

# **Effect of Compensation, Career Development and Work Environment on Employee Retention (Study on Employees of PT Telkom Witel Tangerang BSD)**

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## **Abstract**

Human resources (HR) are an important factor in the development process of a company. Without good human resources, a company will not develop properly, because even though a company has a good system and sophisticated technology, if it is not supported by competent human resources, the goals of achieving the company's targets will not be achieved effectively and efficiently. One of the focuses of HR management is employee retention. Employee retention is the process of how to encourage employees to stay with the organization for a maximum time or until the completion of a project, employee retention is the company's ability to retain employees who have the potential to remain loyal to the company. The purpose of this research is to study and analyze the effect of compensation, career development and work environment either partially or simultaneously on employee retention of PT Telkom Witel Tangerang BSD. The research data were collected by distributing questionnaires, the collected data were processed using the Structural Equation Model method with Smart PLS software tools. The results of this study indicate that compensation has a positive and significant effect on employee retention. Career development has no effect on employee retention. The work environment has no effect on employee retention.

*Keywords: Compensation, Career Development, Work Environment, Resistance*

## **1. Introduction**

Human resources (HR) are one of the important factors in the development process of a company. Without good human resources, a company will not develop well, because even though a company has a good system and sophisticated technology, if it is not supported by competent human resources, the company's goals will not be achieved effectively and efficiently. One of the focuses of HR management is employee retention. Employee retention is the process of how to encourage employees to stay with the organization for a maximum period of time or until the completion of the project, employee retention is the company's ability to retain employees who have the potential to remain loyal to the company (Susilo, 2013). The main purpose of retention is to prevent the exit of skilled employees from the organization, because it can have an adverse effect on company productivity (Samuel & Chipunza, 2009), maintaining high employee retention will increase the effectiveness and performance of the company because with high retention, turnover will be low (Gunawan, 2011).

One of the factors that affect the level of employee retention is compensation. Hasibuan (2011) states that compensation is income in the form of money, goods directly, or indirectly received by employees as compensation for services provided. Lubis (2015) states that compensation is very important for employees as individuals, because wages are a measure of their value or work among the employees themselves, their families, and the community. Handaru, Utomo, & Sudiarditha (2013) stated that compensation is a form of appreciation given to employees as a reward or contribution they give to their organization. The amount of compensation or remuneration has been determined and known beforehand, so that employees will definitely know the amount of remuneration or compensation that will be received by the employee, compensation is the company's strategy to empower the workforce, and can function as a company's competitive advantage. Fair compensation is more attractive in developing, motivating and retaining qualified and competent employees (Wibawa & Indrawati, 2015). Chiekezie, Emejulu, & Nwanneka (2017) state that if management fails to formulate, and implement a good compensation policy, then if employees find a better offer elsewhere, the employee is likely to leave his job. (Mandhanya, 2016) also states that an effective compensation package has a positive relationship with employee retention and thus influences the employee's decision to remain in the company.

Another factor that affects employee retention is career development. Rivai (2011) states matters relating to the career development of an employee or employee, namely job performance, exposure, networking (networking), resignation (resignations), loyalty to the organization (organizational loyalty), mentors and sponsors (mentors and sponsors), subordinates who have key roles (key subordinates), opportunities for growth (growth opportunities), experience (experience). Career development is the process of increasing individual work abilities achieved in order to achieve the desired career (Sudiro, 2011). Research by Kahiga, Ogolla, & Muema (2019) states that employee retention is influenced by career development because these variables are statistically significant with employee retention. Nyambura & Kamara's research (2017) found that career development has a significant positive effect on employee retention. Furthermore, Ramadhani, Muis, & Amar, (2020) conclude that career development and work environment have a positive and significant influence on employee retention. Sitati, Were, Waititu, & Miringu (2019) also stated that there was a positive and significant relationship between career development variables and employee retention. However, Al-sharafi, Hassan, & Alam (2018) stated that career development has no relationship or no effect on employee satisfaction and retention.

Another factor that influences retention is the work environment. Hidayah (2016) states that there are internal factors and external factors that affect a person's work. Internal factors are factors related to a person's characteristics, including attitudes, personality traits, physical traits, desires or motivations, age, gender, education, work experience, cultural background, and other personal variables. External factors are factors that affect employee performance from the environment, leadership, actions of colleagues, types of training and supervision, the wage system and social environment.

