

COMPENSATION, STRESS, AND RETENTION: CRAFTING A SATISFIED WORKFORCE IN GUARANTEE COMPANIES

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ABSTRACT

This study examines the effects of compensation and work-related stress on employee retention, with job satisfaction acting as a mediating factor within Indonesia's guarantee company sector. A quantitative approach was used, involving 216 permanent employees from guarantee companies who had been employed for at least one year. Data was gathered through an online survey using a 5-point Likert scale, and analysis was conducted with SMART PLS. The findings reveal that compensation has a positive impact on job satisfaction, while work stress negatively affects it. Additionally, job satisfaction significantly boosts employee retention. Interestingly, the direct influence of compensation and work stress on employee retention was not statistically significant. However, job satisfaction strongly mediates the relationship between compensation and employee retention (suggesting a positive mediation) as well as the relationship between work stress and employee retention (indicating a negative mediation). These results provide valuable insights into the factors affecting employee retention in the guarantee industry and offer practical suggestions for organizations aiming to improve their retention strategies. This research uniquely integrates compensation, work stress, job satisfaction, and employee retention into one framework, particularly within the less-explored context of the guarantee sector.

KEYWORDS *Employee Retention (ER), Compensation (CO), Employee Stress (ES), Job Satisfaction (JS)*



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INTRODUCTION

In today's highly competitive business landscape, human resources have emerged as a crucial asset for organizations. Companies need skilled, motivated, and satisfied employees to achieve a competitive advantage and ensure long-term

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sustainability. However, keeping high-quality employees can be challenging, particularly in sectors with high demand, such as the guarantee industry.

The guarantee sector in Indonesia encounters significant challenges in human resource management. According to LinkedIn's 2023 Workplace Learning Report, 93% of organizations are worried about employee turnover (LinkedIn, 2023). Given that this industry heavily relies on specialized skills, retaining talent is of utmost importance. Guarantee companies must focus on managing employee loyalty and retention effectively, ensuring alignment with their long-term strategic objectives to enhance human resources within Guarantee Institutions (OJK, 2023).

The guarantee industry is characterized by distinctive features, such as significant risk and intricate product offerings. These traits, along with the challenges identified in the OJK's 2023-2027 Roadmap for Guarantee Institutions, result in substantial pressure on employees (OJK, 2023). Under these demanding circumstances, there is a strong need for improved competence, effective risk management, and innovation. Such a high-pressure work environment can adversely affect productivity, lead to higher absenteeism, and increase turnover rates, ultimately threatening the industry's stability and growth (Jaganjac et al., 2020).

Compensation plays a critical role in retaining employees. When compensation is perceived as fair and competitive, it can boost job satisfaction, enhance motivation, and strengthen commitment to the organization (Pradipta & Suwandana, 2019). However, in the guarantee sector, compensation is frequently linked to ambitious performance targets, which can heighten employee pressure.

This study presents several innovative contributions. Primarily, it investigates job satisfaction as a mediating factor between work stress, compensation, and employee retention. Although prior research has examined these variables separately, there has been limited integration of all four into a cohesive model, especially in the context of the guarantee industry.

Second, the study focuses on the guarantee industry, a sector rarely examined in human resource management research. The industry's unique features—such as high financial risk requiring specialized expertise and robust risk analysis skills—make it an intriguing subject of study. Additionally, stringent government regulations necessitate that employees stay updated with the latest policies, while continuous product innovation is required to meet evolving market demands. These factors create a distinctive and challenging work environment that calls for tailored HR management strategies.

This research focuses on examining how compensation and work-related stress affect employee retention, using job satisfaction as a mediating factor, specifically in Indonesia's guarantee sector. By pinpointing the elements that influence employee retention in this environment, organizations can formulate effective approaches to retain their valuable workforce and improve overall performance.

The results of this research are anticipated to provide meaningful contributions to the field of human resource management, especially within the guarantee industry, and to offer practical recommendations for businesses aiming to create successful employee retention strategies.

Literature Review

Employee Retention (ER)

Employee retention is defined as an organization's ability to keep its skilled and talented staff (Jaganjac et al., 2020). In the current competitive business environment, maintaining key employees is essential to preserving a company's competitive advantage. High turnover rates can result in numerous adverse effects, such as higher recruitment and training costs, decreased productivity, and a decline in service quality.

