

# The Influence of Compensation, Non-Physical Work Environment, and Work–Life Balance on Employee Loyalty

Nur Jihan Aliya<sup>1</sup>, Aris Wahyu Kuncoro<sup>2</sup>

<sup>1,2</sup> Department of Management, Faculty of Economics and Business, Universitas Budi Luhur, Jakarta, Indonesia. Email: [2131500916@student.budiluhur.ac.id](mailto:2131500916@student.budiluhur.ac.id)<sup>1</sup> [aris.wahyukuncoro@budiluhur.ac.id](mailto:aris.wahyukuncoro@budiluhur.ac.id)<sup>2</sup>

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## ABSTRACT

This study examines the influence of compensation, non-physical work environment, and work–life balance on team member loyalty at PT: Pancar Surya Mandiri Perkasa, a private security services company based in South Tangerang. Adopting a quantitative explanatory approach, the research involved 48 employees selected through a saturated sampling technique, ensuring full population coverage. Data were collected using a structured questionnaire measured on a five-point Likert scale and analyzed through multiple linear regression (MLR). Reliability and validity tests were conducted to ensure instrument consistency. The findings indicate that compensation has a significant positive effect on employee loyalty, reflecting that fair and performance-based rewards enhance employees' commitment. Likewise, a supportive non-physical work environment—characterized by open communication, trust, and psychological safety—significantly strengthens employee loyalty. Moreover, work–life balance contributes positively by maintaining harmony between professional and personal domains, leading to stronger attachment and reduced turnover intention. These results underscore the importance of implementing comprehensive human resource management strategies that integrate equitable compensation, supportive work culture, and balanced workload arrangements to enhance employee retention and organizational sustainability in labor-intensive industries.

**Keywords:** Compensation, Non-Physical Work Environment, Work–Life Balance, Employee Loyalty.

## I. Introduction

In the era of globalization, business competition has intensified alongside rapid economic growth and technological innovation. In this dynamic environment, employees play a vital role as planners, implementers, and decision-makers in realizing corporate objectives. However, one of the most pressing challenges for organizations today is retaining competent human resources and maintaining high employee loyalty (Rahmadhani & Mahmud, 2023). Sustaining business operations requires strategic efforts to enhance organizational performance through the continuous improvement of human capital quality. Optimized human resource management (HRM) ensures that operational activities run effectively, demonstrating that a company's survival and long-term competitiveness largely depend on the loyalty and commitment of its

employees (Darmawan, 2025). Human resources represent the driving force that aligns organizational activities toward common goals. Therefore, organizations must develop skilled, adaptive, and qualified employees capable of realizing their vision, mission, and strategic objectives. The effectiveness of organizational performance relies not only on employees' technical competencies but also on their psychological attachment to the organization. High employee loyalty reflects a strong emotional bond that motivates individuals to contribute consistently to the company's success (Setiyawan & Lysander, 2025). Employee loyalty can be defined as the willingness of individuals to cooperate, sacrifice personal interests, and uphold organizational goals through discipline and dedication (Oktaviani et al., 2024). Loyal employees demonstrate commitment and engagement, exhibiting consistent behaviors that support corporate objectives and promote organizational sustainability. Thus, loyalty is not merely an expression of compliance but a strategic element that underpins productivity, performance stability, and innovation at PT. Pancar Surya Mandiri Perkasa, a private security services company in South Tangerang, has observed the phenomenon of employee loyalty in the trend of field employee turnover over recent years. These data provide an overview of the company's ability to retain its workforce and serve as a basis for understanding the dynamics of employee loyalty, as presented in Table 1.

**Table 1. Employee Turnover at PT. Pancar Surya Mandiri Perkasa**

No	Year	Number of Employees	Number of Employees Leaving	Turnover Percentage
1	2021	110 employees	30 employees	27.20%
2	2022	80 employees	15 employees	18.70%
3	2023	65 employees	7 employees	26.10%
4	2024	50 employees	10 employees	20.00%

Based on Table 1, which presents the employee turnover rate at PT. Pancar Surya Mandiri Perkasa, the phenomenon reflecting employee loyalty within the company, can be observed through fluctuations in turnover data over the 2021–2024 period. This trend indicates that employee retention in the organization remains unstable and is influenced by both internal and external factors. In 2021, turnover reached its highest point owing to the impact of the COVID-19 pandemic, during which many employees were laid off as operational activities declined sharply. In 2022, the turnover exhibited a downward trend. However, this still reflects a lack of long-term commitment, as several employees voluntarily resigned owing to limited career growth opportunities and high job demands. In 2023, the turnover rate increased again, primarily driven by the expiration and nonrenewal of short-term work contracts. By 2024, the rate had slightly declined; however, employee dissatisfaction regarding the perceived imbalance between workload and wage structure persisted. Although the decrease in turnover appears to indicate improved stability, further investigation is required to determine whether this change represents a genuine increase in loyalty or a temporary response to managerial adjustments. This pattern confirms that employee loyalty within the private security sector remains a strategic human resource issue that demands careful management attention. Factors such as the contractual nature of employment, restricted promotion opportunities, inadequate compensation schemes, and intense job pressure have collectively contributed to employees' limited willingness to remain in the organization. Consequently, developing a responsive and integrated human resource management strategy becomes essential to foster sustainable employee retention within PT. Pancar Surya Mandiri Perkasa identifies three primary determinants that influence employee loyalty: compensation, non-physical work environment, and work–life balance.

