

# THE EFFECT OF WORK ENVIRONMENT AND ORGANIZATIONAL CULTURE ON EMPLOYEE RETENTION WITH JOB SATISFACTION AS AN INTERVENING VARIABLE AT PT. PERMATA TANI

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## Abstract

This study examines the effects of work environment and organizational culture on employee retention, with job satisfaction serving as an intervening variable, at PT Permata Tani Rice Mill in North Aceh. A quantitative explanatory design was employed using saturated sampling, involving all 120 employees as respondents. Primary data were collected through a five-point Likert-scale questionnaire and analyzed with Partial Least Squares Structural Equation Modeling using SmartPLS 4. The measurement model demonstrated adequate convergent validity and internal consistency, with outer loadings ranging from 0.703 to 0.931, average variance extracted values above 0.50, and reliability coefficients above 0.70. The structural results show that work environment and organizational culture positively and significantly affect both job satisfaction and employee retention. Job satisfaction also has a positive effect on retention and significantly mediates the effects of both antecedent variables. The model explains 68.0% of the variance in job satisfaction and 44.8% of the variance in employee retention. These findings indicate that retention in a labor-intensive rice-milling context depends not only on physical and social working conditions but also on the ability of organizational practices to generate employee satisfaction.

Keywords: employee retention; job satisfaction; organizational culture; work environment

## INTRODUCTION

Rice milling occupies a strategic position in the agribusiness value chain because it connects farm output with market-ready food products. In Aceh, rice mills operate with different production capacities and contribute to post-harvest processing, local grain absorption, and regional food distribution. PT Permata Tani is a private agro-industrial company located in Aluebili Rayeuk Village, Baktiya District, North Aceh Regency. Its operations include receiving paddy, drying, milling, polishing, packaging, and distributing rice. These activities depend heavily on operational employees who work close to machinery, dust, heat, noise, production targets, and occupational-safety risks. Consequently, stable human resources are essential to maintain production continuity, product quality, and operational efficiency.

Employee retention refers to an organization's ability to keep employees for a sustained period and to limit avoidable turnover. In a production-based organization, employee departure is not merely an administrative event. It can interrupt work schedules, increase recruitment and training costs, reduce the availability of experienced operators, and weaken the transfer of tacit knowledge. Retention is therefore a strategic human-resource issue rather than a narrow staffing indicator. Recent studies continue to position employee retention as an important link between organizational practices and performance outcomes. For example, Sismiati et al. (2025) place retention within a broader framework connecting leadership, competence, discipline, and employee performance, while Ali et al. (2024) demonstrate that organizational conditions can influence retention through employee engagement.

One factor that may shape employees' willingness to remain is the work environment. The work environment encompasses physical conditions, safety and security, organizational procedures, and the quality of relationships among employees. In a rice mill, these dimensions are especially salient because the workplace includes production equipment and material-handling activities that require adequate lighting, ventilation, cleanliness, protective equipment, safe procedures, and effective coordination. A supportive environment can reduce physical and psychological strain, help employees complete tasks effectively, and signal that management values employee well-being. By contrast, an inadequate work environment can create discomfort, uncertainty, and a desire to seek employment elsewhere. Organizational culture is another mechanism through which the employment experience is

formed. Culture consists of shared values, work norms, team spirit, synergy, and internal communication that guide how employees interpret expectations and interact with one another. A coherent culture can strengthen a sense of belonging, facilitate cooperation, and provide behavioral consistency. The systematic review recorded in the thesis source by Priyanti et al. (n.d.) also emphasizes the interrelationships among organizational culture, engagement, and employee outcomes. Similarly, a study on organizational culture and retention reported in 2023 highlights employee engagement as an important contextual mechanism linking cultural conditions with employees' decisions to stay.

Work environment and organizational culture may affect retention directly, but their effects may also operate through job satisfaction. Job satisfaction represents an employee's favorable or unfavorable emotional evaluation of work. It is shaped by mental challenge, supportive working conditions, equitable rewards, and supportive colleagues. Employees who experience fair treatment, meaningful work, adequate facilities, and constructive relationships are more likely to evaluate their employment positively. Jamal Ali and Anwar (2021) underline the role of motivation, communication, and organizational conditions in forming job satisfaction. Training and development research likewise suggests that employees' safety, security, growth, and satisfaction needs are closely connected with engagement and retention (Bhakuni & Saxena, 2023).

