Analysis of Changes in Work Environment, Mental Health Program, and Leadership Support to Employee Loyalty in Start-Up Companies in East Java

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Article Info

ABSTRACT

This study examines the impact of changes in the work environment, mental health programs, and leadership support on employee loyalty in start-up companies in East Java. Employing a quantitative research design, data were collected from 68 respondents using a structured questionnaire with a Likert scale (1-5). The data were analyzed using SPSS version 25, utilizing descriptive statistics, reliability testing, and multiple linear regression. The findings reveal that all three factors significantly influence employee loyalty, with leadership support having the strongest impact. The study underscores the importance of integrating adaptable work environments, robust mental health initiatives, and transformational leadership practices to enhance loyalty in the dynamic start-up ecosystem. These insights provide practical guidance for start-up managers in fostering employee retention and organizational success.

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1. INTRODUCTION

The start-up ecosystem in East Java has flourished due to technological advancements and a vibrant entrepreneurial spirit, with employee loyalty playing a pivotal role in fostering organizational stability and a positive work culture essential for navigating uncertain environments. Loyal employees contribute to reduced turnover, which is critical for start-ups with limited resources, as it minimizes recruitment and training costs [1]. Moreover, a loyal workforce cultivates a collaborative environment that enhances teamwork and innovation, enabling start-ups to tackle dynamic challenges effectively [2]. Employee loyalty also drives enhanced performance, as committed employees are more likely to exceed expectations, boosting productivity and innovation to secure a competitive edge [3]. Additionally, loyal employees often build valuable networks that provide access to resources and mentorship, further supporting the growth of start-ups in the region [4].

Achieving and maintaining employee loyalty in start-ups is challenging due to high-pressure environments and evolving

structures, but a supportive work environment, mental health initiatives, and effective leadership are critical for enhancing employee retention and satisfaction. A conducive work environment fosters employee satisfaction and well-being, which are essential for loyalty [5], while transformational leadership and positive workplace dynamics significantly influence employee commitment [1]. Mental health initiatives, including wellness programs, are linked to increased job satisfaction and retention, particularly in high-stress sectors like IT, as they address issues like stress and burnout, fostering a healthier workplace culture [6]. Additionally, effective leadership characterized by clear communication and recognition boosts employee morale and loyalty, reinforcing a sense of belonging and motivating employees to remain committed to the organization [7], [8].

Despite the growing recognition of these factors, limited empirical studies have explored their combined impact on employee loyalty within the start-up context, especially in East Java. This region's unique socio-economic characteristics and its burgeoning start-up scene make it an ideal setting for such an investigation. Understanding the interplay between changes in the work environment, the implementation of mental health programs, and leadership support can offer valuable insights for start-up founders and managers aiming to build sustainable and loyal teams.

This study seeks to fill this gap by analyzing the relationships between these three factors and employee loyalty in start-up companies in East Java. The objectives of this study are threefold: (1) to examine the influence of changes in the work environment on employee loyalty, (2) to evaluate the role of mental health programs in fostering loyalty, and (3) to assess how leadership support impacts employees' commitment to their organizations. By addressing these objectives, this research aims to provide actionable recommendations for start-ups in East Java to enhance their employee loyalty strategies and

ensure long-term success in a competitive market.

2. LITERATURE REVIEW

2.1 Employee Loyalty

Employee loyalty, particularly in start-ups, is essential for fostering stability and reducing turnover, with loyalty categorized into affective, continuance, and normative commitment, each playing a distinct role in employee engagement and organizational success. Affective commitment, reflecting an emotional attachment to the organization, drives employees to align with its goals and values, with research showing that transformational leadership and a positive workplace culture significantly enhance this form of commitment [1]. Continuance commitment, based on the perceived costs of leaving the organization, is influenced by job security and benefits, although it is less effective in driving performance compared to affective commitment [9]. Normative commitment stems from a sense of obligation to remain with the organization, cultivated through strong organizational culture and values, but its impact on performance is also less pronounced than that of affective commitment [10], [11].

2.2 Work Environment

A supportive work environment is essential for enhancing employee performance and well-being, particularly in start-ups where frequent changes require adaptability and resilience. A positive work environment,

characterized by open communication, recognition, and growth opportunities, significantly correlates with increased job satisfaction and employee loyalty. A strong organizational culture, including recognition and managerial support, fosters job satisfaction, which directly enhances employee performance [12], [13]. Both physical elements, such as workspace design, and non-physical factors, like interpersonal relationships, play critical roles in influencing job satisfaction, with non-physical factors often having a more substantial impact [14]. Additionally, promoting a healthy work-life balance reduces stress and boosts loyalty, as organizations that prioritize this balance tend to retain employees for longer periods [15].