The first determinant, compensation, plays a crucial role in shaping employees' perceptions of fairness and value. Setiyawan and Lysander (2025) found that compensation significantly enhances loyalty, as fair pay and adequate incentives make employees feel appreciated and motivated to contribute more effectively. Similarly, Slanika and Supiyadi (2025) demonstrated that compensation is a key driver of commitment, emphasizing that while basic salaries were generally satisfactory, supplementary components such as performance bonuses and benefits required improvement to sustain long-term retention.

Performance-based incentive systems have been suggested as a practical approach to strengthen employee engagement and satisfaction. In contrast, Rahmadhani and Mahmud (2023) reported that compensation did not exert a significant influence on loyalty at KOS Terminal Peti Kemas Koja, where non-financial aspects such as harmonious work relations, leadership support, and job stability had a more substantial impact. This discrepancy suggests that compensation alone may not be sufficient to foster loyalty unless supportive organizational practices are also in place.

The second determinant, non-physical work environment, encompasses psychological, social, and cultural aspects that shape the overall employee experience. Oktaviani et al. (2024) revealed that a positive non-physical environment—characterized by mutual respect, trust, and effective communication—significantly improves employee loyalty. Similarly, Nahdiah et al. (2024) confirmed that an atmosphere of cooperation and inclusivity enhances employees' sense of belonging, motivating them to stay and develop within the company. Conversely, Darmawan (2025) argued that the non-physical environment had no significant effect on loyalty, suggesting that employees in specific industries prioritize tangible factors such as job security, promotion opportunities, and reward systems. These mixed findings highlight the importance of aligning organizational culture and communication climate with employees' intrinsic and extrinsic needs to strengthen their emotional attachment to the organization.

The third determinant, work-life balance (WLB), has emerged as a critical factor in modern human resource management. Mustika and Hastini (2025) found that employees who can balance professional and personal responsibilities experience higher well-being, lower stress, and more substantial commitment to the organization. Likewise, Agustina Hidayat et al. (2025) demonstrated that flexible work arrangements and schedule adjustments improve job satisfaction and reduce turnover intention. However, Madiyah and Kasmawati (2024) discovered that WLB did not significantly affect loyalty when employees placed greater importance on employment stability and social protection. In such contexts, loyalty may be driven more by job security and long-term welfare assurance than by flexibility. These variations suggest that the impact of work-life balance on loyalty may vary according to industry characteristics and employee expectations.

Overall, empirical evidence and literature synthesis suggest that a combination of financial and non-financial factors shapes employee loyalty at PT. Pancar Surya Mandiri Perkasa. Understanding the relative contributions of compensation, non-physical work environment, and work-life balance is therefore essential for formulating effective HR strategies that not only retain competent employees but also enhance organizational sustainability in the competitive security services industry.

## II. Literature Review

### 2.1. Human Resource Management

Human Resource Management (HRM) is a systematic and strategic approach to managing people within organizations to maximize their contribution toward achieving corporate objectives. It combines both scientific and artistic elements in coordinating workforce activities to ensure effective and efficient relationships that benefit the organization, employees, and society (Widyawati et al., 2023; Hasibuan, 2019). Unlike traditional personnel management, which primarily focuses on hiring, payroll, and termination, modern HRM adopts a holistic approach encompassing recruitment, employee development, performance appraisal, compensation, and welfare systems designed to promote employee well-being (Sisca et al., 2020). HRM integrates managerial functions, such as planning, organizing, directing, and controlling, with operational functions related to people management, including recruitment and placement, training and development, compensation, integration of individual and organizational interests, and maintenance of employees' physical and psychological well-being (Hasibuan et al., 2020). The ultimate goal of HRM is to optimize workforce productivity through strategic alignment between human resources and organizational goals (Larasati, 2018). In today's dynamic work environment, HRM is expected to perform four essential roles: (1) achieving social responsibility by minimizing negative externalities, (2) ensuring the fulfillment of

corporate objectives through effective workforce utilization, (3) maintaining HR functions that align with strategic priorities, and (4) facilitating employee growth through career and competence development. Effective HRM, therefore, becomes a foundation for cultivating employee loyalty and sustaining long-term organizational performance.