The empirical setting of PT Permata Tani presents a relevant retention problem. The thesis identifies indications that some operational employees do not remain for long periods and that a proportion of the workforce considers moving to other jobs. The physically demanding nature of rice-milling work increases the importance of safe facilities, supportive relations, consistent rules, and fair organizational treatment. At the same time, the descriptive findings show that employees evaluate job satisfaction less favorably than work environment, organizational culture, and retention. This pattern makes job satisfaction a critical explanatory mechanism rather than a supplementary outcome.

Prior studies often examine work environment, organizational culture, job satisfaction, or retention separately. The research gap addressed here concerns the simultaneous testing of direct and indirect relationships in a single model, particularly in the agribusiness and rice-milling sector. The study therefore aims to analyze: (1) the effects of work environment and organizational culture on job satisfaction; (2) their direct effects on employee retention; (3) the effect of job satisfaction on retention; and (4) the mediating role of job satisfaction in both antecedent-retention relationships. The study contributes empirical evidence from a labor-intensive agro-industrial organization and provides a practical basis for retention policies that integrate workplace conditions, cultural management, and employee satisfaction.

## **LITERATURE REVIEW**

### **Work Environment**

The work environment includes all physical and non-physical conditions surrounding employees while they perform assigned duties. The construct used in this study is operationalized through four indicators: workplace conditions, workplace safety and security, organizational procedures, and the technical quality of relationships among co-workers. This formulation recognizes that employees experience the workplace as an integrated system. Physical conditions affect comfort and health; safety arrangements influence perceived risk; procedures determine clarity and consistency; and interpersonal relations shape daily social support.

In an agro-industrial production setting, a favorable work environment is expected to generate both instrumental and psychological benefits. Instrumentally, adequate facilities and procedures help employees perform tasks more efficiently. Psychologically, a safe and orderly workplace communicates organizational concern and reduces uncertainty. These effects can improve satisfaction because employees perceive the job as manageable and supportive. They can also influence retention directly because employees compare the benefits and risks of remaining with those associated with alternative employment. Accordingly, the study proposes that work environment positively affects job satisfaction and employee retention.

### **Organizational Culture**

Organizational culture refers to the shared assumptions, beliefs, values, and norms that develop within an organization and guide members in responding to internal and external challenges. The thesis measures culture through shared values, work norms, team spirit and synergy, and internal communication. These indicators capture both the cognitive content of culture and its behavioral expression. Shared values provide common priorities, work norms clarify acceptable conduct, team spirit supports cooperation, and internal communication enables coordination and feedback.

A constructive culture can strengthen social identification and attachment to the organization. Employees are more likely to remain when they perceive consistent norms, open communication, collective support, and congruence between organizational values and daily practices. Culture may also increase job satisfaction by reducing ambiguity and enabling employees to feel respected and included. The organizational culture literature embedded in the thesis sources consistently links positive culture with engagement, performance, and retention outcomes (Priyanti et al., n.d.; 'Investigating the Impact of Organizational Culture on Employee Retention,' 2023). Therefore, organizational culture is expected to have positive effects on both job satisfaction and retention.

### **Job Satisfaction**

Job satisfaction is an emotional condition reflecting how employees evaluate their work and work experiences. The study operationalizes satisfaction through mental challenge, supportive working conditions, equitable rewards, and supportive colleagues. These dimensions are relevant to production employees because satisfaction depends not only on compensation but also on whether tasks are meaningful, conditions are manageable, rewards are perceived as fair, and relationships provide assistance and respect.

Satisfaction is expected to influence retention because employees who evaluate their jobs positively have fewer reasons to search for alternatives. The relationship is consistent with a reciprocal employment logic: organizational support and favorable treatment are answered with commitment and willingness to remain. Jamal Ali and Anwar (2021) emphasize that motivation and organizational communication are closely related to employee satisfaction, while Septianingtyas and Purwanto (2026) provide additional evidence that organizational and motivational conditions can significantly shape satisfaction. In the present model, job satisfaction is both an endogenous outcome and a mediator that translates workplace and cultural conditions into retention decisions.

### **Employee Retention**

Employee retention is the organizational strategy and resulting condition through which qualified employees continue working in the organization over time. It is measured through career opportunities, recognition and appreciation, and work relationships. These indicators reflect employees' assessment of future prospects, the value assigned to their contributions, and the quality of their social experience. Retention is thus broader than the absence of resignation; it represents a continuing willingness to maintain the employment relationship.

