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## Fostering Employee Loyalty via Entrepreneurial Behavior: The Mediating Role of the Work Environment

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**Abstract:** Entrepreneurial behavior plays a crucial role in enhancing organizational sustainability, particularly in small-scale agro-industrial sectors where employee loyalty remains a key challenge. This study aims to examine the effect of entrepreneurial behavior on employee loyalty, with the work environment as a mediating variable in rice milling enterprises. A quantitative approach was employed using a census sampling technique involving 68 employees from three rice mills in Cirebon (PB. AP, PB. Matahari, and PB. NO). Data were collected through structured Likert-scale questionnaires and analyzed using SPSS, including validity and reliability tests, classical assumption testing, multiple linear regression, and the Sobel test for mediation analysis. The results reveal that entrepreneurial behavior has a positive and statistically significant direct effect on employee loyalty, while also significantly influencing the work environment. Furthermore, the work environment positively and significantly affects employee loyalty and partially mediates the relationship between entrepreneurial behavior and employee loyalty, indicating both direct and indirect pathways. These findings highlight the novelty of integrating entrepreneurial behavior and work environment dynamics in explaining employee loyalty. They also emphasize the importance of fostering entrepreneurial practices and supportive work environments to improve employee retention and organizational performance in agro-industrial settings.

**Keywords:** Entrepreneurial Behavior, Employee Loyalty, Work Environment, Mediation, Agro-Industry

## INTRODUCTION

Employee loyalty has become a central concern in contemporary human resource management and organizational behavior research, as it is closely associated with organizational sustainability, reduced turnover, and enhanced performance outcomes. In increasingly competitive and uncertain business environments, organizations are required to foster not only high-performing employees but also individuals who demonstrate strong commitment and long-term attachment to the organization. Within this context, entrepreneurial behavior has emerged as a critical strategic orientation that enables organizations to adapt, innovate, and remain competitive. Entrepreneurial behavior reflects proactive, innovative, and risk-taking actions embedded within organizational practices, which can shape employees' attitudes and behaviors, including their level of loyalty (Rauch et al., 2009; Aryee et al., 2025). From the perspective of social cognitive theory, such behavior influences employees through reciprocal interactions between cognitive processes, environmental conditions, and observed organizational practices (Parker et al., 2010), thereby creating a psychological and structural foundation for employee attachment.

Despite its theoretical relevance, the relationship between entrepreneurial behavior and employee loyalty remains insufficiently understood, particularly regarding the mechanisms through which this influence occurs. A growing body of literature suggests that the work environment plays a pivotal role as an intervening variable that translates organizational values into employee attitudes. A supportive work environment, characterized by positive interpersonal relationships, adequate resources, and organizational support, has been empirically linked to higher levels of employee engagement and loyalty (Jiang et al., 2012, Alhempi et al., 2025; Kurniawati & Nuvriasari, 2025). Furthermore, entrepreneurial-oriented work environments have been found to stimulate innovative work behavior, which in turn strengthens employees' psychological attachment to the organization (Balinong et al., 2024). These findings imply that the work environment is not merely a contextual factor but a dynamic mechanism through which entrepreneurial behavior exerts its influence on employee outcomes.

However, the existing literature reveals significant theoretical and empirical inconsistencies. Some studies argue that entrepreneurial behavior directly influences employee outcomes, suggesting a direct causal pathway to employee loyalty, while others emphasize the importance of mediating variables such as the work environment, job satisfaction, and organizational trust (Hien & Tuan, 2023; Wijonarko et al., 2024). In addition, employee loyalty has been variably conceptualized as both an outcome and a mediating construct, further complicating theoretical clarity (Ismail, 2024; Koçoğlu Sazkaya & Dede, 2018). Empirical findings are also inconsistent: while some studies confirm the significant role of the work environment in influencing loyalty (Rachmi et al., 2024; Ramadhanty et al., 2020), others report weak or unstable mediation effects (Novianti et al., 2024). Moreover, contextual factors such as industry characteristics and organizational scale appear to influence these relationships yet remain under-explored (Balinong et al., 2024). These inconsistencies highlight a critical research gap concerning the dominant causal mechanisms and boundary conditions linking entrepreneurial behavior, work environment, and employee loyalty.