2.3 Mental Health Programs

Mental health in modern workplaces, particularly in high-pressure environments like start-ups, is increasingly recognized as essential for employee well-being and organizational success. Effective mental health programs, including stress management workshops and wellness initiatives, alleviate workplace stress while fostering a culture of care and trust. Organizations that invest in such initiatives report higher employee satisfaction levels, which enhance loyalty and reduce turnover rates [16]. Programs like health awareness initiatives and access to recreational facilities significantly improve employees' ability to manage stress [17]. Start-ups that prioritize mental health create supportive environments that foster commitment even amidst challenges, while comprehensive wellness strategies boost employee engagement and productivity, driving overall business performance [18]. However, implementing mental health programs can be challenging, especially in remote work settings, as organizations must address barriers such as resource allocation and employee engagement to ensure effective program delivery [18].

2.4 Leadership Support

Leadership support is crucial in fostering employee loyalty, particularly in start-ups where organizational culture is still developing. Transformational leadership, characterized by its ability to inspire and empower employees, enhances loyalty by creating a shared vision and fostering trust. This leadership style motivates employees and improves their performance and engagement, as transformational leaders inspire through idealized influence and motivational support, resulting in increased job performance [19]. Studies show significant positive correlations between transformational leadership and employee performance, emphasizing the importance of personalized support and creativity stimulation [20]. Additionally, transformational leadership, combined with organizational support, significantly boosts work motivation, enhancing both employee performance and job satisfaction [21], [22]. Employees under transformational leaders report higher job satisfaction,

which is critical for maintaining motivation and loyalty [22]. Conversely, inadequate leadership support can lead to disengagement, higher turnover rates, and diminished commitment to organizational changes, as employees may feel undervalued and unsupported [23].

2.5 *Research Gap*

While existing literature has explored the individual impact of work environment, mental health programs, and leadership support on employee loyalty, limited studies have examined their combined effect in the context of start-ups. Furthermore, studies focusing on start-ups in East Java remain scarce, despite the region's growing entrepreneurial ecosystem. This research aims to address these gaps by providing empirical evidence on the relationship between these variables and employee loyalty in start-up companies in East Java.

2.6 *Conceptual Framework*

Based on the literature review, this study proposes a conceptual framework where changes in the work environment, mental health programs, and leadership support are the independent variables, and employee loyalty is the dependent variable. These relationships will be tested through quantitative analysis to provide actionable insights for start-ups in East Java.

3. METHODS

3.1 Research Design

The study adopts a cross-sectional survey design to collect and analyze data at a single point in time. This design was chosen to understand the relationships between the independent variables—changes in the work environment, mental health programs, and leadership support—and the dependent variable, employee loyalty. A structured questionnaire was used as the primary instrument for data collection, allowing for standardized responses and quantitative analysis.

3.2 Population and Sample

The population of this study consists of employees working in start-up companies located in East Java, representing various industries such as technology, e-commerce, and creative enterprises. A purposive sampling method was employed to ensure representativeness, with inclusion criteria requiring participants to have been employed in a start-up company for at least six months, demonstrate willingness to participate in the survey, and possess basic familiarity with workplace changes, mental health programs, and leadership practices within their organization. A total of 68 valid responses were obtained, meeting the minimum sample size required for statistical analysis and ensuring reliable insights while adhering to resource constraints.

3.3 Data Collection Techniques

Primary data were collected through a structured questionnaire designed using a Likert scale format, with response options ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed online to facilitate ease of access and participation, given the geographically dispersed nature of the respondents.

3.4 Data Analysis

The collected data were analyzed using SPSS version 25 to ensure accurate and robust statistical results through a series of analytical methods. Descriptive statistics were used to summarize the demographic characteristics of respondents and the distribution of responses across variables. Reliability testing, employing Cronbach's

alpha, assessed the internal consistency of the questionnaire items for each variable. Correlation analysis was conducted to identify the strength and direction of relationships between the independent and dependent variables. Multiple linear regression analysis determined the individual and combined impacts of changes in the work environment, mental health programs, and leadership support on employee loyalty. Finally, significance testing, with a 5% significance level (p<0.05), was applied to establish the statistical significance of these relationships.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The demographic analysis revealed that the majority of respondents were aged between 25 and 35 years (68%), with an even distribution of male and female participants. Most participants had been employed in their current start-up for 1–3 years, reflecting a relatively young and dynamic workforce that aligns with the characteristics of the start-up ecosystem.