Retention research increasingly recognizes that employees remain for a combination of material, developmental, and relational reasons. Ali et al. (2024) show that employee engagement mediates the effect of leadership on retention, and Bhakuni and Saxena (2023) connect training and development with engagement and employees' decisions to stay. In the current context, job satisfaction is positioned as the key attitudinal mechanism linking work environment and culture to retention.

### **Hypothesis Development**

- H1: Work environment has a positive and significant effect on job satisfaction.
- H2: Organizational culture has a positive and significant effect on job satisfaction.
- H3: Work environment has a positive and significant effect on employee retention.
- H4: Organizational culture has a positive and significant effect on employee retention.
- H5: Job satisfaction has a positive and significant effect on employee retention.
- H6: Job satisfaction significantly mediates the effect of work environment on employee retention.
- H7: Job satisfaction significantly mediates the effect of organizational culture on employee retention.

### **METHOD**

This research uses a quantitative explanatory design to test causal relationships among latent variables. The study was conducted at PT Permata Tani Rice Mill in Aluebili Rayeuk Village, Baktiya District, North Aceh Regency. The population consisted of all employees of the rice mill. Because the population was accessible and limited in size, the study used saturated sampling, meaning that every population member was included. A total of 120 employees therefore served as respondents.

Primary data were collected through a structured questionnaire. Each indicator was translated into statement items and measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The model contains two exogenous constructs—work environment (X1) and organizational culture (X2)—one mediating construct—job satisfaction (Z)—and one ultimate endogenous construct—employee retention (Y). The operational dimensions are summarized in Table 1.

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Table 1. Operationalization of Research Variables

| Construct                   | Operational focus                                                                       | Indicators                                                                                                          |
|-----------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Work Environment (X1)       | Physical and non-physical conditions surrounding employees in performing duties.        | Workplace conditions; safety and security; organizational procedures; technical quality of co-worker relationships. |
| Organizational Culture (X2) | Shared assumptions, values, norms, and practices guiding organizational behavior.       | Shared values; work norms; team spirit and synergy; internal communication.                                         |
| Job Satisfaction (Z)        | Positive or negative emotional evaluation of work and work experiences.                 | Mental challenge; supportive working conditions; equitable rewards; supportive colleagues.                          |
| Employee Retention (Y)      | Organizational ability and employee willingness to sustain the employment relationship. | Career opportunities; recognition and appreciation; work relationships.                                             |

Source: Condensed from the operational definitions in the thesis, 2026.

Data were analyzed using variance-based Structural Equation Modeling with the Partial Least Squares approach in SmartPLS 4. The analysis followed two stages. First, the measurement model was assessed through indicator loadings, average variance extracted (AVE), internal-consistency reliability, and discriminant validity. Indicator loadings above 0.70 and AVE values above 0.50 were treated as evidence of convergent validity, while Cronbach's alpha and composite reliability values above 0.70 indicated adequate reliability. Discriminant validity was examined using HTMT, the Fornell–Larcker criterion, and cross-loadings.

Second, the structural model was evaluated through inner-model variance inflation factors, coefficients of determination ( $R^2$ ), effect sizes ( $f^2$ ), predictive relevance ( $Q^2$  predict), model fit using SRMR, and bootstrapped path coefficients. Hypotheses were accepted when the t statistic exceeded 1.96 and the p value was below 0.05. Direct effects and specific indirect effects were tested simultaneously, allowing the study to determine whether job satisfaction mediated the relationships between the two antecedent variables and employee retention.