(Worang & Mujiati, 2020) highlights several key elements that influence employee retention, such as salary, job satisfaction, workplace conditions, opportunities for career advancement and maintaining a healthy work-life balance are essential. Employees who are satisfied with their compensation, workplace conditions, and prospects for career progression are generally more dedicated to the organization and less likely to leave.

Propose that implementing several strategies, such as providing competitive pay (Jaganjac et al., 2020), fostering a positive work environment, promoting career development, and using efficient HR management practices, can help improve employee retention. These methods are designed to boost employee satisfaction and strengthen their commitment to the company.

(Weiss et al., 2015) highlight the significant influence of the workplace atmosphere on retaining employees. A positive workplace, characterized by strong relationships among coworkers, support from supervisors, and sufficient resources, can increase job satisfaction and decrease the likelihood of employees wanting to leave the organization.

In Indonesia's insurance sector, retaining employees poses a distinct challenge. The nature of this industry often entails long working hours, high-stress environments, and significant safety risks. If aspects such as compensation, job satisfaction, and workplace conditions are not effectively addressed, it may result in increased turnover rates. Employee retention is affected by factors including commitment and loyalty, recognition and appreciation, as well as interpersonal relationships among colleagues. Commitment and loyalty manifest in an employee's dedication to the company's success without external pressure, alongside a desire to remain until retirement. Recognition and appreciation refer to employees feeling that the workplace is conducive and their willingness to recommend it to others. Additionally, positive relationships with coworkers involve a sense of comfort and ease in interactions with peers (Supriyadi et al., 2017); (Wongso et al., 2024).

(Wongso et al., 2024) indicate that the key indicators for assessing employee retention encompass factors such as sincerity in the workplace, intent to retire, appreciation for the organization, willingness to endorse the company, and the quality of relationships with colleagues.

Compensation (CO)

Human resource management (HRM) defines compensation as the range of monetary and non-monetary benefits and recognition given to staff members in return for their services to the company (Salas-Vallina et al., 2021). This covers things like pay, benefits, incentives, and chances for professional progression in addition to encouraging a positive work environment. (Salas-Vallina et al., 2021) claim that compensation serves as a structured framework that businesses use to

reward and recognise workers who meet organisational goals. Employee commitment, organisational loyalty, and job happiness can all be increased by a well-thought-out pay plan. According to (Supriyadi et al., 2017), there are three ways to evaluate compensation: non-financial incentives, indirect financial benefits, and direct financial rewards.

Employee Stress (ES)

Work stress refers to the physical and psychological state that individuals experience when job demands surpass their abilities or the resources at hand (Farooqi, n.d.). Elevated stress levels can adversely affect employees' health, both physically and mentally, resulting in decreased productivity and performance. According to (Worang & Mujiati, 2020), employee stress is characterized by the extent of pressure and tension that workers experience while completing their tasks. Several factors can lead to heightened stress levels, such as overwhelming workloads, conflicts in role responsibilities, job insecurity, and a lack of adequate social support within the workplace.

Work stress can be assessed from various perspectives. For example, extended working hours may result in stress, while an inequitable distribution of tasks can foster a sense of unfairness. Psychological stress includes feelings of boredom at work and the pressure stemming from reprimands from supervisors. Furthermore, workplace relationships can also play a role in stress, especially when employees have difficulty adhering to work directives (Wongso et al., 2024). Highlight various factors to assess employee stress, such as the length of working hours, the amount of workload, psychological influences, and workplace interpersonal relationships (Wongso et al., 2024).

Job Satisfaction (JS)

Job satisfaction refers to an employee's overall feelings and attitudes toward their work (Riyanto et al., 2021). It indicates how well the needs and expectations of employees are met in the workplace, along with their overall enjoyment of their jobs (Fadaie et al., 2023). Various indicators can be used to assess job satisfaction. This includes feelings of contentment in one's current role, satisfaction with rewards—where employees feel their salary aligns with their work performance—and satisfaction with supervision, which involves effective communication between managers and employees regarding work-related matters. Moreover, job satisfaction encompasses satisfaction with coworkers, reflecting the quality of relationships among colleagues, and satisfaction with promotional opportunities, ensuring fair advancement possibilities for all employees (Wongso et al., 2024) ; (Supriyadi et al., 2017).