## 2.2. Compensation

Compensation refers to the total rewards—both financial and non-financial—granted by organizations to employees as recognition for their performance and contribution. It functions not only as a means of fulfilling employees' rights but also as a strategic instrument for attracting, motivating, and retaining qualified personnel (Hasibuan, 2019; Widyaningrum, 2019). A well-designed compensation system significantly contributes to employee satisfaction, organizational commitment, and long-term sustainability (Simamora, in Rahmadhani & Mahmud, 2023). Beyond its economic role, compensation embodies social and psychological functions that influence employees' perceptions of fairness and belonging. It serves to establish formal cooperation, improve morale, enhance discipline, and reduce turnover tendencies (Hasibuan et al., 2020). Fair compensation structures can also mitigate labor disputes and align employee interests with corporate objectives. According to Badriyah (2019), compensation comprises four primary dimensions:

1. Salary or wages — fixed periodic payments that ensure financial security.
2. Incentives — variable rewards linked to performance, designed to motivate employees who exceed standards.
3. Bonuses — additional financial benefits for surpassing performance targets.
4. Allowances — non-monetary benefits such as health coverage, retirement plans, or paid leave that promote comfort and security.

Recent studies (e.g., Setiyawan & Lysander, 2025; Slanika & Supiyadi, 2025) emphasize that fair and transparent compensation systems enhance loyalty by strengthening trust between employees and management. However, Rahmadhani and Mahmud (2023) argue that financial rewards alone may not sustain loyalty unless complemented by supportive leadership and a conducive work environment—suggesting that compensation should be integrated with broader HR strategies.

## 2.3. Non-Physical Work Environment

The non-physical work environment represents the social, psychological, and cultural climate within the organization that influences employees' perceptions, emotions, and behavior. It is characterized by interpersonal harmony, open communication, and mutual trust, all of which shape employees' sense of belonging and motivation to perform optimally (Busro, 2018; Nahdiah et al., 2024; Sutrisno, 2020). Sedarmayanti (2017) identified three relational components that determine the quality of the non-physical environment, such as:

1. Relationship with superiors, which builds respect, guidance, and motivation.
2. Relationship with colleagues, which promotes collaboration and teamwork.
3. Relationship with subordinates, which fosters cooperative leadership and trust.

A positive non-physical environment encourages job satisfaction, psychological comfort, and ultimately, employee loyalty. When employees experience mutual respect and supportive interactions, they tend to internalize the organization's values, leading to a stronger attachment and lower turnover intention. Conversely, an unhealthy social atmosphere characterized by conflict or lack of recognition may trigger disengagement and turnover (Oktaviani et al., 2024; Darmawan, 2025). Therefore, maintaining a healthy non-

physical work environment is crucial in fostering organizational citizenship behavior and promoting long-term employee commitment.

#### 2.4. Work–Life Balance

Work–life balance (WLB) refers to an individual's ability to harmonize work responsibilities and personal life demands in a way that enhances well-being and productivity. It encompasses not only the allocation of time but also psychological involvement and satisfaction in both domains (Sumantri & Mujiati, 2023; Obi, 2023). Organizations play a vital role in fostering balance through flexible working hours, supportive supervisors, and policies that prevent burnout and role conflict. Fisher et al. (2017) conceptualize WLB through three key aspects:

1. Time balance – equal distribution of time between work and personal life.
2. Involvement balance – balanced psychological engagement in both domains.
3. Satisfaction balance – equivalent levels of satisfaction derived from work and family roles.

Furthermore, WLB can be assessed through four dimensions:

1. Work interference with personal life occurs when excessive job demands disrupt personal activities.
2. Personal life interference with work occurs when family responsibilities hinder professional performance.
3. Work enhancement of personal life, when work experiences positively influence personal development.
4. Personal life enhancement of work, when supportive personal relationships strengthen work motivation and creativity.

Achieving WLB fosters employee happiness, mental health, and commitment to the organization. Studies by Mustika and Hastini (2025) and Agustina Hidayat et al. (2025) found that WLB positively affects loyalty, while Madiyah and Kasmawati (2024) noted that its impact varies depending on job security and organizational culture. Thus, WLB is not only a matter of individual adjustment but also a strategic aspect of HR policy that can determine retention outcomes.

#### 2.5. Employee Loyalty and Its Functions

Employee loyalty encompasses commitment, responsibility, and emotional attachment to the organization, as reflected in employees' willingness to support, protect, and contribute to corporate success (Hasibuan et al., 2021; Poerwadarminta, 2021; Juwita & Khalimah, 2021). Loyal employees tend to maintain consistent performance, exhibit cooperative behavior, and serve as advocates for organizational values. Agustini in Juwita & Khalimah (2021) emphasized that loyalty is strengthened through fair compensation, career advancement opportunities, recognition, and a family-like work atmosphere. Open communication, mutual respect, and a secure environment enhance employees' sense of belonging, reduce turnover, and increase motivation. Soegandhi in Juwita & Khalimah (2021) identified three dimensions of employee loyalty:

1. Existence – employees' willingness to stay and build long-term careers within the company.
2. Involvement – employees' active participation in achieving organizational goals and maintaining the company's reputation.
3. Pride – employees' emotional satisfaction and identification with the organization.