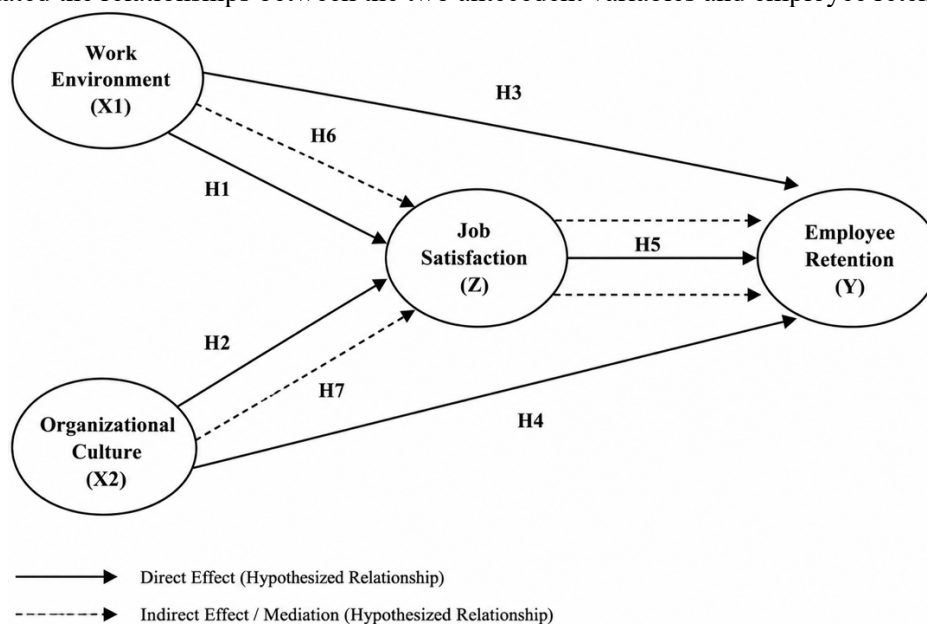


Figure 1. Conceptual Framework and Hypothesized Relationships

Source: Research model developed in the thesis, 2026.

## RESULTS AND DISCUSSION

### Descriptive Results

The empirical analysis is based on 120 employee responses. The source thesis reports that the respondents were operational employees of the rice mill and that the census approach covered the entire workforce. Several demographic totals in the thesis narrative are internally inconsistent; therefore, the condensed article does not

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reproduce age and marital-status distributions and focuses on the verified total sample and model results. The descriptive means reveal a notable pattern. Work environment obtained an overall mean of 4.21, organizational culture 4.15, and employee retention 4.11. These three constructs were evaluated positively by respondents. Job satisfaction, however, obtained a lower mean of 2.93 and was classified as only moderately favorable. The contrast suggests that employees acknowledge generally positive workplace and cultural conditions while still identifying deficiencies in the emotional and reward-related aspects of their jobs. This gap is managerially important because the structural model later shows that job satisfaction is the strongest direct predictor of retention.

Table 2. Descriptive Summary of Research Constructs

| Construct              | Mean | Source category      | Interpretive summary                                                                                 |
|------------------------|------|----------------------|------------------------------------------------------------------------------------------------------|
| Work Environment       | 4.21 | Very good/positive   | Employees generally perceive the physical, safety, procedural, and relational environment favorably. |
| Organizational Culture | 4.15 | Good/positive        | Shared values, norms, teamwork, and communication are generally evaluated positively.                |
| Employee Retention     | 4.11 | Good/positive        | Respondents report a relatively strong intention and willingness to remain.                          |
| Job Satisfaction       | 2.93 | Moderately favorable | Satisfaction is weaker than the other constructs and requires managerial attention.                  |

Source: Processed primary data reported in the thesis, 2026.

## Measurement Model

All indicators met the convergent-validity loading criterion. Work-environment indicators ranged from 0.784 to 0.836, organizational-culture indicators from 0.736 to 0.862, employee-retention indicators from 0.816 to 0.931, and job-satisfaction indicators from 0.703 to 0.844. The AVE values were 0.659 for work environment, 0.618 for organizational culture, 0.765 for employee retention, and 0.605 for job satisfaction. Each value exceeds 0.50, indicating that the constructs explain more than half of the variance in their indicators.

Internal-consistency reliability was also adequate. Cronbach's alpha values ranged from 0.783 to 0.845 and composite reliability (rho<sub>a</sub>) values from 0.797 to 0.851. The indicators therefore demonstrate stable and consistent measurement. The summary in Table 3 shows that employee retention has the highest AVE and loading range, while job satisfaction has the lowest but still acceptable convergent-validity and reliability values.

Table 3. Measurement Model Summary

| Construct                   | Outer-loading range | AVE   | Cronbach's alpha | Composite reliability |
|-----------------------------|---------------------|-------|------------------|-----------------------|
| Work Environment (X1)       | 0.784–0.836         | 0.659 | 0.829            | 0.837                 |
| Organizational Culture (X2) | 0.736–0.862         | 0.618 | 0.793            | 0.797                 |
| Employee Retention (Y)      | 0.816–0.931         | 0.765 | 0.845            | 0.851                 |
| Job Satisfaction (Z)        | 0.703–0.844         | 0.605 | 0.783            | 0.804                 |

Source: SmartPLS 4 output reported in the thesis, 2026.