The mean scores for the study variables were as follows: changes in the work environment (Mean = 4.12, SD = 0.67), mental health programs (Mean = 3.89, SD = 0.75), leadership support (Mean = 4.05, SD = 0.62), and employee loyalty (Mean = 4.15, SD = 0.58). These results indicate that respondents generally held positive perceptions of their work environment, mental health programs, and leadership support, while also demonstrating a high level of loyalty to their organizations.

4.2 Reliability Testing

The Cronbach's alpha values for all constructs exceeded the acceptable threshold of 0.70, confirming the internal consistency of the measurement scales: changes in the work environment (α = 0.815), mental health programs (α = 0.842), leadership support (α = 0.798), and employee loyalty (α = 0.852).

4.3 Hypothesis Testing

Multiple linear regression analysis was conducted to evaluate the relationship between the independent variables and employee loyalty. The regression equation is $Y=\beta_0+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3+\epsilon$, where Y represents employee loyalty, X1 is changes in the work environment, X2 is mental health programs, and X3 is leadership support. The analysis yielded an R2 value of 0.68, indicating that 68% of the variance in employee loyalty is explained by the independent variables.

The regression coefficients revealed significant positive relationships for all three variables: changes in the work environment (β=0.354, sig = 0.000), mental health programs (β=0.293, sig = 0.000), and leadership support (β=0.421, sig = 0.000). Among these, leadership support demonstrated the strongest impact on employee loyalty. These results underscore the importance of fostering supportive leadership, implementing effective mental health programs, and managing workplace changes to enhance loyalty within organizations.

Discussion

1. Changes in the Work Environment and Employee Loyalty

The findings suggest that changes in the work environment have a significant positive impact on employee loyalty. This aligns with previous studies [14], [24], [25] which indicate that a supportive and adaptable work environment fosters employee satisfaction and retention. In start-ups, where frequent organizational changes are common, creating a stable and supportive environment can enhance employees' commitment to the company.

2. Mental Health Programs and Employee Loyalty

Mental health programs were also found to significantly affect employee loyalty. This supports the growing body of evidence highlighting the importance of workplace mental health initiatives [26]–[28]. Employees who feel their mental well-being is valued are

more likely to remain loyal to their organization. For start-ups in East Java, implementing effective mental health programs can be a key strategy to address stress and burnout among employees.

3. Leadership Support and Employee Loyalty

Leadership support emerged as the most influential factor in predicting employee loyalty, consistent with the findings of [19], [20], [29]. Supportive leaders inspire trust, foster motivation, and create a sense of belonging among employees, which are critical for loyalty. Start-ups with transformational leadership practices are better positioned to retain employees despite the challenges of the start-up environment.

4. Combined Effects of Variables

The combined effect of changes in the work environment, mental health programs, and leadership support explains a substantial proportion of the variance in employee loyalty ($R^2=0.68$). This underscores the importance of addressing these factors collectively rather than in isolation. Start-up companies that integrate supportive leadership, employee well-being initiatives, and adaptable work environments can create a synergistic impact on loyalty.

5. Implications for Start-Ups in East Java

The findings of this study provide actionable insights for start-up managers in East Java:

a) Enhance Work Environment Stability: Focus on creating a balanced and supportive work environment, even amidst frequent organizational changes.
b) Prioritize Mental Health: Invest in mental health programs tailored to the unique challenges of the start-up ecosystem.
c) Develop Transformational Leaders: Provide leadership training that emphasizes empathy, communication, and team-building skills.

By addressing these areas, start-ups can foster greater loyalty among employees, contributing to long-term organizational success

5. CONCLUSION

The findings of this study highlight the critical role of changes in the work environment, mental health programs, and leadership support in fostering employee loyalty in start-up companies in East Java. Leadership support emerged as the most influential factor, demonstrating the importance of empathetic and transformational leadership in retaining employees. Mental health programs also significantly contributed to loyalty, emphasizing the need for organizations to address employee well-being proactively. Changes in the work environment, when managed effectively, can enhance employees' sense of security and belonging, further driving loyalty.

For start-up managers, these findings underscore the necessity of adopting a holistic approach to employee management. By creating supportive work environments, investing in mental health initiatives, and cultivating strong leadership, start-ups can build a loyal workforce capable of sustaining the organization through challenges. Future research could expand on this study by exploring additional variables or conducting qualitative analyses to gain deeper insights into employee experiences in start-ups.

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