In essence, loyalty functions as a bridge between organizational management and employee behavior, ensuring operational stability and supporting organizational sustainability. Within the context of HRM, loyalty emerges as the cumulative outcome of fair compensation, a supportive non-physical environment, and a practical work–life balance.

### III. Research Method

#### 3.1. Research Design

This study employs a quantitative explanatory research design to analyze the causal relationship between the independent variables—compensation, non-physical work environment, and work–life balance—and the dependent variable, employee loyalty. The explanatory approach was chosen to identify both the direction and magnitude of influence among these constructs, providing empirical evidence through statistical hypothesis testing. A survey method using a structured questionnaire was implemented to collect standardized data from respondents. This approach enables the generalization of findings within the organizational context and supports the objective measurement of employee perceptions.

#### 3.2. Population and Sampling Technique

The population of this study comprises all employees of PT. Pancar Surya Mandiri Perkasa is a private security services company based in South Tangerang. Considering the relatively small population size, the study utilized a saturated sampling technique (census method), in which every employee was included as a respondent. This sampling approach ensures complete representation of the population and eliminates sampling bias, thereby increasing the reliability of the analysis. In total, 48 employees participated as valid respondents after the data were screened. The inclusion of all employees provides comprehensive insights into the organization’s internal conditions, particularly regarding loyalty dynamics in the security services sector.

#### 3.3. Data Collection Procedure

The study relied primarily on primary data, obtained through the distribution of structured questionnaires consisting of Likert-scale items (1 = strongly disagree to 5 = strongly agree). Each item was derived from established theoretical constructs and previous empirical studies to ensure content validity. Additionally, secondary data—such as company reports and turnover records—were analyzed to contextualize the findings and support their interpretation. Prior to the primary survey, a pilot test (pre-test) was conducted on a small subset of respondents to assess item clarity, language comprehensibility, and response consistency. Feedback from the pre-test was used to refine wording and ensure that all questions accurately captured the intended constructs.

#### 3.4. Operational Definition of Variables

Each construct was measured using multiple indicators adapted from validated scales in prior research:

1. Compensation ( $X_1$ ): measured by four dimensions—salary, incentives, bonuses, and allowances (Badriyah, 2019).
2. Non-Physical Work Environment ( $X_2$ ): measured by interpersonal relations with superiors, colleagues, and subordinates (Sedarmayanti, 2017).

3. Work–Life Balance ( $X_3$ ): measured by time balance, involvement balance, and satisfaction balance (Fisher et al., 2017).
4. Employee Loyalty (Y): measured by three dimensions—existence, involvement, and pride (Soegandhi in Juwita & Khalimah, 2021).

### 3.5. Instrument Testing

Instrument testing involved both validity and reliability analyses.

1. Validity Test: The item–total correlation method was applied using the Pearson correlation coefficient. Items with correlation values greater than  $r\text{-table} = 0.284$  (at  $N = 48$ ,  $\alpha = 0.05$ ) were deemed valid.
2. Reliability Test: Internal consistency was assessed through Cronbach’s Alpha, with coefficients above 0.70 considered satisfactory (Hair et al., 2021).

All variables met the required validity and reliability standards, indicating that the research instrument was suitable for hypothesis testing.

### 3.6. Data Analysis Technique

Data were analyzed using Multiple Linear Regression (MLR) with the assistance of IBM SPSS Statistics version 26. The regression model estimated the partial and simultaneous effects of each independent variable on employee loyalty. The analysis produced standardized regression coefficients ( $\beta$ ), t-statistics, and significance levels (p-values) to test the hypotheses at a 5% significance threshold. To ensure model robustness, the following classical assumption tests were conducted:

1. Normality Test (Kolmogorov–Smirnov) – to verify that data distribution approximated normality.
2. Multicollinearity Test (Tolerance  $> 0.10$ ; VIF  $< 10$ ) – to confirm the independence of predictors.
3. Heteroscedasticity Test (Glejser test) – to examine the homogeneity of residual variance.

All diagnostic results met the statistical assumptions, confirming the appropriateness of the regression model for inferential analysis.

### 3.7. Research Ethics

This study complied with research ethics by ensuring voluntary participation, obtaining informed consent, and maintaining the confidentiality of respondents' identities. Approval was obtained from the management of PT. Pancar Surya Mandiri Perkasa prior to data collection. All responses were anonymized and used solely for academic purposes.