Discriminant validity requires a more qualified interpretation. Most HTMT ratios were below 0.90, but the employee-retention–job-satisfaction pair reached 0.921, slightly exceeding the recommended threshold. The thesis therefore continued the assessment using Fornell–Larcker and cross-loading criteria. The square roots of AVE—0.812 for work environment, 0.786 for organizational culture, 0.875 for employee retention, and 0.778 for job satisfaction—were higher than the corresponding inter-construct correlations in the reported matrix. In addition, every indicator loaded more strongly on its intended construct than on the other constructs. On balance, the source concludes that the measurement model remains sufficiently discriminant for structural analysis, while the elevated HTMT value indicates conceptual proximity between satisfaction and retention that should be acknowledged in interpretation.

## Structural Model and Predictive Performance

The inner-model VIF values ranged from 1.499 to 1.941, well below the threshold of 5.0, indicating that multicollinearity did not materially bias the path estimates. Work environment and organizational culture jointly explained 68.0% of the variance in job satisfaction ( $R^2 = 0.680$ ; adjusted  $R^2 = 0.672$ ). Work environment, organizational culture, and job satisfaction explained 44.8% of the variance in employee retention ( $R^2 = 0.448$ ; adjusted  $R^2 = 0.439$ ). The first value represents strong explanatory capacity under the classification used in the thesis, while the second represents moderate explanatory capacity.

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Effect-size results further clarify the relative importance of the predictors. Work environment had small effects on employee retention ( $f^2 = 0.050$ ) and job satisfaction ( $f^2 = 0.075$ ). Organizational culture had an effect approaching moderate size on retention ( $f^2 = 0.146$ ) and a moderate effect on satisfaction ( $f^2 = 0.295$ ). Job satisfaction had the largest effect on retention ( $f^2 = 0.408$ ), confirming that satisfaction is the most influential immediate predictor in the model. The SRMR value of 0.084 falls below 0.10 and was interpreted in the source as an acceptable, though not optimal, model fit.  $Q^2$  predict values of 0.529 for retention and 0.418 for satisfaction were both above zero, indicating useful predictive relevance.

Table 4. Structural Model Evaluation

| Criterion               | Job Satisfaction (Z) | Employee Retention (Y) | Interpretation                                                                       |
|-------------------------|----------------------|------------------------|--------------------------------------------------------------------------------------|
| R <sup>2</sup>          | 0.680                | 0.448                  | Strong explanatory power for satisfaction; moderate explanatory power for retention. |
| Adjusted R <sup>2</sup> | 0.672                | 0.439                  | Values remain stable after adjustment.                                               |
| Q <sup>2</sup> predict  | 0.418                | 0.529                  | Both endogenous constructs show predictive relevance.                                |
| SRMR                    | —                    | 0.084 (model)          | Acceptable fit under the <0.10 criterion used in the thesis.                         |
| Inner VIF range         | 1.499–1.499          | 1.612–1.941            | No serious collinearity.                                                             |

Source: SmartPLS 4 output reported in the thesis, 2026.

## Hypothesis Testing

Bootstrapping results support all seven hypotheses. Each direct path is positive and statistically significant, and both specific indirect effects through job satisfaction are significant. Organizational culture has a stronger effect on job satisfaction than work environment, while job satisfaction has the largest direct coefficient on employee retention. The indirect effect of organizational culture on retention through satisfaction (0.240) is also larger than the corresponding indirect effect of work environment (0.122).

Table 5. Hypothesis Testing Results

| Hypothesis and path | $\beta$ | SE    | t     | p      | Decision  |
|---------------------|---------|-------|-------|--------|-----------|
| H1: X1 → Z          | 0.250   | 0.094 | 2.649 | 0.008  | Supported |
| H2: X2 → Z          | 0.494   | 0.088 | 5.607 | <0.001 | Supported |
| H3: X1 → Y          | 0.160   | 0.066 | 2.416 | 0.016  | Supported |
| H4: X2 → Y          | 0.301   | 0.071 | 4.266 | <0.001 | Supported |
| H5: Z → Y           | 0.487   | 0.073 | 6.647 | <0.001 | Supported |
| H6: X1 → Z → Y      | 0.122   | 0.051 | 2.368 | 0.018  | Supported |
| H7: X2 → Z → Y      | 0.240   | 0.056 | 4.298 | <0.001 | Supported |

Source: Bootstrapping results from SmartPLS 4 reported in the thesis, 2026.