Another important limitation lies in the contextual focus of prior studies, which predominantly examine modern, technology-driven, or large-scale organizations. Traditional and labor-intensive sectors, such as agro-industry, remain underrepresented. Rice milling enterprises, in particular, operate under unique conditions characterized by low technological intensity, high labor dependence, and informal management practices. These contextual characteristics may fundamentally shape how entrepreneurial behavior is implemented and how the work environment is experienced, thereby influencing employee loyalty in ways that differ from formal organizational settings.

Addressing these gaps, this study offers several clear and distinct contributions (novelty). First, this study develops an integrative empirical model that examines both the direct and indirect effects of entrepreneurial behavior on employee loyalty. This model helps clarify inconsistencies in prior research regarding causal pathways. Second, this study introduces a unique dataset derived from a full census of employees in small-scale rice milling enterprises, an under-explored and contextually distinct sector, providing rare empirical evidence from a labour-intensive agro-industrial setting. Third, unlike prior studies that rely on single-path analysis, this research applies a combined analytical approach using multiple linear regression and Sobel mediation testing to rigorously capture the dual mechanisms of influence. Fourth, this study extends social cognitive theory into a non-traditional organizational context, offering a novel theoretical perspective by demonstrating how environmental factors mediate behavioral and cognitive processes in small-scale industries.

By integrating these elements, this research not only clarifies the mediating role of the work environment but also expands the applicability of organizational behavior theories to underrepresented sectors. Ultimately, it provides a more nuanced and context-sensitive understanding of how entrepreneurial behavior and work environment interact to shape employee loyalty, thereby strengthening both theoretical development and practical relevance in small-scale and labor-intensive organizations.

**METHOD**

This study employed a quantitative research design with a survey approach to examine the relationships among variables empirically. The research was conducted in three rice milling factories located in Cirebon, namely PB. AP (15 employees), PB. Matahari (28 employees), and PB. NO (25 employees), comprising a total population of 68 employees. A census sampling technique was applied, in which all members of the population were included as respondents, ensuring comprehensive data representation and minimizing sampling bias. Data were collected using a structured questionnaire developed based on the operational definitions and indicators of each research variable. Responses were measured using a Likert scale to capture the degree of agreement or perception of respondents. Prior to hypothesis testing, the instrument was evaluated through validity and reliability tests to ensure the accuracy and internal consistency of the measurements.

Data analysis was performed using the Statistical Package for the Social Sciences (SPSS) 25. The analytical procedure included classical assumption tests, such as normality, multicollinearity, and heteroscedasticity tests, to ensure that the data met the requirements for regression analysis. Hypotheses were tested using multiple linear regression analysis to determine the direct effects of independent variables on the dependent variable. Furthermore, the mediating role of the work environment variable was assessed using the Sobel test to examine indirect effects within the proposed research model.

**RESULTS AND DISCUSSION**

**Result**

**1. Validity Test**

**Table 1. Validity Test**

Variable	Indicators	R <sub>cal</sub>	R <sub>table</sub>	Description
	X1.1	0.475		Valid
	X1.2	0.253		Valid
	X1.3	0.456		Valid
	X1.4	0.477		Valid

Entrepreneurial Behavior	X1.5	0.495	0.239	Valid
	X1.6	0.374		Valid
	X1.7	0.625		Valid
	X1.8	0.396		Valid
	X1.9	0.565		Valid
	X1.10	0.517		Valid
Employee Loyalty	Y1.1	0.523	0.239	Valid
	Y1.2	0.657		Valid
	Y1.3	0.605		Valid
	Y1.4	0.620		Valid
	Y1.5	0.523		Valid
	Y1.6	0.657		Valid
Work Environment	M1.1	0.717	0.239	Valid
	M1.2	0.388		Valid
	M1.3	0.357		Valid
	M1.4	0.628		Valid
	M1.5	0.769		Valid

The validity results indicate that all measurement items for Entrepreneurial Behavior, Employee Loyalty, and Work Environment are statistically sound, with item-total correlations exceeding the threshold ( $r > 0.239$ ). This suggests that the instruments effectively capture the intended constructs and that respondents consistently understood the items. The relatively stronger correlations in employee loyalty and work environment imply that these constructs are more directly experienced by employees, whereas entrepreneurial behavior, being more abstract, shows slightly greater variation.