(Supriyadi et al., 2017)outlined various indicators to assess job satisfaction, including factors like turnover rates, attendance, employee age, workload, and organizational size. This study investigates the relationships between Employee Relations (ER), Company Objectives (CO), Employee Satisfaction (ES), and Job Satisfaction (JS) within the context of Indonesia's Guarantee Industry. The following hypotheses have been proposed for this research:

H1: Compensation has a positive affect on Employee retention

Prior research has shown that effective compensation strategies in human resource management (HRM) can have a positive impact on employee retention. Sukmadewi and Dewi (2020) found that offering competitive compensation increases the probability of employees staying with the company, as higher pay levels are associated with a greater likelihood of employee retention. It is crucial for companies to continually focus on their compensation systems to ensure that contract employees feel satisfied and motivated, which can subsequently boost their work engagement and improve retention rates.

Compensation includes a wide range of monetary and non-monetary benefits. Salary, commissions, profit-sharing, commissions, bonuses, and performance bonuses are some of the components that make up direct financial remuneration. On the other hand, benefits like insurance, severance pay, and retirement plans are examples of indirect financial compensation. Moreover, non-cash benefits encompass elements such as job stability, advancement prospects, and acknowledgement of workers' contributions inside the company (Wongso et al., 2024); (Supriyadi et al., 2017).

Compensation is widely recognized as a crucial element in retaining employees. Offering fair and adequate compensation can enhance employee commitment and minimize turnover. Research conducted by Violetta and Edalmen (2020) as well as (Pradipta & Suwandana, 2019) suggests that compensation plays a significant role in positively influencing employee retention. The findings indicate that employees who perceive their compensation as fair are more inclined to remain with the organization.

H2: Work Stress has a negative effect on Employee Retention

Prior studies have indicated that minimizing work-related stress and improving employee compensation within an organization are essential for creating a safe and comfortable environment. This, in turn, fosters employee commitment and helps lower turnover intentions, ultimately enhancing employee retention (Worang & Mujiati, 2020). Research indicates that work-related stress significantly influences employee retention (Jaganjac et al., 2020); (Stefhani & Irvianti, 2014), as unchecked stress frequently results in increased employee turnover.

H3: Compensation has a positive effect on Job Satisfaction

Compensation is a crucial factor in influencing job satisfaction. Employees who perceive their compensation as sufficient generally report greater job satisfaction. According to (Abdullah & Fraz, n.d.), compensation positively impacts job satisfaction. Their research emphasizes that equitable and competitive compensation can enhance job satisfaction, subsequently boosting overall employee performance. Also discovered that compensation positively impacts employee retention.

H4: Work Stress has a negative effect on Job Satisfaction

Work-related stress can adversely affect job satisfaction. As stress levels increase, the work environment may become less pleasant and harder to navigate.

(Stefhani & Irvianti, 2014) discovered that job stress negatively impacts job satisfaction, with highly stressed employees often experiencing lower satisfaction in their positions. This dissatisfaction may result in reduced productivity and decreased well-being. Consequently, it is crucial for organizations to identify the sources of work-related stress and introduce solutions, such as offering flexible work arrangements, providing stress management resources, and ensuring access to psychological support. Addressing these issues can help improve employee job satisfaction.

H5: Job Satisfaction has a positive effect on Employee Retention.

Studies by (Pradipta & Suwandana, 2019) demonstrate the important impact that job satisfaction has on employee retention. Workers that are happy and feel appreciated in their roles typically exhibit greater levels of devotion and loyalty to the company.

H6: Job Satisfaction mediates the effect between Compensation and Employee Retention.

Previous studies have demonstrated that pay affects job satisfaction, which in turn has a direct and indirect impact on employee retention. Research by (Mudor, 2011) suggests that work satisfaction acts as a moderator in the relationship between pay and employee retention. According to their research, competitive pay packages increase job satisfaction, which lowers the chance that workers may consider quitting the company.

H7: Job Satisfaction mediates the effect between Work Stress and Employee Retention.

Work-related stress has long been recognized as a key factor that can negatively impact employee retention. Nevertheless, the connection between stress and retention is not always straightforward, as it can be affected by job satisfaction levels. According to (Jaganjac et al., 2020), elevated stress at work can lead to decreased job satisfaction, which in turn raises the likelihood of employees contemplating departure from the organization.

The Job Demands-Resources (JD-R) model, introduced by (Demerouti et al., 2001), offers a theoretical perspective on this relationship. The model suggests that when job demands, like work-related stress, surpass the resources available to employees, it can result in exhaustion and dissatisfaction. Over time, this imbalance may contribute to withdrawal behaviors, including an increased likelihood of wanting to leave the organization.

