

## Role of Work Environment, Compensation, and Job Satisfaction on Employee Retention in Cafe Kampoeng Seafood Jimbaran Bay

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**ABSTRACT :** Inadequate work environment, inadequate compensation and lack of job satisfaction can increase the desire of employees to leave the company. This research aims to determine the role of the work environment, compensation, and job satisfaction on employee retention at Cafe Kampoeng Seafood Jimbaran Bay. The number of samples used were 45 employees, using saturated sample method. Data collection was obtained from distributing questionnaires. Multiple linear regression was used. Work environment had a significant positive effect on employee retention, compensation had a significant positive effect on employee retention, and job satisfaction had significant positive effect on employee retention. The management of Cafe Kampoeng Seafood Jimbaran Bay should pay more attention to the work environment, facilities at work, and establish good relationships with employees in order to increasing employee retention that will had a positive impact on the company.

**KEYWORDS:** *Employee Retention, Compensation, Job Satisfaction*

### I. INTRODUCTION

Employee retention can improve the effectiveness and performance of the company because with high retention, it will cause turnover to be low, it can reduce the recruitment cost. High employee retention is needed in terms of improving employee performance. If employee retention is weak, then turnover will increase which is likely to negatively had an effect on company performance and effectiveness, high employee retention will affect the organization's performance in achieving an organization's goals and mission. (Putra & Rahyuda, 2016)

There are various factors that can affect the level of employee retention, one of which is the work environment, compensation, job satisfaction, employee performance, organizational commitment, motivation and career development. Work environment factors will affect the comfort of employees to survive in an organization. The work environment is a situation or something that is around employees that will affect employees in carrying out a task given by the organization. A good and comfortable work environment is needed by employees because with a good and comfortable work environment, the employee will be happy to work so that it will increase employee retention. The results of the interview of 8 employees working at Kampoeng Seafood Cafe showed that air circulation in the work environment was not as good as in a kitchen that lacked air ventilation, in addition to inadequate lighting conditions and safety at work also became a problem because it was close to coastline so that the potential for disasters such as tsunamis is very high.

The compensation factor also influences employee retention. Santoni & Suana (2018) stated that compensation is one of the company's organizational policies that influences employee morale. Good compensation can increase employee retention in a company. At present human needs are growing so that they require greater compensation, therefore companies must offer compensation plans that are flexible enough to allow adjustments to human needs (Bibiet *et al.*, 2017). If the employee's needs have been met through compensation, the employee retention rate will also decrease. Based on preliminary interviews of 8 employees who work at Kampoeng Seafood Cafe, the results show that there are still problems in providing compensation where the salary is not in accordance with the time aside from that employees also do not get health facilities and the company rarely gives bonuses to employees.

Job satisfaction is a pleasant or unpleasant emotional state of employees looking at their work. When employees have positive feelings about their work, there is a sense of staying longer in the company. The factor of job satisfaction is also an important highlight that must be met. An employee would want to have satisfaction in his work but sometimes his satisfaction cannot be fulfilled. When employees feel satisfaction at work, the employee will work to the fullest. Individuals who are satisfied with their work will have a high commitment to the company and the desire to leave the company will be lower (Iqbal *et al.*, 2014)

Based on the results of the initial interview of 8 employees who work at Kampoeng Seafood Cafe, it shows that employees are still not satisfied in their work where employees feel unsatisfied because the company does not provide career development and the work is not in accordance with their personalities as well as employees who enjoy working in cooking positions. placed in the position of the cashier so that causes employees are less satisfied with their work. This study aims to analyze which factors are able to increase employee retention at Cafe Kampoeng Seafood Jimbaran Bay.

## II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Putra & Rahyuda (2016), found that work environment positively affected employee retention. Pratiwi & Sriathi (2017) with research on the influence of work environment and career development on employee retention at the Hotel Santika Nusa Dua Bali proves that the work environment has a positive effect on employee retention of the Hotel Santika Nusa Dua Bali.

Astuti & Dewi (2019) found that non-physical work environment had a positive and significant effect on employee retention at Kumala Beach Hotel Legian. Bibiet *et al.* (2017) states that the work environment plays an important role in motivating and retaining employees where the environment moderates the relationship between job security and employee retention. Umamaheswari & Krishnan (2016) stated that the condition of workplace and supervisors' support as well as training and development affect the organizational commitment of employees.

