

Empowering Careers: Unraveling the Impact of Career Development, Compensation, and Work-Life Balance on Employee Retention

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Abstract. The active involvement and commitment of employees play a pivotal role in determining the achievement and effectiveness of an organization. This study aims to determine the role of Career Development, Compensation, and Work-life Balance on Employee Retention. Employee retention is important to minimize the high employee turnover rate. Companies must take various steps to retain their employees. Therefore, this study was conducted to determine the factors that influence employee retention. This research takes objects at CV. Putra Tama Jaya with a sample of 160 respondents. The instruments used refer to existing theories and have gone through validity and reliability tests. The analysis technique used is Multiple Linear Regression with SPSS 25 application. The results showed that Career Development, Compensation, Work-life Balance had a positive and significant effect on Employee Retention. This research is limited to one company, therefore future research is expected to reach a wider range of respondents so that it can be generalized.

Keywords: Career Development; Compensation; Work-life Balance; Employee Retention
Introduction

INTRODUCTION

A company cannot be separated from employees as human resources because they have a key role in the progress of the company to achieve predetermined goals as Sunarsih (2018) argues that the use of human resources is not only related to the exploitation of individual quality, but more fundamentally to efforts to improve the quality of human resources, even on a small scale such as at the organizational level, to support national development goals. Nonetheless, currently, there is a general trend where employees tend to move between companies. This is due to various reasons, ranging from wanting to occupy a higher position, looking for a more favorable salary than the previous company, to seeking a better work-life balance (Firdausa Nuzula & Nurmaya, 2020).

Based on data findings in the field at CV Putra Tama Jaya through interviews conducted in November 2023, there is a fact that employee retention in the company is relatively low as evidenced by the data on the number of employees entering and leaving which is quite fluctuating. The highest number of employees left in 2023, namely 151 employees from 600 employees in 2022 to 450 employees in 2023 from October due to unstable market conditions after the pandemic. In addition, many employees are dissatisfied with the static career path, which makes employees choose to leave the company and look for other jobs that have a clear career path. Furthermore, there are employees who are not satisfied with the compensation by the company, which according to them is not enough to meet their needs and is not commensurate with the workload carried out, making employees choose to leave the company. In addition, many employees at CV Putra Tama Jaya are old and have their own families, making employees unable to balance the time between family and work because their mindset states that family is more important than work. The phenomenon of high turnover at CV. Putra Tama Jaya is a clear manifestation of relatively low employee retention. This research is compelling due to the identified research gap, which underscores its uniqueness as no prior studies have investigated the specific focus on CV Putra Tama Jaya. Referring to the above phenomenon, the researcher conducted a study with the title **"The Effect of Career Development, Compensation, and Work-life Balance on Employee Retention"**.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

A number of previous studies have explored the effects of career development on workforce retention. Research conducted by Nagarathanam et al. (2018) and Darmika & Sriathi (2019) explained that career development has a positive impact on employee retention in a corporate context. Career development provides opportunities for employees to develop their skills and achieve their career goals within the organization. Victor Vroom's Expectancy Theory (1964) suggests that individuals' expectations of the outcome of their efforts (such as career development) can influence their motivation and level of attachment to the organization (Vroom, 1964).

The effect of compensation on employee retention is revealed in the research of Suta (2019), Pradipta et al. (2019), and Aisyah & Faeni (2021) which confirmed that compensation has a positive and significant impact on employee retention. Similar findings were also obtained in a study by Wirayudha (2020) which stated that both compensation and career development have a positive impact on employee retention. Fair and competitive compensation shows appreciation for employee contributions, increases job satisfaction, and can be a significant motivational factor. J. Stacy Adams' Organizational Justice Theory (1965) states that employees' perceptions of fairness in compensation distribution can affect their retention rates (Adams, 1965).

Meanwhile, research that shows the relationship between work-life balance and employee retention is revealed through the studies of Das and Khushwah (2015), Sinaga (2020), and Nurmalitasari (2023), which concluded that work-life balance has a positive influence on the level of employee retention in a company. Work-life balance affects employee well-being and satisfaction. Robert Kahn and Donald Wolfe's (1964) Role Conflict Theory indicates that conflict between work and non-work roles can negatively impact organizational commitment and employee retention (Kahn & Wolfe, 1964).