The conceptual framework for this study, illustrating the connections between the previously mentioned variables, is presented in the figure below:

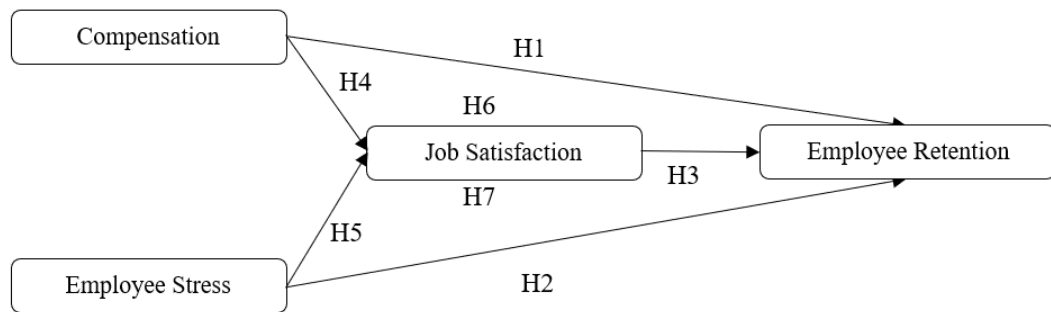


Figure 1. Research Conceptual Framework.

RESEARCH METHOD

Methodology

In order to investigate the relationships between pay, work-related stress, job satisfaction, and employee retention in Indonesia's guarantee sector, this study uses a quantitative methodology. A 5-point Likert scale was used in an online survey to collect data and assess the various study factors. The Likert scale was selected for its effectiveness in capturing response variability and ease of understanding for participants. The survey included specific indicators for each variable, along with demographic details of the respondents. The questionnaire was distributed using purposive sampling, focusing on permanent employees of guarantee companies with a minimum of one year of work experience. Table 1 presents the indicators for each variable.

Table 1. Sample Question

Variable	Dimension	Indicator	Question Indicators
Compensation (Supriyadi et. al., 2017)	Direct Financial Compensation	Salary	I am content with the compensation offered by the company.
		Performance Pay	I am happy with the compensation I am given for my work.
		Incentives	I am pleased with the benefits offered by the company.
		Commission	I'm pleased with the company's commission system.
		Bonus	I am pleased with the incentives offered by the company.
	Indirect Financial Compensation	Profit Sharing	I am pleased with the company's proposed profit-sharing arrangement.
		Insurance	I'm happy with the insurance coverage offered by the company.
		Severance Pay	I am pleased with the company's severance payment policy.
	Non-Financial Compensation	Pension	I am pleased with the retirement benefits offered by the company.
		Job Security	I have a strong sense of job security in the company.

Variable	Dimension	Indicator	Question Indicators
Job Satisfaction (Supriyadi et. al., 2017)		Promotion Opportunities	I am pleased with the career advancement opportunities offered by the company.
		Work Recognition	I feel that my work is recognized and appreciated by the company
	Turn Over	Turn Over	I am content and satisfied working at this company.
	Attendance Rate	Attendance Rate	I am always present at work
	Age	Age	At this stage in my life, I am content with the benefits the company offers.
Work Stress (Wongso et. al., 2024)	Workload	Workload	I'm pleased with the quality of work delivered, as it matches what I expected.
	Size of Organization	Size of Organization	I am satisfied with the organizational structure in place, particularly in terms of leadership coordination, communication, and the involvement of other employees in the work process.
			Working Hours
	Workload	Workload	I believe the distribution of tasks is not balanced fairly.
Psychological	Boredom	Boredom	I often feel bored while working
	Work Pressure	Work Pressure	I feel stressed because of the notifications from my supervisors.
Work Relationship	Work Orders	Work Orders	It seems challenging for me to follow the work instructions.
Employee Retention (Wongso et.al., 2024)	Commitment and Loyalty	Sincerity at Work	I am committed to putting in extra effort voluntarily to contribute to the company's success.
		Desire to Retire	I am committed to working at this company until I retire.
	Appreciation and Recognition	Appreciation for the Company	I believe this company is an excellent place to be employed.
		Recommendation Level	I am happy to suggest this company to others.
Coworker Relationships	Coworker Relationships	I feel at ease around my coworkers.	