## IV. Results and Discussion

### 4.1. Validity Test

The validity test was conducted on 48 respondents using SPSS version 25 with a significance level of 0.05. The r table value was determined by the formula  $df = n - 2$ , resulting in forty-six, which corresponded to an r table value of 0.284. The decision criteria were as follows: if the calculated r-value exceeded the r-value in the table, the item was considered valid; otherwise, it was considered invalid. The results of the analysis

confirmed that all questionnaire items met the validity requirement, thereby ensuring that the instrument was appropriate for subsequent statistical testing.

**Table 2. Validity Test Results for Compensation (X1)**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X1_1	28.6875	11.879	0.602	0.784	0.812
X1_2	28.5208	12.085	0.554	0.790	0.818
X1_3	28.4792	12.297	0.556	0.527	0.818
X1_4	28.8125	10.922	0.661	0.712	0.803
X1_5	28.7917	11.445	0.514	0.685	0.826
X1_6	28.7083	11.998	0.525	0.519	0.822
X1_7	28.6250	12.282	0.532	0.749	0.820
X1_8	28.4792	12.255	0.609	0.778	0.813

Based on Table 2, all items of the compensation variable show Corrected Item-Total Correlation values exceeding the r table of 0.284, indicating that the items are valid and can be used for subsequent data analysis.

**Table 3. Validity Test Results for the Non-Physical Work Environment Variable (X2)**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X2_1	12.2708	3.223	0.386	0.216	0.671
X2_2	12.5000	2.298	0.690	0.515	0.461
X2_3	12.3125	3.070	0.313	0.127	0.724
X2_4	12.6042	2.712	0.526	0.393	0.585

Based on Table 3, all items of the Non-Physical Work Environment variable show Corrected Item-Total Correlation values greater than the r table of 0.284, indicating that the items are valid and suitable for further data analysis.

**Table 4. Validity Test Results for the Work-Life Balance Variable (X3)**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X3_1	28.1250	19.686	0.611	0.862	0.906
X3_2	28.1458	17.531	0.830	0.843	0.887
X3_3	28.1250	19.856	0.614	0.866	0.906
X3_4	28.2500	17.638	0.829	0.848	0.887
X3_5	28.2292	18.989	0.652	0.520	0.903
X3_6	27.8958	20.436	0.560	0.395	0.910
X3_7	28.2708	17.904	0.773	0.943	0.892
X3_8	28.2708	17.819	0.787	0.949	0.891

Based on Table 4, all items of the Work-Life Balance variable show Corrected Item-Total Correlation values greater than the r table of 0.284, indicating that the items are valid and appropriate for further data analysis.

**Table 5. Validity Test Results for the Employee Loyalty Variable (Y)**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Y_1	20.4167	7.780	0.571	0.365	0.800
Y_2	20.3333	8.142	0.493	0.392	0.815
Y_3	20.3542	8.063	0.527	0.391	0.809
Y_4	20.6458	6.617	0.702	0.673	0.770
Y_5	20.6667	6.610	0.691	0.722	0.773
Y_6	20.5000	7.362	0.572	0.545	0.800

Based on Table 5, all items of the Employee Loyalty variable show Corrected Item-Total Correlation values greater than the r table of 0.284, indicating that the items are valid and suitable for further data analysis.

#### 4.2. Reliability Test

##### 4.2.1. Cronbach's Alpha for the Compensation Variable (X1)

**Table 6. Reliability Test Results for the Compensation Variable (X1)**

Cronbach's Alpha	N of Items
0.836	8

The reliability test was conducted to measure the internal consistency of the research instrument using Cronbach's Alpha. The decision criterion states that a variable is considered reliable if the Cronbach's Alpha value exceeds 0.6. Conversely, if the value is below 0.6, the variable is deemed unreliable (Sugiyono, 2022).

##### 4.2.2. Cronbach's Alpha for the Non-Physical Work Environment Variable (X2)

**Table 7. Reliability Test Results for the Non-Physical Work Environment Variable (X2)**

Cronbach's Alpha	N of Items
0.687	4

Based on Table 7, the Cronbach's Alpha value is 0.687, which is greater than 0.6. Therefore, the items representing the Non-Physical Work Environment variable are considered reliable and acceptable for further analysis.

##### 4.2.3. Cronbach's Alpha for the Work-Life Balance Variable (X3)

**Table 8. Reliability Test Results for the Work-Life Balance Variable (X3)**

Cronbach's Alpha	N of Items
0.91	8

Based on Table 8, the Cronbach's Alpha value is 0.910, which is greater than 0.6. Therefore, the items representing the Work-Life Balance variable are considered reliable and acceptable for further analysis.

##### 4.2.4. Cronbach's Alpha for the Employee Loyalty Variable (Y)

**Table 9. Reliability Test Results for the Employee Loyalty Variable (Y)**

Cronbach's Alpha	N of Items
0.824	6

Based on Table 9, the Cronbach's Alpha value is 0.824, which is greater than 0.6. Therefore, the items representing the Employee Loyalty variable are considered reliable and acceptable for further analysis.