According to Putra, Utami, & Hakam, (2013) (Sundari & Okfitasari, 2017) the work environment really needs to be considered because it is one of the important factors in determining one's attitude at work. Sedarmayanti (2011) states that the work environment is the whole of the tools and materials encountered, the surrounding environment in which people work, their work methods, and their work arrangements both as individuals and groups. The work environment can be divided into 2 (two) namely the physical work environment and the non-physical work environment. Physical work environment examples are lighting, wall color, air circulation, music, cleanliness and security. While the non-physical work environment for example is the task structure, job design, cooperation patterns, leadership patterns and organizational culture. The division of the work environment cannot be separated from one another. Between the two must be balanced, because both the physical and non-physical work environment will both affect employee performance. To balance the two,

management awareness of the company is needed, because a conducive work environment is needed to support employee performance in carrying out their work. The results of the research by Pratiwi & Sriathi (2017) show that the non-physical work environment and career development have a positive and significant effect on employee retention. Research by Kwenin (2013) that the work environment and career development opportunities have a positive relationship with employee retention and thus influence the employee's decision to stay.

Research by Rattu, Tielung, & Program (2018) shows that the work environment has a positive and significant influence on employee retention. Gangwani, Dubey, & Dasgupta, (2016) stated that the work environment plays an important role in employee retention. A good work environment develops a long-term relationship between employees and the organization. However, the results of Nurisman's (2019) research showed different results, namely the work environment and employee development were not significant on employee retention. Telkom Group is the only state-owned telecommunications company as well as the largest telecommunications and network service provider in Indonesia. The Telkom Group serves millions of customers throughout Indonesia with a complete range of telecommunications services including fixed wireline and fixed wireless, cellular communications, network and interconnection services as well as internet and data communications services. Telkom Group also provides various services in the fields of information, media and edutainment, including cloud-based and server-based managed services, e-Payment services and IT enabler, e-Commerce and other portal services. As a telecommunications company, the Telkom Group continues to strive for innovation in sectors other than telecommunications, as well as building synergies among all products, services and solutions, from legacy businesses to New Wave Business. To increase business value, in 2012 Telkom Group changed its business portfolio to TIMES (Telecommunication, Information, Media Edutainment & Service). To run its business portfolio, Telkom Group has four subsidiaries, namely PT. Telekomunikasi Indonesia Cellular (Telkomsel), PT. Telekomunikasi Indonesia International (Telin), PT. Telkom Metra and PT. Telecommunications Partner Power (Partner).

Based on observations, employee retention at PT Telkom Witel Tangerang BSD faces problems. During the past year, PT Telkom Witel Tangerang BSD was only able to maintain 88.7 percent of employees to keep working and the turnover rate was 11.3 percent and was classified as high even though according to Gillies in Aditeresna & Mujiati (2018) employee turnover is said to be normal ranging from 5-10 percent per year and is said to be high if it is more than 10 percent per year, so it is necessary to research the factors that cause the high rate of employee retention.

## **2. Methods**

### **Research Object and Time**

According to (Sugiyono, 2016) the object of research is an attribute of a person, object or activity that has a certain variation determined by the researcher to be studied and then drawn conclusions. The object of research is something that is of concern in a study, the object of this research is the target in research to get answers and solutions to problems that occur. The object of this study is about the factors that affect employee retention at PT Telkom Witel Tangerang BSD, while the research subjects are employees of PT Telkom Witel Tangerang BSD. The implementation time of this research was in December 2020 by distributing research questionnaires to employees.

**Variable Operationalization**

The researcher groups the variables in the title into 3 (three) independent variables, namely compensation, career development, work environment and the dependent variable, namely employee retention. The following is a table of research operations.

**Table 1. Variable Operationalization**

<b>Variables</b>	<b>Dimension</b>	<b>Indicators</b>	<b>Statement</b>
Compensation (X1)  (Hasibuan, 2011)	Financial	X.1.1 Salary/Wages	The wages/salaries you receive are in accordance with Government Regulations (Minimum UMR)
		X.1.2 Incentives	If you achieve the target/achievement at work, the company has provided additional incentives beyond the basic salary (individual incentives)
		X.1.3 Benefits and Protection	The company provides health insurance (insurance/reimbursement) to employees and family members of employees who fall ill
	Non-Financial	X.1.4 Sense of Security	The level of security at work is very good (K3 procedures are standardized), so you feel safe at work
		X.1.5 Promotion Opportunities	Opportunities for promotion / promotion are widely open for employees who have good performance
		X.1.6 Recognition/Awards	Employees who perform well will receive awards from your company/supervisor in non-material forms such as employee of the month
		X.1.7 Facilities	The company provides facilities that support your performance
		X.1.8 Residence radius	You feel the distance to the work location is still quite close
		X.1.9 Competition	Work competition to achieve work targets takes place in a healthy manner
		X.1.10 Freedom	You are free to determine the work method in solving work problems as long as it is in accordance with company SOPs
Career Development (X2)  (Rivai, 2011)	Work performance	X.2.1 Appropriateness of performance appraisal	Assessment of work performance is objective in accordance with real conditions
		X.2.2 Fairness in performance appraisal	The assessment of work performance is fair, no party is harmed/favouritism
		X.2.3 Work performance as a reference for career advancement	Work performance is used as a management reference in determining career progress
		X.2.4 Division of tasks according to ability	Division of tasks/Job Description according to the ability and competence possessed