Population and Sampling

The target population for this study consists of permanent employees at guarantee companies in Indonesia. We employed a purposive sampling technique to ensure that respondents meet specific criteria, specifically being permanent employees with at least one year of service (Etikan et al., 2016). The sample size was calculated using Hair's formula, which stipulates that the sample size should be the number of indicators (27) multiplied by 8, resulting in a minimum sample size of 216. According to (Hair et al., 2019), for SEM analysis involving more than 20 indicators, an appropriate sample size ranges from 100 to 200. To reduce the margin of error, this study will involve a sample of 216 respondents. This approach allows

us to focus on individuals with direct experience and in-depth knowledge of the operational dynamics within the guarantee industry.

Data Analysis

Because SMART PLS (Partial Least Squares) software can handle complex models and is excellent in predictive analytics, it is used for data analysis in this study. There are three primary phases of the analysis. First, the measurement model is evaluated with an emphasis on measures such as composite reliability, Cronbach's alpha, average variance extracted (AVE), and discriminant validity in order to validate the constructs' validity and reliability. Next, the structural model is analysed by looking at path coefficients, R2 values, and effect sizes (f2) in order to investigate the connections between the constructs. Finally, bootstrapping techniques are used to test hypotheses and determine the significance of path coefficients and indirect effects, with a focus on mediation analysis. This thorough method complies with industry standards for PLS-SEM analysis in management research, guaranteeing.

RESULT AND DISCUSSION

Demographic Results

According to the poll, 73% of participants said they made between Rp 5,000,000 and Rp 10,000,000 every month. Twelve percent made between Rp 10,000,001 and Rp 15,000,000 in the meantime. Moreover, 7% reported earning more than Rp 20,000,000, 4% between Rp 15,000,001 and Rp 20,000,000, and 4% less than Rp 5,000,000.

In terms of employment duration, 61% of respondents had been working for 1 to 3 years, 27% had 3 to 5 years of experience, and 12% had over 5 years in the workforce.

In terms of employment roles, 78% of the respondents were staff members, 15% held managerial or department head positions, and 7% occupied leadership roles.

Convergent Validity Test

The accuracy of the indicators is assessed using the Loading Factor, which corresponds to the indicators created to evaluate the construct. The table below displays the outer loading results for each indicator.

Table 2. Outer Loading result

Indicator	Outer Loading	Result
CO1	0.797	Valid
CO2	0.828	Valid
CO3	0.873	Valid
CO4	0.871	Valid
CO5	0.811	Valid
CO6	0.822	Valid
CO7	0.606	Valid
CO8	0.829	Valid
CO9	0.785	Valid
CO10	0.711	Valid
CO11	0.822	Valid
CO12	0.832	Valid
ER1	0.650	Valid

Indicator	Outer Loading	Result
ER2	0.743	Valid
ER3	0.855	Valid
ER4	0.808	Valid
ER5	0.688	Valid
JS1	0.787	Valid
JS2	0.616	Valid
JS3	0.831	Valid
JS4	0.844	Valid
JS5	0.836	Valid
WS1	0.850	Valid
WS2	0.860	Valid
WS3	0.773	Valid
WS4	0.867	Valid
WS5	0.767	Valid

The reliability of the indicators is evaluated by examining the loading factors associated with the constructs being measured. Ideally, a loading factor should exceed 0.7, but values between 0.6 and 0.7 are still considered acceptable.

Convergent validity, on the other hand, indicates that a variable should exhibit a strong self-correlation. This is achieved when both the Average Variance Extracted (AVE) and cumulative values are greater than 0.5, and the reliability test results show values above 0.6.

Convergent validity can be confirmed if scores from different instruments assessing the same construct show a significant correlation. The analysis of the Average Variance Extracted indicates that each variable surpasses the 0.50 benchmark. Thus, the variables used in this study meet the criteria for convergent validity according to the AVE analysis.

Table 3. Average Variance Extracted Result

Discriminant Validity	Average Variance Extracted (AVE)
Compensation	0.643
Employee Retention	0.566
Job Satisfaction	0.62
Work Stress	0.68

Discriminant Validity Test

The square root of the Average Variance Extracted (AVE) for each construct is greater than the correlation values between that construct and all others, as indicated by the Fornell-Larcker Criterion table above. This indicates that each variable possesses discriminant validity. Since the Fornell-Larcker criterion values for each variable are higher than those of the other variables, it can be concluded that the latent variable is better able to predict its indicators compared to the other variables, thus confirming the validity of discriminant validity (Hair et al., 2011).