## Effect of Work Environment on Job Satisfaction

The positive coefficient from work environment to job satisfaction ( $\beta = 0.250$ ;  $p = 0.008$ ) indicates that improvements in physical comfort, safety, procedures, and co-worker relations increase employees' positive evaluations of their jobs. In rice-milling operations, employees regularly confront dust, heat, noise, machinery, and production pressures. Improvements in ventilation, lighting, cleanliness, protective equipment, workflow organization, and technical support therefore have immediate experiential value. They make tasks feel safer and more manageable, which translates into satisfaction. The effect size is small, suggesting that the work environment is important but not sufficient by itself. Satisfaction also depends on reward fairness, task characteristics, recognition, and other factors not fully represented by workplace conditions.

## Effect of Organizational Culture on Job Satisfaction

Organizational culture has a stronger effect on job satisfaction ( $\beta = 0.494$ ;  $p < 0.001$ ) than work environment. Shared values, work norms, team spirit, and internal communication shape how employees interpret daily events and whether they feel included and respected. A culture that encourages cooperation and communicates expectations clearly can reduce interpersonal friction and ambiguity. It can also create a sense that employees are members of a collective rather than replaceable production inputs. This interpretation is consistent with the thesis's embedded literature, which associates positive culture with engagement and favorable employee outcomes (Priyanti et al., n.d.;

'Investigating the Impact of Organizational Culture on Employee Retention,' 2023). The result implies that management should not treat culture as slogans alone; cultural values must be reflected in supervisory behavior, communication practices, and recognition systems.

### **Direct Effects on Employee Retention**

Work environment directly affects retention ( $\beta = 0.160$ ;  $p = 0.016$ ). Although the coefficient is smaller than the cultural and satisfaction paths, the result confirms that employees consider safety, comfort, procedures, and relations when deciding whether to remain. In a physically demanding industry, even modest improvements in environmental quality can reduce the attractiveness of alternative employment and demonstrate organizational responsibility. The small effect size suggests that environmental improvements should be combined with broader human-resource policies rather than implemented as isolated facilities projects.

Organizational culture also directly affects retention ( $\beta = 0.301$ ;  $p < 0.001$ ). A consistent culture can generate attachment, trust, and a sense of belonging, all of which reduce the willingness to leave. The result is compatible with retention research that emphasizes relational and psychological mechanisms in addition to financial considerations. Ali et al. (2024) show that engagement can connect leadership practices with retention, while the culture-retention study embedded in the thesis highlights the importance of organizational culture in sustaining employees. For PT Permata Tani, the result means that teamwork, communication, and fair application of norms are not abstract organizational ideals; they are retention instruments.

### **Effect of Job Satisfaction on Employee Retention**

Job satisfaction has the largest direct effect on employee retention ( $\beta = 0.487$ ;  $p < 0.001$ ) and the largest effect size ( $f^2 = 0.408$ ). This result is especially important because satisfaction's descriptive mean is only 2.93. The organization therefore faces a strategic contradiction: employees report generally positive perceptions of the environment and culture, but satisfaction remains relatively modest, and satisfaction is the strongest determinant of staying. Management should investigate which satisfaction indicators generate the lower score, particularly equitable rewards, work challenge, supportive conditions, and colleague support. Jamal Ali and Anwar (2021) likewise connect organizational conditions and motivation with job satisfaction, while Bhakuni and Saxena (2023) emphasize that development, security, and satisfaction-related needs influence engagement and retention. The findings indicate that retention policies will be incomplete unless employees experience the employment relationship as emotionally and materially worthwhile.

### **Mediating Role of Job Satisfaction**

The indirect effect of work environment on retention through job satisfaction is significant ( $\beta = 0.122$ ;  $p = 0.018$ ). This means that environmental improvements retain employees partly because they first improve satisfaction. A safer and more supportive workplace can have a direct retention benefit, but the stronger mechanism is psychological evaluation: employees remain when the environment makes them feel satisfied with the job. The total contribution reported in the thesis is 14.7%, comprising a 2.6% direct contribution and a 12.2% indirect contribution through satisfaction. This pattern reinforces the need to assess employee perceptions after facilities or safety improvements rather than assuming that physical changes automatically produce loyalty.