<b>Variables</b>	<b>Dimension</b>	<b>Indicators</b>	<b>Statement</b>		
	Network	X.2.5	Free from nepotism	Nepotism-free company management	
		X.2.6	Networking with external professionals	Having extensive networking with professionals/clients is a consideration in career advancement	
		X.2.7	Join a professional association	Active in professional associations/external organizations influencing career advancement	
		X.2.8	Career opportunities in the company	Career opportunities in this company are wide open	
	Loyalty to the Organization	X.2.9	Pay attention to working period	Management pays attention to tenure in providing promotions	
	Mentors and sponsors	X.2.10	Get advice or advice in an effort to develop a career	Supervisor/leader provides advice in an effort to develop a career	
	Opportunity to grow	X.2.11	Ability enhancement	There is always training that improves abilities from time to time provided by company management manajemen	
			X.2.12	Opportunity to attend training	There is always an opportunity to take part in the training provided by the company management
		X.2.13	Experience working internationally	Work experience/Education Abroad can be a factor in career advancement	
	Work Environment (X <sub>3</sub> ). (Sidanti, 2015)	Physical Work Environment	X.3.1	Spatial	The layout of the workspace is good, neatly arranged
			X.3.2	Lighting	The lighting in the workspace is sufficient and supports me in my work
			X.3.3	Air temperature and humidity	The room temperature and humidity are comfortable enough to make me productive at work
			X.3.4	Noise Level	The sound at my workplace is not distracting so it is enough to support me in my work
X.3.5			Work atmosphere	The working atmosphere at this company is very comfortable, it makes me feel at home and productive	
X.3.6			Job Security	I feel safe in the workplace	
Non-physical Work Environment		X.3.7	Work structure	The work structure in this company is good, I know who I am responsible for	
		X.3.8	Job Responsibilities	The responsibilities given to me are in accordance with the capacity and ability that I have	
		X.3.9	Leadership support	Leaders always support the activities and creativity of positive subordinates	
		X.3.10	Cooperation	In completing tasks, all co-workers can work together	
		X.3.11	Communication	Communication between employees and with superiors is good and full of intimacy	

Variables	Dimension	Indicators	Statement	
Employee Retention (Y)  Mathis dan Jackson (2009)	Organizational components	Y.1.1	The pattern of shared values and beliefs is good	The company already has a good pattern of shared values and beliefs, there are standard rules and ethics that are mutually agreed upon
		Y.1.2	A culture that respects other people is good	The company has developed a culture of mutual respect between fellow employees, it has been going well
		Y.1.3	The company's vision is going well	The leadership's orders are in accordance with the company's vision
		Y.1.4	There is a strategic plan to deal with change	The company already has a strategic plan to face continuous change
	Career opportunities	Y.1.5	Opportunities for promotion in the future	I believe there are opportunities for promotion in the future at this company.
		Y.1.6	The company accommodates the expectations of employees in the future	I believe the Company is able to accommodate the expectations of employees in the future
		Y.1.7	Flexibility of benefits	Allowances or bonuses in accordance with the achievements achieved by employees
			Employee recognition	There is a verbal award/recognition for achievement by a leader who makes employees proud
			Positive feedback	The company provides positive feedback on the work achieved by employees
	Task and work plan	Y.1.10	Work with modern equipment and technology	The company has modern work equipment and tools that really help work efficiency
		Y.1.11	Safe working environment	The company provides a safe, comfortable and conducive work environment
		Y.1.12	Work more than the target	I am able to work more than the target given by the company
		Y.1.13	Telling good things about the company	I always talk about the positive side of the company to everyone

**Population, Sampling and Sampling Techniques**

The population of this study are permanent employees at PT. Telkom Witel BSD as many as 110 people. The sample of this study was calculated using the Slovin formula with an alpha or an error rate of 10%. Determination of the number of research samples based on the calculation of the following Slovin formula.