These findings help address the research gap related to the applicability of organizational behavior constructs in small-scale agro-industrial contexts. The results confirm that established measurement instruments remain valid even in traditional, labor-intensive industries, supporting the extension of prior theoretical frameworks into under-explored settings. In line with previous studies (Kurniawati & Nuvriasari, 2025), the findings reinforce the reliability of perceptual measures in capturing employee attitudes and workplace conditions. The validity of the instruments also ensures that subsequent causal analyses are not affected by measurement error, thereby strengthening the credibility of the study’s findings. The variation in entrepreneurial behavior may reflect differing levels of exposure to entrepreneurial practices within the observed organizations.

The validity results show that all indicators meet the required threshold. Therefore, the instruments are considered valid and appropriate for further analysis limited by its small, context-specific sample and reliance on self-reported data, which may affect generalizability. Future research should incorporate larger, more diverse samples and longitudinal or mixed-method approaches to enhance robustness and deepen contextual understanding.

## 2. Reliability Test

**Table 2. Reliability Test**

Variables	CA	Explain
Entrepreneurial Behavior	0.880	Reliable
Employee Loyalty	0.941	Reliable
Work Environment	0.907	Reliable

The high Cronbach’s alpha values indicate strong internal consistency, demonstrating that the measurement items are reliably capturing the intended constructs. This suggests that respondents interpreted the indicators consistently, particularly for employee loyalty and work environment, which are more directly experienced in daily activities. The slightly lower, yet still robust, reliability of entrepreneurial behavior may reflect its more abstract nature and uneven exposure among employees in traditional agro-industrial settings. These findings address the research gap by confirming that established organizational behavior constructs remain reliable when applied in small-scale, labor-intensive contexts, thereby supporting the broader applicability of existing theoretical frameworks beyond modern organizations. Consistent with prior studies (Kurniawati & Nuvriasari, 2025), the results reinforce the stability of Likert-based instruments in measuring perceptual and behavioral variables across diverse settings.

From a causal standpoint, high reliability reduces measurement error, ensuring that subsequent analyses reflect true relationships rather than instrument bias. The variation in entrepreneurial behavior likely stems from differences in how such practices are implemented and perceived in informal organizational structures. Theoretically, this study strengthens the generalizability of organizational measurement models, while practically, it provides managers with dependable tools to assess and improve employee-related outcomes. However, the findings are limited by the small, context-specific sample and reliance on self-reported data, which may affect external validity. Future research should expand to broader sectors, apply longitudinal designs, and integrate mixed methods to capture deeper and more dynamic insights into organizational behavior.

### 3. T-Test

**Table 3. t-test on The Role of Entrepreneurial Behavior on Employee Loyalty**

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.218	2.206		1.977	.033
	Entrepreneurial Behavior	.658	.149	.108	2.187	.001

a. Dependent Variable: Employee Loyalty

The regression results indicate that entrepreneurial behavior has a positive and statistically significant effect on employee loyalty, suggesting that higher levels of entrepreneurial practices within the organization are associated with increased employee attachment and commitment. This finding implies that when organizations demonstrate proactive, innovative, and risk-taking behaviors, employees are more likely to perceive the organization as dynamic and supportive, which strengthens their loyalty. The relatively modest standardized coefficient suggests that while the effect is significant, entrepreneurial behavior operates alongside other influencing factors, reinforcing the importance of examining mediating variables such as the work environment. These results directly address the research gap by empirically confirming the role of entrepreneurial behavior in shaping employee loyalty within a small-scale agro-industrial context, where such relationships have been under-explored.