H1: The work environment has a positive effect on employee retention

Suta & Ardana (2019), proved that compensation has a positive and significant effect on employee retention at PT. BPR Gianyar Partasedana. Putra & Utama (2018), obtained the results that compensation has a positive and significant effect on employee retention. Aditeresna & Mujiati (2018), also found that compensation had a positive and significant effect on employee retention at Kutabex Hotel. Dewi & Riana (2019) stated that compensation had a positive and significant effect on employee retention. Pradipta & Suwandana (2019) obtained the results that compensation had a positive and significant effect on employee retention. Putra & Rahyuda (2016), stated that compensation had a positive effect on Green Villas Hotel Tuban Bali employee retention. The hypothesis that can be submitted in this study, based on the results of previous studies is as follows.

H2: Compensation has a positive effect on employee retention

Study by Pradipta & Suwandana (2019) getting the results that job satisfaction has a positive and significant effect on employee retention. Motlou *et al.* (2016) in his study entitled an evaluation of the impact of job satisfaction on employee retention at Lonminrowland shaft northwest province obtained the results that job satisfaction has a positive and significant effect on employee retention. Aditeresna & Mujiati (2018), also found job satisfaction has a positive and significant effect on employee retention at Kutabex Hotel. The greater job satisfaction possessed by employees, the higher employee retention, it can be said that employees who have a sense of satisfaction with their work will have a higher intention to stay with the company. The hypothesis that can be submitted in this study, based on the results of previous studies is as follows.

H3: Job satisfaction has a positive effect on employee retention

## III. METHODS

This research uses causal quantitative design. The location of this study is on Jalan Pantai Kedonganan, Badung Regency, Bali 80361. The reason for choosing the research location because Cafe Kampoeng Seafood has a problem regarding employee retention. The object of this research is employee retention, work environment, compensation and job satisfaction at Café Kampoeng Seafood Jimbaran Bay. The independent variables in this study are the work environment (X1), compensation (X2), and job satisfaction (X3). The dependent variable in this study is employee retention (Y). Respondents used in this study are the total population of 45 respondents who are all employees of Cafe Kampoeng Seafood Jimbaran Bay. Data collected by distributing questionnaire and interview then analyzed using Multiple Linear Regression.

**Table 1. Instrument Validity**

No	Variable	Items	Correlation
1	Employee Retention (Y)	Y <sub>1.1</sub>	0,810
		Y <sub>1.2</sub>	0,725
		Y <sub>1.3</sub>	0,712
2	Work Environment (X1)	X <sub>1.1</sub>	0,690
		X <sub>1.2</sub>	0,774
		X <sub>1.3</sub>	0,770
		X <sub>1.4</sub>	0,724
		X <sub>1.5</sub>	0,815

		X <sub>1.6</sub>	0,559
		X <sub>1.7</sub>	0,770
3	Compensation (X2)	X <sub>2.1</sub>	0,821
		X <sub>2.2</sub>	0,540
		X <sub>2.3</sub>	0,786
		X <sub>2.4</sub>	0,737
		X <sub>2.5</sub>	0,746
4	Job Satisfaction (X3)	X <sub>3.1</sub>	0,780
		X <sub>3.2</sub>	0,770
		X <sub>3.3</sub>	0,737
		X <sub>3.4</sub>	0,834
		X <sub>3.5</sub>	0,836

Each item on the questionnaire scores more than 0.30. The results of the validity test produced the smallest correlation of 0.540 and the largest correlation was 0.836. Validity test shows that the questionnaire is feasible to be used in this study.

**Table 2. Reliability**

No.	Variable	Cronbach's Alpha
1	Employee Retention (Y)	0,840
2	Work Environment (X1)	0,846
3	Compensation (X2)	0,772
4	Job Satisfaction (X3)	0,849

Sumber : *Lampiran 4*

The reliability test results presented all variables meet the reliability requirements and can be used in this study.

#### IV. RESULTS AND DISCUSSION

The number of male employees were 25 people with a percentage of 55.5 percent, and female employees were 20 people with a percentage of 44.5 percent where male employees were more dominant because they were considered to have stronger power in heavy work. Most of the respondents aged between 21-30 years ( 20 people, 66.7 percent). While the lowest age group of respondents is 41-50 years old (5 people, 11.1 percent). Cafe Kampoeng Seafood prioritizes employees aged 21-30 years because they are considered productive and have good abilities in providing services.