$$n = \frac{N}{1 + Ne^2} \dots \dots \dots (1)$$

N in the above formula is the total population of employees, while e is the tolerable error rate (10%) then the calculation results are:

$$n = \frac{110}{1 + 110 (0.1)^2} = 53$$

Based on the calculation using the slovin formula (Umar, 2013) using alpha 10%, the sample that will be used as a respondent is 53 employees

The sampling technique in this study will use a probability sampling approach, namely a sampling technique that provides equal opportunities or opportunities for each element or member of the population to be selected as a sample. The sampling technique uses simple random sampling, which is a technique to determine and choose who is used as a random sample from that part of the population.

### **Method of Collecting Data**

Sources of data obtained in this study came from primary data. Primary data in this study directly from the first source collected through the results of filling out a questionnaire or the results of distributing questionnaires to a predetermined sample. Data was collected by observation and questionnaires (questionnaire). The questionnaire was made using open-ended questions, which consisted of questions to explain the identity of the respondents and closed questions, namely questions that asked respondents to choose one of the available answers from each question.

In this study, respondents were asked to answer questions in the form of a scale to measure the attitude of respondents to the questions in the questionnaire. The measurement scale uses Likert, Sugiyono (2010:132), which is a scale used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena. The answer to each instrument item using a Likert scale has a gradation from very positive to very negative. Likert scale 1 - 5 is used in this study which is divided into:

- 1 = Strongly Disagree (STS)
- 2 = Disagree (TS)
- 3 = Fairly Agree (CS)
- 4 = Agree (S)
- 5 = Strongly Agree (SS)

### **Data Analysis Techniques**

#### *Descriptive Analysis*

Descriptive analysis is to describe several conditions of the object of research briefly obtained from the results of data collection or answers to questionnaires by respondents. According to Sugiyono (2010), descriptive statistics are statistics used to analyze data by describing or describing the data collected as they are without intending to make conclusions that apply to the public or generalizations. Included in descriptive analysis are the presentation of data through tables, graphs, pie charts, pictograms, calculation of mode, median, mean, calculation of deciles, percentiles, calculation of data distribution through calculation of average and standard deviation, calculation of percentages.

The data presented in descriptive statistics are usually in the form of measures of data concentration (mean, median, and mode), measures of data spread (standard deviation and variance), tables and graphs (histograms, pie and bars). Statistical data obtained in research need to be summarized properly and regularly. This is intended to obtain a clearer picture of the set of data obtained either on the sample or population.

### **SEM with PLS**

Data analysis is one of the research processes carried out after all the data needed to solve the research problem has been obtained in full. In this study, the data analysis used is partial least square analysis, the data used is obtained by distributing questionnaires to respondents. Quantitative data is

data in the form of numbers that can be calculated, obtained from the calculation of the questionnaire to be carried out related to the problem being studied.

Data analysis was carried out using the component-based SEM method using PLS which was chosen as an analytical tool in this study. The Partial Least Square (PLS) technique was chosen because this tool is widely used for complex causal - predictive analysis and is an appropriate technique for use in prediction applications and theory development as in this study. PLS is a more appropriate approach for prediction purposes, this is especially in conditions where indicators are formative. With the latent variable in the form of a linear combination of the indicators, the prediction of the value of the latent variable can be easily obtained, so that the prediction of the value of the latent variable that it affects can also be easily obtained, so that the prediction of the latent variable that is affected can also be easily made.

#### *Validity Test*

According to (Ghozali, 2014) the validity test is used to measure whether or not a questionnaire is valid. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. In PLS, the evaluation of the validity of the measurement model or the outer-model that uses reflexive indicators is evaluated with convergent and discriminant validity. The results of data collection obtained from the questionnaire must be tested for validity and reliability.

The results of the study are said to be valid, if there are similarities between the data collected and the data that actually occurs in the object under study. Meanwhile, the outer-model with formative indicators is evaluated based on its substantive content, namely by comparing the relative weight and looking at the significance of the weight size. Convergent validity of the measurement model with reflective indicators is assessed based on the correlation between the item score/component score and the construct score calculated by PLS. Individual reflexive measure is said to be high if it has a correlation of more than 0.07 with the construct to be measured. However, according to Chin in Ghozali (2011) for research in the early stages of developing a measurement scale, a loading value of 0.05 to 0.6 is considered sufficient. While discriminant validity is assessed based on crossloading,

#### *Construct Reliability Test*

The reliability of the construct was measured by the correlation of the construct with the measurement item, with the result being greater than other construct sizes, so this indicates that the latent construct predicts the size of the block. It can also be assessed with the Square Root Of Average Extracted (AVE), if the value of the square root of the AVE for each construct is greater than the correlation value between constructs and other constructs in the model, it is said to have a good discriminant validity value (Fornell and Lacker in Ghozali, 2008: 25). ).