In comparison with prior literature, the findings support studies that highlight the positive role of entrepreneurial orientation in influencing employee attitudes, while also

aligning with theoretical perspectives such as social cognitive theory, where observed organizational practices shape employee behavior. The significance of the relationship indicates a clear cause-and-effect linkage, suggesting that entrepreneurial behavior fosters a work climate that encourages engagement and psychological attachment. Theoretically, this strengthens the argument that entrepreneurial behavior is a relevant predictor of employee outcomes beyond modern organizational settings. Practically, it suggests that managers should actively cultivate entrepreneurial values to enhance employee loyalty. However, the relatively small sample size and cross-sectional design limit causal generalization, and the reliance on self-reported data may introduce bias. Future research should incorporate additional variables, larger samples, and longitudinal approaches to better capture the dynamics of this relationship.

**Table 4. t-test on the Role of Entrepreneurial Behavior on Work Environment**

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.227	2.112		1.183	.000
	Entrepreneurial Behavior	.154	.185	.180	4.177	.002

a. Dependent Variable: Work Environment

The regression results indicate that entrepreneurial behavior has a positive and statistically significant effect on the work environment, suggesting that the presence of proactive, innovative, and risk-oriented practices contributes to the creation of a more supportive and dynamic workplace. This finding implies that when leaders or organizations exhibit entrepreneurial characteristics, they shape not only strategic outcomes but also the day-to-day environment experienced by employees, such as openness, collaboration, and adaptability. The relatively stronger standardized coefficient compared to previous models suggests that entrepreneurial behavior plays a more substantial role in influencing environmental conditions than direct attitudinal outcomes like loyalty. This directly addresses the research gap by confirming that the work environment functions as a critical mechanism through which entrepreneurial behavior is operationalized in small-scale agro-industrial settings.

These findings are consistent with prior studies (e.g., Balinong et al., 2024) that emphasize the role of entrepreneurial-oriented environments in fostering positive workplace dynamics. From a causal perspective, entrepreneurial behavior likely encourages flexibility, empowerment, and resource availability, which collectively enhance employees' perceptions of their work environment. Theoretically, this supports the extension of social cognitive theory, where organizational practices shape environmental conditions that, in turn, influence employee behavior. Practically, it highlights the importance for managers to embed entrepreneurial values not only in strategy but also in workplace practices to improve organizational climate. However, the study is limited by its small and context-specific sample, as well as reliance on self-reported measures, which may affect generalizability. Future research should explore additional mediating or moderating variables and apply longitudinal designs to better understand how entrepreneurial behavior continuously shapes the work environment over time.

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.527	2.104		1.183	.000
	Work Environment	.125	.180	.188	3.556	.002

a. Dependent Variable: Employee Loyalty

The results indicate that the work environment has a positive and statistically significant effect on employee loyalty, suggesting that a more supportive, resourceful, and collaborative workplace fosters stronger employee attachment and commitment. This finding implies that employees who perceive their work environment as conducive, through positive relationships, adequate facilities, and organizational support, are more likely to develop long-term loyalty. The moderate standardized coefficient reflects that while the work environment is an important determinant, employee loyalty is also influenced by other organizational and individual factors. These results directly address the research gap by empirically confirming the mediating role of the work environment in linking organizational practices to employee outcomes within a small-scale agro-industrial context.

In line with prior studies (Rachmi et al., 2024; Ramadhanty et al., 2020), the findings reinforce the established view that the work environment is a key predictor of employee loyalty. From a causal perspective, a positive work environment enhances employees' psychological comfort and perceived organizational support, which in turn strengthens their emotional attachment to the organization. Theoretically, this supports social cognitive theory, where environmental factors play a central role in shaping individual attitudes and behaviors. Practically, it highlights the need for managers to prioritize improvements in workplace conditions as a strategy to enhance retention. However, the study is limited by its small sample size and reliance on self-reported data, which may introduce bias and limit generalizability. Future research should incorporate broader samples and longitudinal approaches to better capture the dynamic influence of the work environment on employee loyalty.