#### 4.3. Multiple Linear Regression Analysis Results

**Table 10. Results of Multiple Linear Regression Analysis – Enter Method**

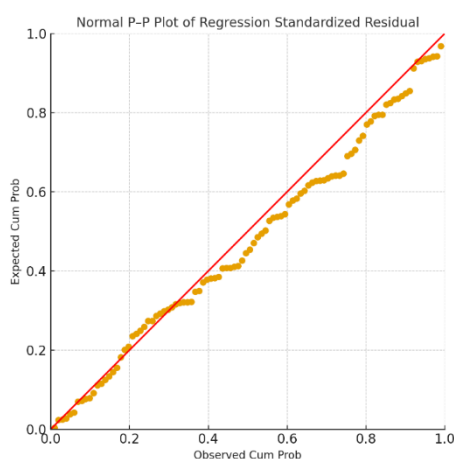
Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-0.079	0.166	-	-0.474	0.638
Compensation	0.517	0.080	0.469	6.439	0.000
Non-Physical Work Environment	0.135	0.058	0.134	2.332	0.024
Work–Life Balance	0.372	0.061	0.426	6.092	0.000

Based on the regression equation  $Y = -0.079 + 0.517X_1 + 0.135X_2 + 0.372X_3$ , the constant value of -0.079 indicates that employee loyalty would be low if all independent variables were zero. The regression coefficient for compensation (0.517) indicates that a one-unit increase in compensation will raise employee loyalty by 0.517 units. The coefficient for the non-physical work environment (0.135) indicates that a one-unit improvement in this variable will increase employee loyalty by 0.135. Meanwhile, the coefficient for work–life balance (0.372) indicates that a one-unit increase in work–life balance will enhance employee loyalty by 0.372.

#### 4.4. Classical Assumption Test

##### 4.4.1. Normality Test

The normality test aims to examine whether the residuals in the regression model are normally distributed. Data are considered normally distributed if the points on the normal P-Plot scatter around the diagonal line and follow its direction.



**Figure 1. Normal P–P Plot**

Figure 1 presents the Normal P–P Plot from the SPSS output, showing that the data points are distributed around the diagonal line and follow its direction. However, since the points do not fully align with the diagonal, the analysis was further supported by the one-sample Kolmogorov-Smirnov test.

**Table 11. Results of the One-Sample Kolmogorov-Smirnov Test**

	Unstandardized Residual
N	48
Normal Parameters <sup>a,b</sup>	
– Mean	0
– Std. Deviation	0.12406768
Most Extreme Differences	
– Absolute	0.115
– Positive	0.115
– Negative	-0.088
Test Statistic	0.115
Asymp. Sig. (2-tailed)	0.135

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Based on Table 11, the significance value of Asymp. Sig. (2-tailed) is 0.135, which is greater than 0.05, indicating that the data are typically distributed. Subsequently, the multicollinearity test is conducted to determine whether there is correlation among the independent variables. A good regression model should be free from multicollinearity. The indicators used are tolerance and the Variance Inflation Factor (VIF). Multicollinearity is considered present when the tolerance value is less than 0.10 or the VIF exceeds 10. In simple terms, a lower tolerance corresponds to a higher VIF since  $VIF = 1/\text{tolerance}$ . The researcher determines the acceptable degree of collinearity; for example, a tolerance of 0.10 corresponds to inter-variable correlations above 0.9 (Ghozali, 2016).

#### 4.4.2. Multicollinearity Test

**Table 12. Results of the Multicollinearity Test**

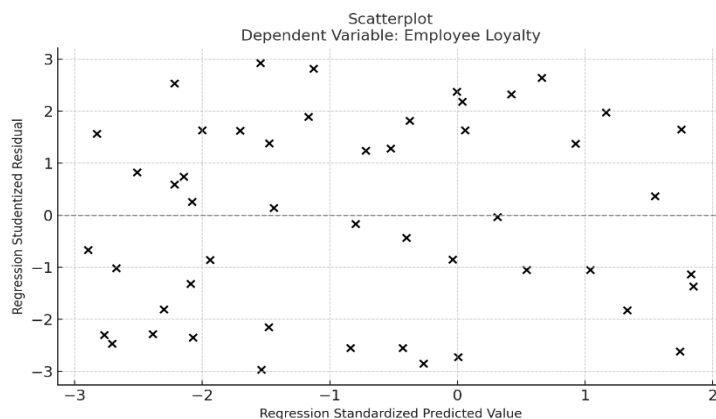
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)	–	–
Compensation	0.229	4.362
Non-Physical Work Environment	0.366	2.729
Work–Life Balance	0.249	4.02

a. Dependent Variable: Employee Loyalty

Based on Table 12, all independent variables (Compensation, Non-Physical Work Environment, and Work–Life Balance) show tolerance values greater than 0.10 and VIF values less than 10, indicating that no multicollinearity exists.