#### *Variable Reliability Test*

Research results are said to be reliable if there are similarities in data at different times, meaning that instruments that have reliability are instruments which, when used several times to measure the same object, will produce the same data (Sugiyono, 2016). A good instrument is not directing the respondent to choose a certain answer as desired by the researcher. To test whether the instrument is reliable seen from the composite value. The reliability of the indicator block that measures a construct and also the Cronbach alpha value. If the value of composite reliability and Cronbach's alpha is above 0.70, it means that the construct value is declared reliable (Ghozali, 2011).



### *Hypothesis Testing*

According to Ghazali (2011) the t statistic test basically shows how far the influence of one explanatory variable individually in explaining the variation of the dependent variable'. The procedure in the t-test is as follows:

1. Determine H<sub>0</sub> and H<sub>1</sub> (nil hypothesis and alternative hypothesis).
2. If the significance of the t value < 0.05, then there is a significant effect between the independent variable (free) on the dependent variable (bound). This means that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted.
3. If the significance of the t value > 0.05 then there is no significant effect between the independent variable (free) on the dependent variable (bound). This means that H<sub>0</sub> is accepted and H<sub>1</sub> is rejected. At the significance level = 5%. However, if the value of t sig < 0.10 then there is a significant effect on the significance of = 1%.

### **Research Model Framework**

In this study, the indicator model used is a formative indicator model. According to Ghazali (2011) the indicator model based on the operationalist model states that a concept will be a measurement and has no meaning outside the measurement itself, if the overall meaning of the concept is associated with its measurement and the theoretical concept is only one and has one measurement. In the formative model, the composite variable seems to be influenced (determined) by the indicator. So, the direction of the causality relationship seems to be from indicators to latent variables. In the formative model, changes in indicators are hypothesized to affect changes in constructs (latent variables). Unlike the reflexive model, the formative model does not assume that indicators are influenced by a construct but assumes that all indicators affect a single construct. The direction of the causality relationship seems to flow from indicators to latent constructs and indicators as a group together determine the concept, construct or latent. Since it is assumed that the indicators seem to affect the latent construct, there is a possibility that the indicators are correlated with each other, but the formative model does not assume the need for consistent correlation between indicators. For example, a composite construct measured by mutually exclusive indicators is the Socio-Economic Status construct measured by indicators such as Education, Employment and Place of Residence. Because it is assumed that the indicators are not correlated, the internal consistency measure of reliability (Cronbach's Alpha) is not needed to test formative construct reliability. The causality of the relationship between indicators does not have a low validity value just because it has low internal consistency. To assess construct validity, it is necessary to look at other variables that affect the latent construct. So, to test the validity of latent constructs, researchers must emphasize nomological and/or criterion-related validity.