Career development, compensation, and work-life balance have a positive relationship with employee retention because Abraham Maslow's needs theory shows that meeting the needs for

self-development, financial justice, and work-life balance provide strong intrinsic motivation for employees to continue contributing and being in the organization (Maslow, 1943). The logic behind this hypothesis is that when organizations provide good opportunities for career development, adequate compensation, and support work-life balance, employees tend to feel more engaged and satisfied in their jobs. This in turn increases the likelihood of retaining high-performing employees in the long run.

Based on the information above, the following research hypothesis can be developed:

1. Simultaneous Effect of Career Development, Compensation, and Work-life Balance on Employee Retention

According to Zainal (2018: 212), career development refers to part of a process aimed at increasing employee capabilities in achieving the desired career. Bangun (2012: 254) outlines that compensation is one of the crucial factors for most companies, serving as a strategy to attract and retain a talented workforce. Ganaphati (2016: 126) provides a definition of work-life balance as the ability to fulfill responsibilities in work, family life, and activities outside the work context. On the other hand, according to Susilo (2013), employee retention refers to the efforts of an organization or company to ensure that employees who have superior skills remain committed to the company.

By detailing the above description, the following hypothesis can be formulated:

H1: Career Development, Compensation, and Work-life Balance simultaneously affect Employee Retention.

2. The Effect of Career Development on Employee Retention

Research conducted by Darmika and Sriathi (2019) concluded that career development has a positive and significant impact on employee retention. Similar findings were also revealed by Suta and Ardana (2019), where career development was shown to have a positive and significant influence on employee retention rates. This positive correlation can be explained by the fact that the higher the level of career development, the higher the employee retention rate. Therefore, based on the explanation above, the following assumptions can be proposed:

H2 : Career Development has a positive and significant effect on employee retention

3. The Effect of Compensation on Employee Retention

Research findings from Pradipta and Suwanda (2019) show that compensation has a significant and positive impact on employee retention rates. Similar results are also seen in the research of Aisyah & Faeni (2021) and Fatturohim (2021), where rewards play a positive and significant role in employee retention. Referring to some of the findings above, the following hypothesis can be formulated:

H3 : Compensation has a positive and significant effect on employee retention

4. The Effect of Work-life Balance on Employee Retention

Research conducted by Das & Khuswah (2017) presents findings that work-life balance has a positive and significant impact on employee retention. Similar research results were revealed by Nurmalitasari & Andriyani (2021) and Sinaga and Sijabata, which showed that work-life balance has a positive and significant effect on employee

retention. By detailing the description above, the following hypothesis can be formulated:

H4 : Work-life balance has a positive and significant effect on employee retention.

RESEARCH METHODOLOGY

This research uses quantitative methods. The population of employees at CV. Putra Tama Jaya there are 450 people. Researchers determined a sample of 160 people as respondents with simple random sampling as a sampling technique. This study uses primary data, where the data is directly taken from employees. In the data collection process, researchers used a questionnaire that adopted a questionnaire that had been used before. Measurement of subject responses uses the Likert Scale, a measuring tool that sets five scales with uniform intervals. Before being used for data analysis, the questionnaire was first tested with validity and reliability tests. and data analysis techniques using multiple linear regression method was used in this study to analyze the relationship between the independent variables, namely career development, compensation, and work-life balance, and the dependent variable, employee retention. This approach has proven effective in previous studies to identify the influence of each factor on employee retention.

RESULT AND DICUSSION

A Instrument Test

1. Validity Test

The validity test is carried out using the Pearson Product Moment technique which compares the calculated r value with the r table with df (degree of freedom), namely $n-2$.

a. Career Development

Table 1. Career Development Validity Test Results (X1)

Statement Value	r count	r table	Statement
PK.1.1	0,563	0,1552	Valid
PK.1.2	0,245	0,1552	Valid
PK.1.3	0,606	0,1552	Valid
PK.2.1	0,766	0,1552	Valid
PK.2.2	0,743	0,1552	Valid
PK.2.3	0,678	0,1552	Valid
PK.3.1	0,775	0,1552	Valid

PK3.2	0,281	0,1552	Valid
PK3.3	0,858	0,1552	Valid
PK4.1	0,774	0,1552	Valid
PK4.2	0,505	0,1552	Valid
PK4.3	0,701	0,1552	Valid
PK5.1	0,748	0,1552	Valid
PK5.2	0,519	0,1552	Valid
PK5.3	0,767	0,1552	Valid

(Source : Output SPSS Versi 25)

Based on the results in table 5.3 of the career development validity test (X1), it can be concluded that all statements used in testing the career development variable are valid with a value of $r_{count} > r_{table}$ 0.1552. Compensation.