Table 4. Fornell Larcker Criterion Result

Fornell Larcker Criterion	CO	ER	JS	WS
CO	0.804			

ER	0.584	0.752		
JS	0.781	0.692	0.789	
WS	-0.548	-0.488	-0.54	0.821

Reliability Test

The internal consistency reliability test, assessed through the composite reliability value, is employed to evaluate the reliability and appropriateness of the construct. According to the rule of thumb, the alpha value or composite reliability should exceed 0.6.

Table 5. Reliability Test Result

Reliability Test	Cronbach's Alpha	Composite Reliability
CO	0.95	0.956
ER	0.804	0.865
JS	0.847	0.891
WS	0.88	0.912

Coefficient Determination

The table below shows the outcomes of the determination coefficient (R^2) test for the variables analyzed in this research.

Table 6. R Square Result

Coefficient Determination	R Square
ER	0.454
JS	0.63

The table below displays the R^2 coefficient results for the variables analyzed in this research. The R Square value indicates that 60.9% of the variation in Job Satisfaction is explained by the combined influence of Compensation and Employee Stress, demonstrating a strong correlation between these independent variables (Compensation and Employee Stress) and the dependent variable (Job Satisfaction). Moreover, the R Square value shows that Compensation, Employee Stress, and Job Satisfaction together explain 49.8% of the variation in Employee Retention, indicating a moderate impact of these factors on retaining employees.

Effect Size

The F-square (f^2) is a measure of effect size utilized to assess the influence of an independent variable on a dependent variable within a regression model. A higher f^2 value signifies a greater impact of the independent variable.

Table 7. F Size Result

F Square	ER	JS
CO	0.005	0.911
JS	0.191	
WS	0.018	0.049

More in-depth information is offered by the impact size analysis (f^2). The link between compensation and employee retention has a f^2 value of 0.005, which suggests that there is little to no meaningful effect of compensation on employee

retention. Conversely, there is a significant impact of Compensation on Job Satisfaction, as indicated by the f^2 value of 0.911. This emphasises how important compensation is in raising job satisfaction. Put differently, alterations in remuneration are anticipated to exert a significant influence on worker contentment.

The f^2 value of 0.191 for the impact of Job Satisfaction on Employee Retention signifies a considerable effect. This suggests that Job Satisfaction is a key factor in influencing Employee Retention, where higher levels of job satisfaction typically result in better retention rates.

The f^2 value of 0.018 for the influence of Employee Stress on Employee Retention shows a small yet significant effect. This suggests that, although Employee Stress has a limited impact, it still plays a role in employees' decisions to stay with or leave the organization. Likewise, the f^2 value of 0.049 for the impact of Employee Stress on Job Satisfaction demonstrates a moderate effect, indicating that Employee Stress significantly affects Job Satisfaction.

Hypothesis Test

The figure below presents the findings of the SEM analysis, which show the relationships between pay, stress at work, job satisfaction, and employee retention:

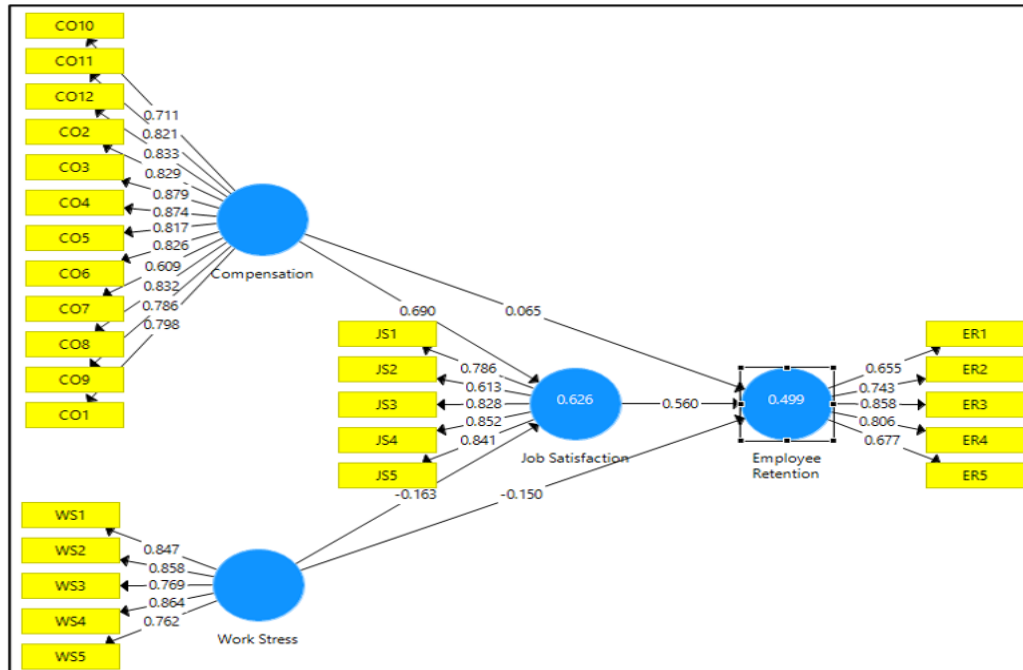


Figure 2. SEM Analysis Results

Table 8. Path Analysis (Direct Effect) and Hypothesis Testing

H	Relation-ship	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-Statistic ((O/STDEV))	P-Values
H1	CO > ER	0.085	0.087	0.088	0.958	0.338
H4	CO > JS	0.694	0.690	0.050	13.790	0.000
H3	JS > ER	0.530	0.530	0.085	6.259	0.000
H2	WS > ER	-0.121	-0.125	0.069	1.746	0.081
H5	WS > JS	-0.161	-0.168	0.067	2.398	0.017

Table 9. Specific Indirect Effect and Hypothesis Testing

H	Relation-ship	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-Statistic (O/STDEV)	P-Values
H7	WS > JS > ER	-0.085	-0.088	0.036	2.356	0.019
H6	CO > JS > ER	0.368	0.366	0.067	5.521	0.000

H1: Compensation has a positive affect on Employee retention

The study's analysis shows a coefficient of 0.085 for the pay-employee retention association, indicating a slight positive impact. Nonetheless, this effect is not statistically significant, as indicated by the t-statistic of 0.938. Furthermore, the p-value of 0.349, which is higher than the conventional cutoff of 0.05, supports the conclusion that wages has no discernible effect on employee retention. As a result, there is insufficient data from these findings to draw the conclusion that pay has a major impact on employee retention.

H2: Work Stress has anegative effect on Employee Retention

The analysis reveals a negative correlation—a coefficient of -0.121—between work stress and employee retention. The t-statistic is 1.919, which is marginally less than the 1.96 threshold required in a two-tailed test at the 0.05 level to be significant. Furthermore, the p-value is 0.056, which is rather higher than the typical significance limit of 0.05. These results point to a potential inverse relationship between employee retention and work stress.

H3: Compensation has a positive effect on Job Satisfaction

The findings reveal a correlation coefficient of 0.694 between compensation and job satisfaction, demonstrating a strong positive relationship. The t-statistic of 14.015, which greatly exceeds the critical value, confirms the statistical significance of the results. Additionally, with a p-value below 0.001, this emphasizes the strength of the relationship. This evidence indicates that compensation significantly and positively influences job satisfaction, supported by robust statistical data.

H4: Work Stress has a negative effect on Job Satisfaction

The analysis indicates a negative association between work stress and job satisfaction, with a coefficient of -0.161. Strong statistical evidence suggests that work stress considerably lowers job satisfaction, with a t-statistic of 2.457 exceeding the crucial value of 1.96 for a two-tailed test at the 0.05 significance level and a p-value of 0.014, well below the 0.05 threshold.

H5: Job Satisfaction has a positive effect on Employee Retention.

The analysis shows that there is a significant positive association between employee retention and job satisfaction, with a correlation coefficient of 0.53. The statistical evidence supporting this association is strong, with a t-statistic of 6.443, which is significantly higher than the crucial threshold of 1.96. Furthermore, the significance of this outcome is further supported by the p-value of 0, which is effectively interpreted as $p < 0.001$. The results of this study clearly demonstrate the important and beneficial impact that job satisfaction has on employee retention.

H6: Job Satisfaction mediates the effect between Compensation and Employee Retention.

The results revealed a notable positive indirect effect ($\beta = 0.368$, $t = 5.521$, $p < 0.001$). The initial sample estimate was 0.368, with a mean of 0.366 and a standard deviation of 0.067. Since the t-value of 5.521 surpasses the critical threshold of 1.96 and the p-value is less than 0.05, the findings are considered statistically significant.

H7: Job Satisfaction mediates the effect between Work Stress and Employee Retention.

A significant negative indirect effect was found ($\beta = -0.085$, $t = 2.356$, $p = 0.019$). With a standard deviation of 0.036 and an average sample value of -0.088, the starting sample value was -0.085. The results were statistically significant because the p-value was less than 0.05 and the t-statistic (2.356) was higher than the crucial threshold of 1.96.