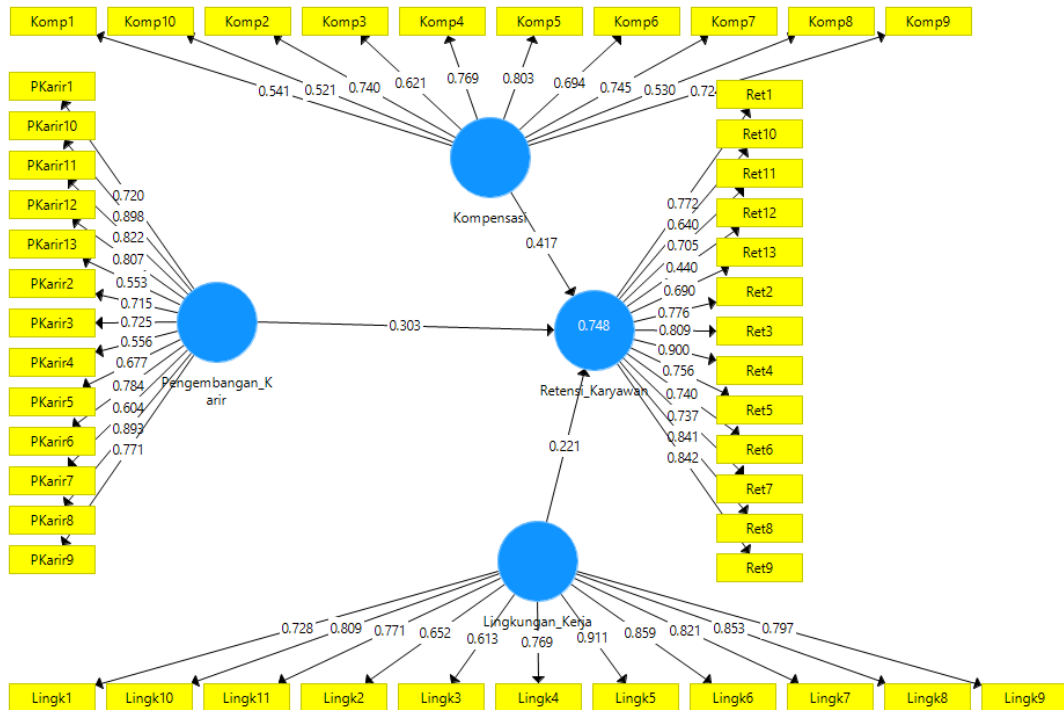
### **3. Results and Discussion**

#### **Structural Model**

In this study, the direction of the arrow between the indicator and the latent construct is towards the indicator which indicates that the study uses relatively appropriate reflective indicators to measure perception. The relationship to be studied (hypothesis) is denoted by an arrow between constructs.

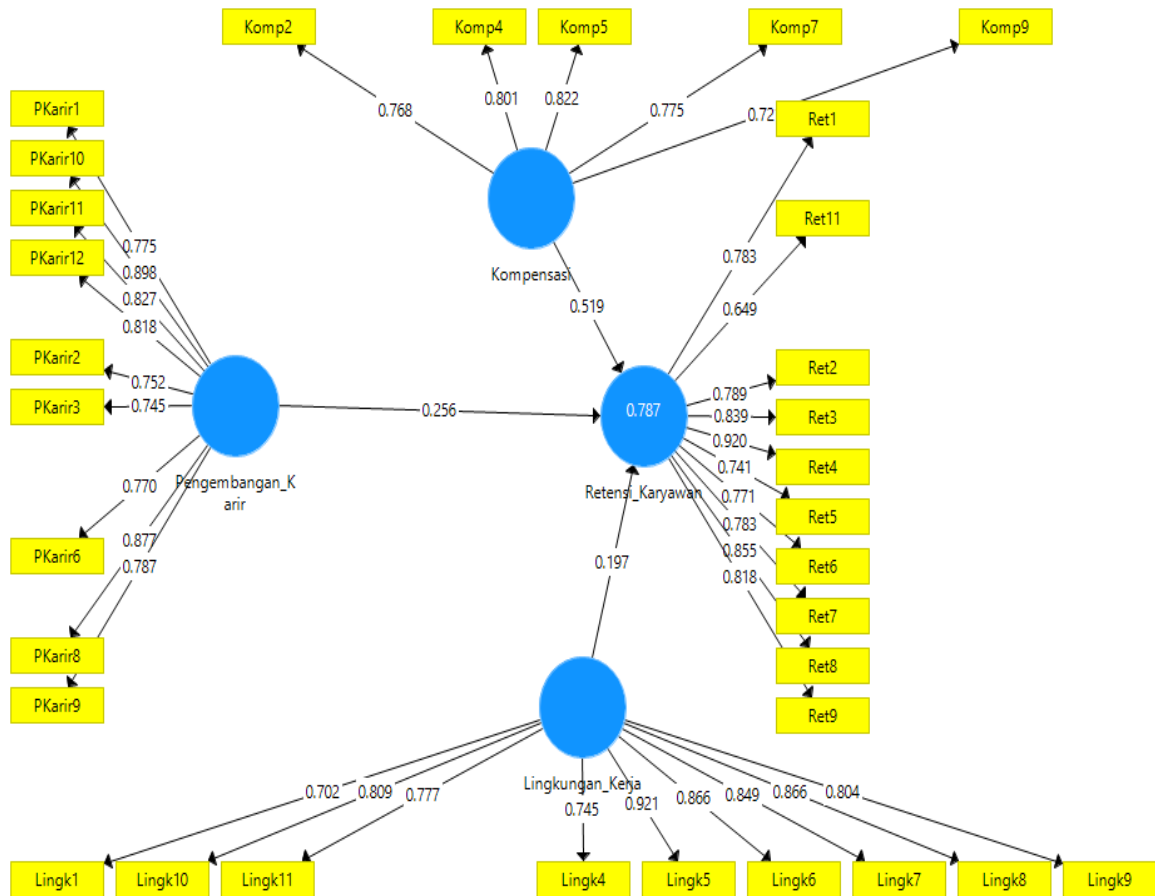
#### **Validity Test**

Test the validity of the research variables can be seen in the following figure:



**Figure 1. Validity Test 1**

An indicator is declared valid if it has a loading factor above 0.70 against the intended construct (Ghozali, 2015). Based on the results of the loading factor, there is a factor loading value below 0.7, so it must be dropped from the indicators of this study, following the results of the second validity test after the loading factor is below 0,7.