The number of respondents based on their most recent education, 10 respondents finished junior high school with a percentage of 22.2 percent, 32 people with finished senior high school with a percentage of 71.1 percent and 3 people with a percentage of 6.7 percent finished vocational school. This shows that Cafe Kampoeng Seafood employees are dominated by people who finished high school due to the work factor itself and the salary factor. Most respondents have works for 1-5 years, as many as 35 people with a percentage of 77.8 percent, while the rest of respondents who have works for 5 years or more, amounting to 10 people with a percentage of 22.2

Respondents' answers to employee retention in Cafe Kampoeng Seafood in the criteria are very high with an average value of the employee retention variable which has a value of 4.55 which indicates that the employee retention variable is included in the very high criteria. This indicates that employees at Cafe Kampoeng Seafood have a strong sense of attachment to the company, prioritize work as the main source of learning, and employees have a sense of belonging to the company.

Respondents' answers to the work environment in Kampoeng Seafood Cafe were in good criteria. In detail, all indicators have an average value between 4.06 to 4.42, which means these indicators have been rated as good. Likewise, the average value of the work environment variable which has a value of 4.26, which indicates that the work environment variable is included in the criteria is very good. This indicates that the employees at Cafe Kampoeng Seafood already feel the lighting in the room is good, the air circulation in the room works well, the color arrangement in the room provides a good atmosphere, the work space is not noisy, the working environment is clean, the company has a working space freely, and the company provides a safe work environment.

Respondents' answers to compensation in Kampoeng Seafood Cafe in good criteria. All indicators have an average value between 4.17 to 4.48 which means that the indicators have been assessed as good. Likewise, the average value of the compensation variable which has a value of 4.31 which shows the compensation variable is included in the criteria very well. This indicates that employees at Cafe Kampoeng Seafood have received salary on time every month, get bonuses if they meet company targets, get holiday allowances every year, get health and family facilities, and get adequate facilities at work.

Respondents' answers to job satisfaction in Kampong Seafood Cafe in good criteria. All indicators had an average value between 4.33 to 4.51, which means these indicators had been rated as good. Likewise, the average value of the job satisfaction variable which has a value of 4.41, which indicates the variable job satisfaction is included in the criteria of very satisfied. This indicates that the employees at Cafe Kampong Seafood are satisfied with their work, satisfied with the salary received in accordance with responsibilities, satisfied with the support of superiors, satisfied with the opportunity to get a promotion, and satisfied with a good relationship between colleagues

After data transformation, the results of the statistical tests show that all variables are normally distributed. This can be seen from Asymp.Sig (2-tailed) above 0.05 which is 0.139. The results of the normality test with the regression model show that the residual value is normally distributed so it is said to be worth testing. The results of multicollinearity testing showed each variable has a VIF value below 10 and a tolerance value above 0.10 so that it can be collected that there are no symptoms of multicollinearity between the independent variables in the study. Heteroscedasticity test results show the significance value of each independent variable of 0.179, 0.665 and 0.761 more than 0.05 so that it can be concluded that the regression model in this study is free from heteroscedasticity

**Table 3. Results of Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.473	0.368		1.284	0.206
Work Environment	0.253	0.120	0.298	2.114	0.041
Compensation	0.372	0.177	0.367	2.099	0.042
Job Satisfaction	0.317	0.152	0.280	2.091	0.043
R Square					0.783
F Statistic					49.246
Significance					0.000

Based on the results in Table 3, the regression equation can be formulated as follows.

$$Y = 0,473 + 0,253 X_1 + 0,372 X_2 + 0,317 X_3 + e \dots\dots\dots (1)$$

From the linear regression equation above it can be explained that the work environment, compensation and job satisfaction had a positive effect on employee retention. A  $\beta_1$  value indicates that there is a positive relationship between work environment and employee retention of 0.253. The  $\beta_2$  value indicates that there is a positive relationship between compensation and employee retention of 0.372. A value of  $\beta_3$  indicates that there is a positive relationship between job satisfaction and employee retention of 0.317. The significance value of the F Test is 0,000 < 0.05. This means that the work environment, compensation, and job satisfaction variables influence together on employee retention variables at the 0.05 significance level.