Table 1.2 Compensation Validity Test Results (X2)

Statement Value	r count	r table	Statement
K.1.1	0,157	0,1552	Valid
K.1.2	0,473	0,1552	Valid
K.1.3	0,679	0,1552	Valid
K.2.1	0,345	0,1552	Valid
K.2.2	0,631	0,1552	Valid
K.2.3	0,592	0,1552	Valid
K.3.1	0,499	0,1552	Valid
K3.2	0,477	0,1552	Valid
K3.3	0,433	0,1552	Valid

(Source : Output SPSS Versi 25)

Based on the results in table 5.3 of the compensation validity test (X2), it can be concluded that all statements used in testing the compensation variable are valid with the value of $r_{count} > r_{table}$ 0.1552

a. Work-Life Balance

Based on the results of data processing through IBM SPSS Statistic 25, the validity test on work-life balance has 10 items, with the results of 9 valid items and 1 invalid item. Therefore, invalid items must be discarded.

Table 1.3 Work-life Balance Validity Test Results

Statement Value	r count	r table	Statement
W1.1	0,337	0,1552	Valid
W1.2	0,346	0,1552	Valid
W1.3	0,402	0,1552	Valid
W2.1	0,197	0,1552	Valid
W2.2	0,298	0,1552	Valid
W2.3	0,300	0,1552	Valid
W3.1	0,353	0,1552	Valid
W3.2	0,417	0,1552	Valid
W3.3	0,399	0,1552	Valid

(Source: SPSS Output Version 25)

Based on the results in table 5.5 of the work-life balance validity test (X3), it can be concluded that all statements used in testing the work-life balance variable are valid with a value of $r_{\text{count}} > r_{\text{table}}$ 0.1552. So the statement items yang valid yaitu W1.1 W1.2, W1.3, W2.1, W2.2, W2.3, W3.1, W3.2, dan W3.3.

b. Employee Retention

Based on the results of data processing through IBM SPSS Statistic 25, the validity test on employee retention has 16 items, with the results of 15 valid items and 1 invalid item. Therefore, invalid items must be discarded.

Table 1.4 Second Stage Employee Retention Validity Test Results

Statement Value	r count	r table	Statement
RK.1.1	0,401	0,1552	Valid
RK.1.2	0,322	0,1552	Valid
RK.1.3	0,684	0,1552	Valid
RK.1.4	0,730	0,1552	Valid

RK.2.1	0,531	0,1552	Valid
RK.2.2	0,544	0,1552	Valid
RK.2.3	0,664	0,1552	Valid
RK 3.1	0,503	0,1552	Valid
RK 3.2	0,470	0,1552	Valid
RK 3.3	0,611	0,1552	Valid
RK 4.1	0,172	0,1552	Valid
RK 4.2	0,471	0,1552	Valid
RK 4.3	0,542	0,1552	Valid
RK 5.1	0,574	0,1552	Valid
RK5.2	0,576	0,1552	Valid

(Source : Output SPSS Versi 25)

Based on the results in table 5.8 of the employee retention validity test (Y), it can be concluded that all statements used in testing the Employee Retention variable are valid with the value $r_{count} > r_{table}$ 0.1552. So the valid statement items are RK1.1, RK1.2, RK1.3, RK1.4, RK2.1, RK2.2, RK2.3, RK3.1, RK3.2, RK3.3, RK4.1, RK4.2, RK4.3, RK5.1, and RK 5.2..

2. Reliability Test

The reliability test is used to measure whether the questionnaire used is reliable or not. A questionnaire will be said to be reliable if Cronbach's Alpha is greater than 0.60, so the instrument value can be said to be reliable. The following are the results of data processing:

Table 1.5 Reliability Test Results for Career Development (X1)

Variable	Cronbach Alpha	Statement
Pengembangan Karir	0,901	Reliabel
Kompensasi	0,743	Reliabel
Worklife Balance	0,658	Reliabel
Retensi Karyawan	0,876	Reliabel

(Sumber : Output SPSS Versi 25)

Based on table 5.9, the results of the reliability test of the Career Development variable, the Cronbach's Alpha value is 0.876, the Compensation variable with a Cronbach's Alpha value of 0.743, the work-life balance variable with a Cronbach's Alpha value of 0.658 and the Employee Retention variable with a Cronbach's Alpha value of 0.876 are all declared reliable because they are above the rule of thumb 0.6. Thus the instrument

is declared valid and reliable so that it can be used for data collection that is worth analyzing.