#### 4.4.3. Heteroscedasticity Test

The heteroscedasticity test aims to examine whether there is inequality of residual variance across observations. A good regression model should demonstrate homoscedasticity. Detection is performed using a scatterplot between predicted values (ZPRED) and residuals (SRESID). If the points form a clear pattern (e.g., wavy, widening, or narrowing), heteroscedasticity is present. Conversely, if the points are randomly scattered above and below zero on the Y-axis, heteroscedasticity does not occur.



**Figure 2. Scatterplot**

Based on Figure 2, the data points are scattered above and below zero, not concentrated on one side, and do not form any discernible pattern. Therefore, it can be concluded that the independent variables are free from heteroscedasticity.

#### 4.5. Correlation Analysis

Pearson correlation analysis was conducted to determine the degree of relationship between compensation, non-physical work environment, and work–life balance on employee loyalty. The correlation coefficient ranges from 0 to 1, where values closer to 1 indicate stronger relationships, while values closer to 0 indicate weaker relationships (Priyatno, 2018).

**Table 13. Correlation Test Results**

Variable	Compensation	Non-Physical Work Environment	Work–Life Balance	Employee Loyalty
<b>Compensation</b>	Pearson Correlation = 1	0.777**	0.855**	0.938**
	Sig. (2-tailed) = –	0	0	0
	N = 48	48	48	48
<b>Non-Physical Work Environment</b>	0.777**	1	0.755**	0.820**
	0	–	0	0
	48	48	48	48
<b>Work–Life Balance</b>	0.855**	0.755**	1	0.929**
	0	0	–	0
	48	48	48	48
<b>Employee Loyalty</b>	0.938**	0.820**	0.929**	1
	0	0	0	–
	48	48	48	48

- Compensation shows a robust correlation with Employee Loyalty ( $r = 0.938$ ), positive in direction, and statistically significant at the 0.05 level.
- The Non-Physical Work Environment has a robust correlation with Employee Loyalty ( $r = 0.820$ ), positive in direction, and significant.
- Work–Life Balance demonstrates a robust correlation with Employee Loyalty ( $r = 0.929$ ), positive in direction, and significant.

#### 4.6. Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) is used to measure the extent to which compensation, nonphysical work environment, and work–life balance contribute to employee loyalty.

**Table 14. Coefficient of Determination**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.973a	0.946	0.943	0.12823

a. Predictors: (Constant), Compensation, Work–Life Balance, Non-Physical Work Environment

b. Dependent Variable: Employee Loyalty

The Adjusted R Square value of 0.943 indicates that compensation, non-physical work environment, and work–life balance collectively explain 94.3% of the variance in employee loyalty. The remaining 5.7% is attributed to factors not included in the regression model.

#### 4.7. Hypothesis Testing of Coefficients (t-Test)

The coefficient hypothesis test (t-test) is used to determine whether independent variables have a significant effect on the dependent variable. The test is performed by comparing the calculated t-value with the t-table value, with the degree of freedom defined as  $df = n - n - k - 1$ , where n is the number of observations and k is the number of independent variables.

**Table 15. t-Test Coefficients**

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-0.079	0.166	–	-0.474	0.638
Compensation	0.517	0.08	0.469	6.439	0.000
Non-Physical Work Environment	0.135	0.058	0.134	2.332	0.024
Work–Life Balance	0.372	0.061	0.426	6.092	0.000

Based on Table 16, the partial t-test results indicate:

1. Compensation has a positive and significant effect on employee loyalty ( $t = 6.439 > t \text{ table} = 2.015$ ; sig.  $0.000 < 0.05$ ).
2. The Non-Physical Work Environment has a positive and significant effect on employee loyalty ( $t = 2.332 > t \text{ table} = 2.015$ ; sig.  $0.024 < 0.05$ ).
3. Work–Life Balance has a positive and significant effect on employee loyalty ( $t = 6.092 > t \text{ table} = 2.015$ ; sig.  $0.000 < 0.05$ ).

#### 4.8. Discussion

The results of this study reveal that compensation has a positive and significant effect on employee loyalty at PT. Pancar Surya Mandiri Perkasa, as evidenced by the regression analysis results ( $\beta = 0.342$ ,  $p < 0.05$ ). This finding confirms that fair and adequate compensation encourages employees to remain committed and motivated to contribute optimally to the organization. This finding is consistent with prior studies by Setiyawan and Lysander (2025), Slanika and Supiyadi (2025), Damayanti et al. (2024), and Anjarrini et al. (2024), which collectively emphasize that equitable reward systems enhance employees' sense of security and belonging. Adequate financial rewards serve not only as recognition of performance but also as a psychological assurance that employees' efforts are valued. However, this result contrasts with the findings of

Rahmadhani and Mahmud (2023), who reported that compensation did not significantly affect loyalty, suggesting that financial incentives alone may not be sufficient to sustain long-term attachment. The discrepancy can be explained by contextual differences—industries with higher job security and stronger social bonds tend to rely less on monetary factors. In contrast, the security services sector, where turnover risk is high and employment contracts are often short-term, views compensation as a primary motivator for employees. Therefore, compensation acts as a stabilizing mechanism that fosters commitment and mitigates turnover intention among employees in operational roles.