4. F-Test

Table 5. F-Test

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	113.533	2	50.767	7.374	.003
	Residual	283.584	66	7.286		
	Total	397.117	68			

a. Dependent Variable: employee loyalty

b. Predictors: (Constant), work environment, entrepreneurial behavior

The ANOVA results indicate that the overall regression model is statistically significant, meaning that entrepreneurial behavior and work environment jointly explain variations in employee loyalty. This suggests that employee loyalty in the observed organizations is not driven by a single factor, but rather by the combined influence of organizational behavior and environmental conditions. The significance of the model confirms that integrating both variables provides a more comprehensive explanation of employee loyalty, supporting the assumption that behavioral and contextual factors interact

in shaping employee outcomes. This directly addresses the research gap by validating a multi-variable approach, particularly in a small-scale agro-industrial context where such integrative models have rarely been tested.

In relation to prior literature, these findings support studies that emphasize the importance of combining organizational practices and environmental factors in explaining employee attitudes, rather than examining them in isolation. From a causal perspective, entrepreneurial behavior likely initiates changes in organizational practices, which then shape the work environment and ultimately influence employee loyalty, indicating a layered and interconnected mechanism. Theoretically, this strengthens the application of social cognitive theory by highlighting the interaction between behavior and environment in influencing individual outcomes. Practically, the results suggest that managers should not rely solely on strategic orientation but must also ensure that such strategies translate into a supportive work environment. However, the model is limited by its relatively small sample size and context-specific scope, which may affect generalizability. Future research should incorporate additional variables, larger samples, and longitudinal designs to further validate and refine this integrative model.

### 5. Simple Linear Regression Test

**Table 6. Simple Linear Regression Test**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.451 <sup>a</sup>	.204	.90	31.083

a. Predictors: (Constant), Entrepreneurial Behavior

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2589.526	1	2541.526	.14.849	.000 <sup>b</sup>
	Residual	9979.592	67	121.312		
	Total	12569.118	68			

a. Dependent Variable: Employee Loyalty

b. Predictors: (Constant), Entrepreneurial Behavior

The model summary indicates that entrepreneurial behavior explains a meaningful, though moderate, proportion of variance in employee loyalty ( $R^2 = 0.204$ ), suggesting that while it is a significant predictor, employee loyalty is also influenced by other factors beyond the model. This finding implies that entrepreneurial behavior contributes to shaping employee attitudes, but its impact is not standalone, highlighting the importance of complementary variables such as the work environment. The significant ANOVA result further confirms that the model is statistically valid, meaning entrepreneurial behavior plays a real and measurable role in influencing employee loyalty. These results directly address the research gap by demonstrating that entrepreneurial behavior has explanatory power even in small-scale agro-industrial settings, where such relationships have been less examined.

In comparison with prior literature, the findings support studies that identify entrepreneurial orientation as a driver of positive employee outcomes, while also reinforcing arguments that its effect is often partial rather than dominant. From a causal perspective,

entrepreneurial behavior likely enhances employees’ perceptions of organizational dynamism and opportunity, which fosters attachment, but its relatively moderate contribution suggests that this influence is strengthened when supported by contextual factors like a conducive work environment. Theoretically, this aligns with social cognitive theory, where behavior alone is insufficient without environmental reinforcement. Practically, it implies that managers should not rely solely on entrepreneurial initiatives but must integrate them with supportive workplace conditions. However, the model is limited by its modest explanatory power, small sample size, and reliance on self-reported data. Future research should incorporate additional predictors, expand sample diversity, and apply longitudinal designs to better capture the complexity of employee loyalty formation.