**Figure 2. Validity Test 2**

After being tested again, there is no loading factor value below 0.7 which means the indicators in this study are valid.

**Reliability Test**

To see the reliability results, it can be seen that the average variance extracted (AVE) value must be above 0.5 and Composite Reliability must be above 0.7 (Ghozali, 2015).

**Table 2. Reliability Test**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Kompensasi	0,837	0,841	0,884	0,605
Lingkungan Kerja	0,937	0,943	0,948	0,669
Pengembangan Karir	0,933	0,938	0,944	0,652
Retensi Karyawan	0,935	0,940	0,945	0,636

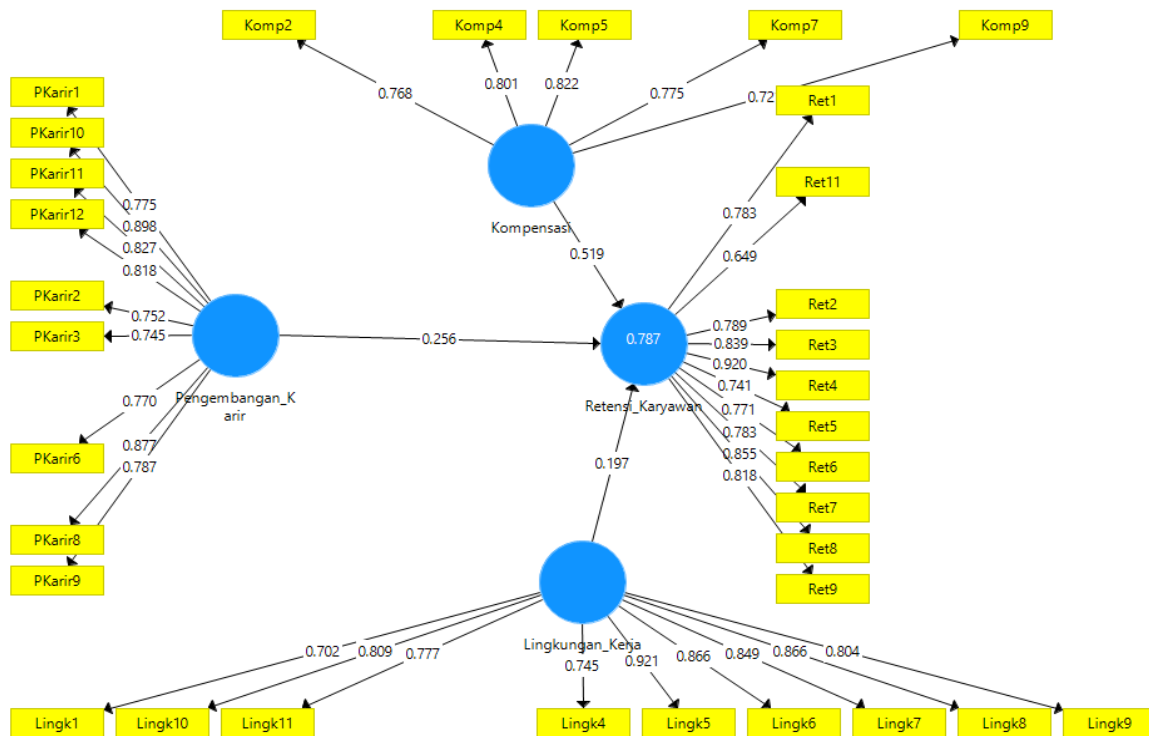
*Source: Processed data (2021)*

From Table 10 it is found that there is no AVE value below 0.5 and Composite Reliability values above 0.7. Likewise, the Cronbach alpha value is already above 0.6 and the rho\_A value is 0.7, so that all variables meet the reliability requirements according to Ghozali's opinion (2015).

**Research Variable Hypothesis Testing**

1). Structural Equation

In this study, the equations were made based on the model structure drawing, and the following is the result of data processing using the PLS Algorithm and PLS Bootstrapping methods.