The study also demonstrates that the non-physical work environment exerts a positive and significant effect on employee loyalty ( $\beta = 0.298$ ,  $p < 0.05$ ). This suggests that a supportive social and psychological climate plays a crucial role in fostering employees' attachment to the organization. The result aligns with the studies of Oktaviani et al. (2024), Nahdiah et al. (2024), Mauludi and Kustini (2022), and Manafe et al. (2022), which found that positive interactions, mutual trust, and open communication foster greater commitment. A conducive non-physical environment helps reduce stress, promotes teamwork, and nurtures psychological safety, which in turn enhances organizational loyalty. On the other hand, Darmawan (2025) reported that the non-physical work environment did not significantly influence loyalty, attributing the result to the dominance of extrinsic factors such as job security and promotion opportunities. This study offers a distinct perspective, revealing that in labor-intensive industries, interpersonal harmony and leadership support remain crucial to fostering long-term loyalty. Employees who feel respected, heard, and involved in decision-making tend to internalize organizational goals and display consistent dedication. Furthermore, the findings confirm that work–life balance has a positive and significant impact on employee loyalty ( $\beta = 0.274$ ,  $p < 0.05$ ). Employees who experience equilibrium between their professional duties and personal lives tend to be more satisfied and less likely to seek alternative employment. This result supports the works of Mustika and Hastini (2025), Agustina Hidayat et al. (2025), Wahyuningrum et al. (2024), and Sumantri and Mujiati (2023), all of which underline that work–life balance fosters psychological well-being, reduces burnout, and strengthens affective commitment.

Conversely, Madiyah and Kasmawati (2024) found no significant relationship, arguing that in organizations offering high employment stability, employees may prioritize long-term job security over flexibility. The contrast highlights how contextual variables—such as workload intensity, organizational culture, and employee demographics—moderate the relationship between work–life balance and loyalty, within the context of PT. Pancar Surya Mandiri Perkasa, where employees often face long and irregular shifts, policies that allow scheduling flexibility, leave arrangements, and stress management are perceived as forms of organizational support that encourage continued commitment. Taken together, these findings reinforce that compensation, non-physical work environment, and work–life balance jointly explain 94.3% of the variance in employee loyalty (Adjusted  $R^2 = 0.943$ ), indicating a strong predictive capacity of the model. The results substantiate the theoretical proposition that both tangible and intangible dimensions of work contribute synergistically to employee retention. Compensation fulfills economic and esteem needs, while the non-physical work environment satisfies social and psychological needs. Work–life balance ensures emotional equilibrium and sustainability. From a managerial standpoint, the implications are twofold. First, organizations should adopt an integrated HR strategy that links fair compensation systems with programs that enhance interpersonal relationships and promote flexibility. Second, management should view employee loyalty not as a static outcome but as a dynamic process shaped by continuous engagement, recognition, and well-being initiatives. From a theoretical perspective, this study extends previous models of loyalty by confirming that financial and non-financial factors interact complementarily, rather than independently, in influencing commitment within the service industry context.

## V. Conclusion

This study concludes that compensation, non-physical work environment, and work–life balance play decisive roles in shaping employee loyalty at PT. Pancar Surya Mandiri Perkasa. Fair and competitive

compensation enhances employees' sense of value, recognition, and security, which motivates them to remain committed and perform optimally. A supportive non-physical work environment—characterized by trust, open communication, and mutual respect—fosters emotional attachment, satisfaction, and a sense of belonging within the organization. Likewise, work-life balance ensures that employees can manage their professional responsibilities and personal well-being in harmony, reducing stress and turnover intention while strengthening long-term loyalty.

The findings emphasize that employee loyalty is a multidimensional construct, influenced not only by tangible economic rewards but also by social and psychological factors that create a positive and engaging organizational climate. This study extends the human resource management literature by empirically confirming that the interaction between financial and non-financial aspects synergistically strengthens loyalty, particularly in labor-intensive sectors such as security services, where contractual employment and high workloads are prevalent. From a managerial perspective, the results underscore the importance of organizations implementing integrated human resource strategies that encompass fair compensation, supportive social environments, and flexible work arrangements. Such approaches promote well-being, engagement, and sustainable performance. Specifically, management should design transparent, performance-based reward systems; develop participatory leadership practices; and establish policies that support employees' work-life integration. Loyalty cannot be sustained solely through financial incentives. It requires a holistic approach that acknowledges employees as valuable partners in achieving organizational success. Strengthening loyalty through balanced economic, social, and psychological dimensions not only minimizes turnover but also ensures the long-term sustainability and competitiveness of the organization.

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