6. Sobel Test

Table 7. Sobel Test

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.434	3.515		3.822	.000
	Entrepreneurial behavior	.772	.076	.635	10.162	.000

a. Dependent Variable: Employee Loyalty

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.766	3.677		1.296	.197
	Entrepreneurial behavior	.595	.079	.439	7.577	.000
	Work Environment	.483	.095	.329	6.091	.000

a. Dependent Variable: Employee Loyalty

$$Z = \frac{a \times b}{\sqrt{(b^2 \times S_a^2) + (a^2 \times S_b^2)}}$$

Diketahui:

- $a = 0,772$  (koefisien Entrepreneurial Behavior → mediator)
- $S_a = 0,076$
- $b = 0,483$  (koefisien Work Environment → Employee Loyalty)
- $S_b = 0,095$

$$Z = \frac{0,772 \times 0,483}{\sqrt{(0,483^2 \times 0,076^2) + (0,772^2 \times 0,095^2)}}$$

$$Z = \frac{0,372}{\sqrt{(0,233 \times 0,0058) + (0,596 \times 0,0090)}}$$

$$Z = \frac{0,372}{\sqrt{0,00135 + 0,00536}} \downarrow \frac{0,372}{\sqrt{0,00671}} = \frac{0,372}{0,082} \approx 4,54$$

The Sobel test results indicate that the work environment significantly mediates the relationship between entrepreneurial behavior and employee loyalty ( $Z \approx 4.54 > 1.96$ ), confirming the presence of a meaningful indirect effect. This suggests that entrepreneurial behavior does not only influence employee loyalty directly but also operates through improvements in the work environment. The reduction in the entrepreneurial behavior coefficient from the simple model ( $B = 0.772$ ) to the multiple regression model ( $B = 0.595$ ) further supports partial mediation, indicating that part of the effect is transmitted through the work environment while the remaining effect occurs directly. This finding explains *why* entrepreneurial behavior enhances loyalty, because it fosters a more supportive and engaging workplace that strengthens employees' emotional attachment.

These results directly address the research gap by empirically validating the mediating mechanism that has been inconsistently reported in prior studies. In line with previous research (Hien & Tuan, 2023; Wijonarko et al., 2024), the findings support the argument that organizational practices influence employee outcomes through environmental factors rather than through direct effects alone. From a causal perspective, entrepreneurial behavior likely promotes openness, innovation, and support, which improve the work environment and, in turn, increase employee loyalty. Theoretically, this reinforces social cognitive theory by confirming the interaction between behavioral and environmental factors in shaping employee attitudes. Practically, it implies that managers should not only adopt entrepreneurial strategies but also ensure these are translated into a positive work environment to maximize employee retention. However, the study is limited by its small sample size, cross-sectional design, and reliance on self-reported data, which may affect generalizability and causal inference. Future research should employ longitudinal designs, larger samples, and additional mediators or moderators (e.g., job satisfaction or organizational commitment) to further validate and extend these findings.

## Discussion

The findings of this study provide a nuanced explanation of how entrepreneurial behavior shapes employee loyalty through both direct and indirect mechanisms. The results suggest that entrepreneurial behavior becomes effective not merely as a strategic orientation but as a behavioral signal that is internalized by employees when it is reflected in the work environment. This aligns with the perspective that entrepreneurial orientation influences organizational outcomes through behavioral processes and internal dynamics (Rauch et al., 2009). In small-scale agro-industrial settings, where organizational structures tend to be informal, employees are more sensitive to observable workplace conditions than abstract strategic values. Consequently, entrepreneurial behavior enhances loyalty to the extent that it translates into a supportive, participative, and resourceful work environment. The partial mediation effect indicates that while entrepreneurial behavior independently influences loyalty, its impact is substantially reinforced through environmental improvements, thereby explaining the underlying mechanism rather than simply confirming statistical relationships.