**Table 4. Hypothesis Test Results (t Test)**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.473	0.368		1.284	0.206
Work Environment	0.253	0.120	0.298	2.114	0.041
Compensation	0.372	0.177	0.367	2.099	0.042
Job Satisfaction	0.317	0.152	0.280	2.091	0.043

The influence of work environment variables on employee retention was found Sig.t = 0.041 < significance level ( $\alpha$ ) = 0.05 then the first hypothesis (H1) was accepted. This shows that the work environment has a significant effect on employee retention at Cafe Kampong Seafood. The effect of compensation variable on employee retention was found Sig. t = 0.042 < significance level ( $\alpha$ ) = 0.05 then the second hypothesis (H2) is accepted. This shows that compensation has a significant effect on employee retention at Cafe Kampong Seafood. The effect of job satisfaction variables on employee retention was found Sig. t = 0.043 < significance level ( $\alpha$ ) = 0.05 then the third hypothesis (H3) is accepted. This shows that job satisfaction has a significant effect on employee retention at Cafe Kampong Seafood.

The influence of the work environment on employee retention obtained a Sig.t value of 0.041 with a beta coefficient of 0.253. These results indicate that the work environment has a significant positive effect on employee retention at Cafe Kampong Seafood. The work environment can affect employee retention when the lighting in the room is good, the air circulation in the work space is good, the color arrangement in the room is

good, the work space is not noisy, the working environment is clean, the work space is free, and there is security in the work environment. These results are also in accordance with the research of Putra & Rahyuda (2016), Pratiwi & Sriathi (2017), Astuti & Dewi (2019), Bibiet *et al.* (2017), Umamaheswari & Krishnan (2016). The better the work environment, the higher employee retention will be.

The effect of compensation on employee retention obtained a Sig.t value of 0.042 with a beta coefficient of 0.372. These results indicate that compensation has a significant positive effect on employee retention at Cafe Kampoeng Seafood. Compensation can affect employee retention when employees get paid on time every month, get bonuses if they meet company targets, get holiday benefits every year, get health and family facilities and get adequate facilities at work. These results are also in accordance with the results of the research of Suta & Ardana (2019), Putra & Utama (2018), Aditeresna & Mujiati (2018), Pradipta & Suwandana (2019), Putra & Rahyuda (2016), Dewi & Riana (2019). The more complete and timely the compensation is given, the higher the retention rate will be.

The effect of job satisfaction on employee retention obtained a Sig.t value of 0.043 with a beta coefficient of 0.317. These results indicate that job satisfaction has a positive and significant effect on employee retention at Kampoeng Seafood Cafe. Job satisfaction can affect employee retention when work and salary provide satisfaction for employees, the creation of a good relationship between superiors and employees, as well as a good relationship with fellow employees. These results are also consistent with the results of Pradipta & Suwandana (2019), Motlou *et al.* (2016), Aditeresna & Mujiati (2018). The higher the level of employee satisfaction, the higher the retention rate will be.

This research has theoretical and practical implications. Theoretically the results of this study show a significant positive effect on the work environment, compensation and work environment on employee retention. This research can also add empirical studies and strengthen previous research when companies want to increase employee retention. The practical implication obtained from this research is that Kampoeng Seafood Cafe can increase employee retention by paying attention to the work environment, compensation, and job satisfaction, but it can also be noted also other factors that influence employee retention such as motivation, organizational commitment, leadership and others.

The factors that influence employee retention in this study are only the work environment, compensation, and job satisfaction, but there are still many other factors that can influence such as employee performance, organizational commitment, motivation and others. The scope of this research is only on one research object, where it would be good for researchers to compare employee retention rates based on several research objects so as to give a broader picture of how important the retention rate for a company.

## V. CONCLUSION AND RECOMMENDATION

The Work Environment has a positive and significant effect on employee retention at Cafe Kampoeng Seafood. This shows that the better the work environment provided by the Kampoeng Seafood Cafe management, the employee retention will increase. Compensation has a positive and significant effect on employee retention at Kampoeng Seafood Cafe. This shows that the more appropriate compensation given by the management of Cafe Kampoeng Seafood, employee retention will increase. Job satisfaction has a positive and significant effect on employee retention at Cafe Kampoeng Seafood. This shows that the higher the level of employee satisfaction at work, the employee retention will also be higher.

The management of Cafe Kampoeng Seafood should pay more attention to noise levels and the cleanliness of the workspace where to facilitate communication can use HT as a communication aid. A good work environment will had an impact on decreasing the level of employee desire to leave so that it will increase employee retention. The management of Cafe Kampoeng Seafood should pay more attention to the work facilities provided to employees where the company can provide good equipment to work such as sharp knives and provide masks and hats for employees in the cooking section. With adequate facilities will facilitate and accelerate employee performance so that employees will be easier to work. The management of Cafe Kampoeng Seafood should improve communication with employees because good communication between management and employees will provide job satisfaction for employees which will had an impact on employee retention.

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