**Figure 3. PLS Bootstrapping**

Furthermore, to clarify the coefficients of the structural equation, consider the following table:

**Table 3. Path coefficients (Mean, STDEV, T-Values)**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Compensation -> Employee Retention	0,519	0,510	0,176	2,953	<b>0,003</b>
Work_Environment -> Employee Retention	0,197	0,198	0,133	1,489	<b>0,137</b>
Career_Development -> Employee Retention	0,256	0,271	0,130	1,963	<b>0,051</b>

**Table 4. R-Square**

	R Square	R Square Adjusted
Employee Retention	0,787	0,774

Based on Table 3, the substructure equation is obtained as follows: Employee Retention = 0.519 Compensation + 0.197 Career Development + 0.256 Work Environment + e (e=1 – 0.787= 0.213) The equation shows the direction of the relationship between the dependent variable and the dependent variable. The results of these equations can be seen that the effect of Compensation, Career Development, and Work Environment on Employee Retention is positive.

## **Hypothesis testing**

### *Results of the 1st Hypothesis Testing*

Hypothesis 1 in this study is that compensation has a significant effect on employee retention. From table 4.14 it is found that the value of T-statistics = 2.953 > 1.96 and P-Value = 0.003 < 0.05. From these results, the hypothesis that compensation has a significant effect on employee retention is accepted, in other words compensation has a significant effect on employee retention.

### *2nd Hypothesis Test Results*

Hypothesis 2 in this study is Career Development has a significant positive effect on Employee Retention.

From table 4.14 it is found that the T-statistical value is 1.489 < 1.96 and the P-Value is 0.137 > 0.05. From these results, the hypothesis that career development directly has a significant effect on employee retention is rejected, in other words the effect of career development is not significant on employee retention.

### *3rd Hypothesis Test Results*

Hypothesis 3 in this study is the work environment has a significant effect on employee retention. From table 4.16 it is found that the value of T-statistics = 1.963 > 1.96 and P-Value 0.051 > 0.05. From these results, the hypothesis that the work environment directly has a significant positive effect on employee retention is rejected, in other words the effect of the work environment is not significant on employee retention.

## **Discussion of Research Results**

### *Effect of Compensation on Employee Retention*

The results showed that the T-statistical value = 2,953 > 1.96 and the P-Value = 0.003 < 0.05. From these results, the hypothesis which states that compensation has a significant effect on employee retention is accepted, in other words, compensation has a significant effect on employee retention. This means that if Compensation is improved or increased this will also increase Employee Retention. The results of this study are in line with the research of Handaru (2013), Astuti (2014) and Putra and Rahyuda (2016) resulting in the conclusion that compensation has a positive effect on employee retention. This means that by increasing compensation, it is an effective way to increase Employee Retention. There are several policies that can be done by management to increase employee retention through compensation variables by improving the rewards given by the company and incentives, because according to employees based on the questionnaire the company has not provided additional incentives beyond the basic salary properly.

### *Effect of Career Development on Employee Retention*

The results showed that the T-statistical value was 1.489 < 1.96 and the P-Value 0.137 > 0.05. From these results, the hypothesis which states that Career Development has no significant effect on Employee Retention is accepted. This means that if Career Development is improved or increased this will not affect Employee Retention. The results of this study are in line with research by Pratiwi and Sriathi (2017) and Dewi and Riana (2019) which conclude that career development has no significant effect on employee retention. There are several policies that can be implemented by management to improve employee retention based on the results of the questionnaire, namely by improving career opportunities in the company and making employees more loyal to the company, for example by creating career programs that attract employees.

*Effect of Work Environment on Employee Retention*

The results showed that the work environment had no significant effect on employee retention. From table 4.14 it is found that the value of T-statistics = 1.963 > 1.96 and P-Value 0.051 > 0.05, in other words the work environment has no significant effect on employee retention. This means that if the Work Environment is improved or improved, it will not increase Employee Retention. The results of this study are not in line with the research of Pratiwi and Sriathi (2017) which concluded that the work environment has a positive and significant effect on employee retention. There are several things that are considered low by employees related to the work environment, namely the responsibilities given to employees are not in accordance with the capacities and abilities possessed, communication between employees and with superiors has not been well established.

#### **4. Conclusion**

Compensation has a significant effect on Employee Retention. This means that by increasing compensation, it is an effective way to increase Employee Retention. Career development has no significant effect on Employee Retention. This means that if career development is improved or increased, it will not increase employee retention. Work Environment has no effect on Employee Retention. This means that if the work environment is improved or improved, it will not increase employee retention.

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