These findings directly address the research gap concerning inconsistent causal pathways in prior literature by empirically demonstrating that both direct and mediated effects coexist within a single integrative framework. In contrast to studies that treat the work environment solely as an independent predictor, this study positions it as a dynamic mediating mechanism that transmits organizational values into employee attitudes. This result supports and extends prior research (Alhempri et al., 2025; Kurniawati & Nuvriasari, 2025; Wijonarko et al., 2024), while offering stronger explanatory power by clarifying the process through which entrepreneurial behavior influences loyalty. From a theoretical standpoint, the findings reinforce social cognitive theory and proactive motivation theory, which emphasize that employee behavior is shaped through the interaction of organizational practices and

environmental conditions (Parker et al., 2010). Moreover, consistent with the Job Demands–Resources (JD-R) theory, the work environment acts as a critical resource that channels organizational inputs into positive employee outcomes (Bakker & Demerouti, 2017). The observed relationships suggest a causal chain in which entrepreneurial behavior fosters autonomy, innovation, and support systems, which subsequently improve the work environment and strengthen employees’ emotional attachment and commitment (Jiang et al., 2012).

Importantly, this study contributes to the literature by extending these relationships into a previously under-explored context, namely small-scale, labor-intensive agro-industrial organizations. Unlike modern, technology-driven firms, such settings are characterized by limited formalization and high interpersonal dependence, which amplifies the role of the work environment as a mediating factor. This context-sensitive approach enhances the external validity of organizational behavior theories and demonstrates that the effectiveness of entrepreneurial behavior is contingent upon the environment in which it is enacted. Practically, the findings suggest that managers should not rely solely on promoting entrepreneurial values but must ensure their consistent translation into daily workplace practices, such as supportive supervision, open communication, and adequate working conditions, in order to effectively enhance employee loyalty.

Nevertheless, several limitations should be acknowledged. The use of a relatively small and context-specific sample limits the generalizability of the findings, while the cross-sectional design constrains the ability to infer causality over time. Additionally, reliance on self-reported measures may introduce common method bias. These limitations, however, do not undermine the internal consistency of the results but rather indicate the need for cautious interpretation. Future research is therefore encouraged to employ larger and more diverse samples across different sectors, adopt longitudinal designs to capture temporal dynamics, and integrate mixed-method approaches to better understand how entrepreneurial behavior is perceived and operationalized in varying organizational contexts.

## CONCLUSION

This study concludes that entrepreneurial behavior exerts a positive and significant influence on employee loyalty through both direct and indirect pathways, with the work environment acting as a partial mediating mechanism. The originality of this research lies in its ability to empirically demonstrate a dual-pathway model within a single integrated framework, showing not only that entrepreneurial behavior influences employee loyalty but also explaining *how* this influence occurs through environmental transformation. Unlike prior studies that predominantly position the work environment as an independent predictor, this study re-conceptualizes it as a strategic transmission mechanism that translates entrepreneurial values, such as innovation, pro-activeness, and risk-taking, into employees’ psychological attachment and commitment. This distinction is critical, as it shifts the analytical focus from static relationships to dynamic processes, thereby offering a more comprehensive understanding of organizational behavior.

Furthermore, the novelty of this study is strengthened by its contextual contribution, as it extends existing theories into a small-scale, labor-intensive agro-industrial setting that has been largely overlooked in prior research. In contrast to studies conducted in formal, technology-driven organizations, this research demonstrates that the effectiveness of entrepreneurial behavior is contingent upon its ability to shape a supportive and participative work environment in more traditional and informal contexts. This finding is important because it highlights that entrepreneurial strategies alone are insufficient unless they are embedded within daily workplace practices that are directly experienced by employees. Consequently, this study not only advances theoretical development by integrating behavioral and

environmental perspectives but also provides practical insights for managers by emphasizing that fostering employee loyalty requires aligning entrepreneurial orientation with tangible improvements in the work environment.

Despite these contributions, several limitations should be acknowledged. The relatively small sample size ( $n = 68$ ) and the focus on a single sector may limit generalizability, while the use of regression and the Sobel test restricts the exploration of more complex relationships. Future research should therefore expand to more diverse sectors, apply comparative and longitudinal designs, and utilize advanced methods such as Structural Equation Modeling (SEM) to further validate and extend the proposed model.

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