and significant effect on Work Loyalty (Y1) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.005 < 0.050$ so that H-1 is accepted;
2. Reward Program (X2) has a direct positive and significant effect on Work Loyalty (Y1) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.000 < 0.050$ so that H-2 is accepted.
3. Reward Program (Y1) directly has a positive and significant effect on Turnover Intention (Y2) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.004 < 0.050$ so that H-3 is accepted.
4. Work Environment (X1) directly has a positive and significant effect on Turnover Intention (Y2) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.000 < 0.050$ so that H-4 is accepted.
5. Reward Program (X2) has a direct positive and significant effect on Turnover Intention (Y2) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.000 < 0.050$ so that H-5 is accepted.

Meanwhile, to indirectly evidence the hypothesis between variables, it is known through Table 3 below:

Based on Table 2, can be concluded that:

Table 2. Direct Hypothesis

	Original Sample (O)	Sample Mean (M)	ST. DEV	T Statistic	P Value
WE (X1) → WL (Y1)	0.223	0.228	0.079	2.820	0.005
RP (X2) → WL (Y1)	0.835	0.837	0.023	36.549	0.000
WL (Y1) → TI (Y2)	0.144	0.144	0.050	2.883	0.004
WE (X1) → TI (Y2)	0.667	0.663	0.116	5.752	0.000
RP (X2) → TI (Y2)	0.693	0.691	0.137	5.072	0.000

Table 3. Indirect Hypothesis.

	Original Sample (O)	Sample Mean (M)	ST. DEV	T Statistic	P Value
WE (X1) → WL (Y1) → TI (Y2)	0.220	0.218	0.095	2.326	0.020
RP (X2) → WL (Y1) → TI (Y1)	0.462	0.461	0.131	3.539	0.000

1. Work Environment (X1) indirectly through Work Loyalty (Y1) has a positive and significant effect on Turnover Intention (Y2) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.020 < 0.050$ so that H-6 is accepted;
2. Reward Program (X2) indirectly through Work Loyalty (Y1) has a direct positive and significant effect on Turnover Intention (Y2) at PT. Metallic Bara Synergy, Jambi, this is indicated by a significance value of $0.000 < 0.050$ so that H-7 is accepted.

4 Conclusion

Based on the research above can be concluded that that all variables directly affect Turnover Intention or indirectly through Work Loyalty affect Turnover Intention.

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