The indirect effect of organizational culture on retention through job satisfaction is also significant and larger ( $\beta = 0.240$ ;  $p < 0.001$ ). The thesis reports a total cultural contribution of 33.1%, consisting of a 9.1% direct contribution and a 24.0% indirect contribution through satisfaction. Culture therefore affects retention substantially by creating the emotional conditions that make continued employment attractive. Shared norms and communication will not produce their full retention effect unless employees experience them as fair, supportive, and satisfying. The result establishes job satisfaction as an essential bridge between organizational systems and long-term employee attachment.

### **Theoretical and Managerial Implications**

Theoretically, the model extends retention evidence to an agro-industrial rice-milling context. It shows that retention is not explained by a single workplace factor. Environmental and cultural conditions function as antecedents, while job satisfaction operates as a central attitudinal mechanism. The stronger indirect effects, particularly for organizational culture, support a process view in which organizational practices influence employees' evaluations before shaping their decision to remain. The findings also indicate that closely related constructs such as satisfaction and retention can remain empirically distinct while sharing substantial variance, as reflected in the

elevated HTMT ratio. Managerially, PT Permata Tani should prioritize interventions that address both operational conditions and employees' subjective evaluations. Environmental priorities include ventilation, lighting, cleanliness, personal protective equipment, machine-area safety, and clear work procedures. Cultural priorities include open communication, consistent enforcement of norms, team-based problem solving, and recognition of employee contributions. Because satisfaction is the strongest predictor, management should conduct focused follow-up assessments of reward fairness, workload, recognition, supervisory support, and career prospects. A retention program should combine these elements in a coordinated policy rather than relying only on wage adjustments or physical improvements.

The descriptive gap also suggests a monitoring requirement. Management can establish periodic employee-satisfaction surveys, discuss results with supervisors and employee representatives, and set measurable corrective actions. Indicators may include satisfaction scores, voluntary turnover, absenteeism, safety incidents, training participation, and internal promotion. This governance approach would enable management to determine whether environmental and cultural initiatives actually produce the intended satisfaction and retention outcomes.

## CONCLUSION

The study demonstrates that work environment and organizational culture are significant antecedents of job satisfaction and employee retention at PT Permata Tani Rice Mill. Work environment positively affects job satisfaction ( $\beta = 0.250$ ) and retention ( $\beta = 0.160$ ), while organizational culture exerts stronger positive effects on satisfaction ( $\beta = 0.494$ ) and retention ( $\beta = 0.301$ ). Job satisfaction has the strongest direct effect on employee retention ( $\beta = 0.487$ ). Both mediation paths are significant: the indirect effect of work environment through satisfaction is 0.122, and the indirect effect of organizational culture through satisfaction is 0.240. All seven hypotheses are supported.

The practical conclusion is that employee retention cannot be strengthened through a single policy instrument. Safe and supportive physical conditions matter, but their retention impact increases when employees experience them as satisfying. Organizational culture is also influential, but cultural norms must be translated into fair, supportive, and communicative daily practices. The relatively low descriptive score for job satisfaction compared with the other constructs makes satisfaction the most urgent area for managerial diagnosis and improvement.

The study is limited to one rice-milling company and a cross-sectional census of 120 employees. The model explains 44.8% of retention variance, meaning that more than half remains associated with other factors not included in the study. Future research may add compensation, leadership, workload, occupational stress, career development, or alternative job opportunities and may compare multiple agro-industrial firms. Longitudinal research would also help determine whether improvements in environment, culture, and satisfaction lead to sustained retention over time.

## Recommendations

PT Permata Tani should maintain and improve physical working conditions by prioritizing ventilation, lighting, housekeeping, machine-area safety, and the consistent availability and use of personal protective equipment. These improvements should be accompanied by clear operating procedures, routine safety communication, and responsive maintenance so that employees perceive the work environment as both safe and supportive.

Management should evaluate the specific sources of the comparatively low job-satisfaction score. Priority areas include fair incentives, recognition proportional to work demands, supervisor support, career opportunities, and communication about organizational decisions. Corrective actions should be assigned to responsible managers and reviewed through periodic satisfaction and retention indicators.

The company should also strengthen organizational culture through consistent role modeling by supervisors, transparent communication, team-based problem solving, and recognition of collaborative behavior. These cultural practices are expected to improve satisfaction and, through that mechanism, reinforce employees' willingness to remain with the company.

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