Hypothesis test results

This analysis is used to determine the impact of the independent variables, namely direct compensation, career development, compensation and work-life balance on the dependent variable, namely employee retention. The following are the results of multiple linear regression analysis using SPSS 25:

1. F Test Results (Simultaneous Test)

Table 1.6 Test results f (simultaneous)

F	Sig.
87,706	0,000

(Source : Output SPSS Versi 25)

Based on table 5.13 of the F test results (simultaneous) above, it can be seen that the calculated F value is $87.706 > F \text{ table } 3.900$ and a significance value of $0.000 < 0.05$, it can be concluded that Compensation, Career development and Work-life Balance affect employee retention simultaneously. Thus H1 is accepted and H0 is rejected.

2. The results of the t test (partial test)

Table 1.7 Multiple Linear Regression Test Results

Model	B	Sig.
(Constant)	-0,735	
Career Development	0,383	0,000
Compensation	0,198	0,003
Work-life Balance	0,582	0,000

(Sumber : Output SPSS Versi 25)

Based on the table above, the results of the t test in this study can be explained that the significance value of Career Development variable obtained is 0.000. This shows that the value is smaller than 0.050 ($0.000 < 0.050$), so it can be concluded that career development partially has a significant positive effect on employee retention. Thus H2 is accepted and H0 is rejected. Compensation Variable shows

that the significance value of the compensation variable obtained is 0.003. This shows that the value is smaller than 0.050 ($0.003 < 0.050$) so it can be concluded that the compensation variable partially has a positive effect on Employee Retention. And the Work-life Balance variable show that the significance value of the Work Life Balance variable obtained is 0.000. This shows that this value is smaller than 0.050 ($0.000 < 0.050$), which can be concluded that the work-life balance variable partially has a positive effect on employee retention. Thus, it means that H4 is accepted and H0 is rejected.

3. Coefficient of determination Test

The coefficient of determination (R^2) is used to measure the ability of the independent variables (free), namely Compensation, Career development, and Work-life Balance, to explain the Employee Retention variable. The following table shows the results of the coefficient of determination (R^2) test :

Table 1.8 Test Results of the Coefficient of Determination (R^2)

Model	Adjusted R Square
1	,621

(Source : Output SPSS Versi 25)

Based on the table the test results of the coefficient of determination (R^2) amounted to 0.621 or 62.1%. It can be interpreted that Compensation, Career development and Work-life Balance contribute to explaining employee retention by 62.1% while 37.9% is determined by other variables not examined in this study.

Discussion

The results showed that career development, compensation, and work-life balance have a significant positive influence on employee retention. Career development provides opportunities for employees to develop skills and achieve their career goals within the organization, thus increasing their motivation and commitment (Vroom, 1964). Fair and competitive compensation shows appreciation for employee contributions, which can increase job satisfaction and intrinsic motivation (Adams, 1965). Meanwhile, work-life balance can reduce stress and improve employees' well-being, thereby extending their retention rate in the long run (Greenhaus & Beutell, 1985).

Thus, a combination of these factors collectively contribute to creating a work environment that supports, motivates and retains high-performing employees. This study reinforces human resource management theories that emphasize the importance of career management, fair rewards, and a good work-life balance in effectively achieving organizational goals (Armstrong, 2006; Dessler, 2017). This research has several

weaknesses that limit its perfection. Therefore, these limitations need to be considered for future research in order to obtain more accurate data. The limitations in this study include the limited scope of respondents in only one company, the data collection method using a closed question questionnaire so that the answers given by the respondents may not be in-depth. In addition, the questionnaire questions in this study may be limited in quantity, so they do not adequately explore the information sought and are lacking in terms of describing the dimensions to be measured. Future research is expected to examine more sources and references related to research variables, as well as consider other variables that affect employee retention such as work environment, organizational climate, and so on and researchers are advised to further expand the industry.

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