Discussion

The Role of Compensation and Job Satisfaction in Employee Retention

The study's findings provide significant new information on the variables influencing worker retention in Indonesia's guarantee sector. Although the study indicated that pay has a favourable impact on job satisfaction, there was no statistically significant correlation between pay and retention. This suggests that while offering competitive compensation raises job satisfaction, it might not be sufficient to win over long-term employees. Rather, work satisfaction turned out to be an important moderator that had a big effect on retention. This emphasises the value of an all-encompassing approach to staff management, in which pay is only one component of a larger scheme to raise job satisfaction and, consequently, increase retention rates.

Impact of Work Stress and the Mediating Effect of Job Satisfaction

It is well known that job-related stress has a detrimental influence on employee retention and satisfaction, which emphasises the critical need for efficient stress management techniques in the workplace. Additionally, the association between work stress and employee retention is mediated by job satisfaction, indicating the interdependence of both factors. This implies that companies in the insurance industry should place a high priority on creating a friendly workplace environment that minimises needless stress because it can boost job satisfaction and, as a result, increase retention rates. Furthermore, the robust positive correlation seen between job satisfaction and employee retention suggests that employers ought to take into account a range of elements that contribute to job happiness, beyond monetary incentives. These include encouraging a good work-life balance, providing chances for professional advancement, and fostering a supportive work environment.

Implications and Recommendations

The study's conclusions have a big impact on how human resource management is done in Indonesia's guarantee industry. First off, competitive pay should not be the exclusive emphasis of retention efforts, even while it is essential for increasing job satisfaction. Companies should have a thorough strategy to personnel management that gives several factors that contribute to overall job satisfaction priority. This could entail putting in place career development

initiatives, fostering a happy work environment, and supporting a sensible work-life balance. Additionally, the significant moderating effect of job satisfaction emphasises the necessity of conducting routine assessments of worker satisfaction and putting in place feedback systems in order to identify and address such problems before they lead to employee attrition.

The detrimental effects of stress at work on employee retention and satisfaction emphasise how critical it is to put in place efficient stress management techniques. It is suggested that insurance companies fund stress-reduction programs like flexible work schedules, mental health services, and manager education. In addition, it is imperative for organisations to assess the allocation of workload and job responsibilities in order to mitigate needless stressors. Businesses may increase employee resilience and their capacity to hold onto key personnel in a cutthroat market by reducing work-related stress and enhancing job satisfaction.

Limitations and Future Research

This study has some limitations, despite the fact that it provides insightful information about staff retention in Indonesia's guarantee business. First off, collecting data using cross-sectional methods limits our capacity to determine the causes of the many factors. By using a longitudinal method to investigate how the relationships between pay, work stress, job satisfaction, and employee retention evolve over time, future study could improve our understanding. Furthermore, the results of this study may not be applicable to other industries or geographical areas because it is limited to Indonesia's guarantee industry. Subsequent research endeavours may expand their purview to encompass comparative evaluations among diverse sectors or nations.

Furthermore, the self-reported data used in this study could have been biased towards social desirability. Objective measures for employee performance and stress at work might be included in future studies to obtain more thorough insights than just self-reported data. Furthermore, even though this study emphasised a number of critical elements that affect employee retention, it's possible that other equally significant elements—like work-life balance, organisational culture, and leadership styles—were missed. To provide a more thorough picture of staff retention in the assurance sector, future research might look into these factors.

CONCLUSION

This research provides valuable insights into the variables influencing staff retention in Indonesia's assurance industry. It draws attention to the complex interplay that exists between pay, job satisfaction, work stress, and employee retention. The findings show that although pay significantly affects work satisfaction, there is no statistically significant relationship between pay and retention. Rather, job satisfaction plays a significant role as a mediator, translating the impact of remuneration and workplace stress into retention-related outcomes. This emphasises the necessity of an all-encompassing approach to personnel management that goes beyond just offering competitive pay.

The negative impacts of work-related stress on employee satisfaction and retention are highlighted by the research. It emphasises how important it is to put into practice efficient stress-reduction techniques at work. These findings have important ramifications for the insurance industry's HR procedures since they indicate that employers should promote a positive workplace culture that lowers

stress levels at work and boosts job satisfaction. Insurance firms may increase staff retention rates and get a competitive advantage in the market by tackling these issues comprehensively. This will increase long-term success. Furthermore, the report recommends that future investigations into employee retention in other industry contexts be conducted.

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