

# The Effect of Career Development, Compensation and Employee Retention on Employee Performance at PT Semen Indonesia Logistik

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## ABSTRACT

**Keywords:**  
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The purpose of study to identify the effect of career development, compensation and employee retention on employee performance at pt semen indonesia logistik. This study used quantitative methods. The analysis method used in this study is multiple linear regression analysis method. This method is used to analyze the effect of career development, financial compensation and employee status on the performance of PT Semen Indonesia Logistik employees. Based on the results of multiple linear regression analysis, it can be concluded as follows: First, compensation has a positive and significant impact on employee performance, as evidenced by the value of the regression coefficient (b1) of 0.314 with a significance value (Sig. = 0.000). Therefore, the first hypothesis is acceptable, suggesting that an increase in compensation received by employees of PT Semen Indonesia Logistik will improve their performance. Second, Career Development has a positive and significant impact on employee performance, reinforced by the regression coefficient (b2) value of 0.183 with a significance value (Sig. = 0.017).



## Introduction

The success of a company cannot be separated from the support of Human Resources (HR). Although the company already has advanced technology, if HR cannot manage well, then the technology has a positive impact on the company.

Performance (job performance) is the result of work in quality and quantity achieved by employees in carrying out their duties according to the responsibilities given to them (Mangkunegara, 2013). Performance can be affected by various factors, both internal and external factors. Some factors that can affect employee performance include career path, financial compensation and employee status.

The results of research conducted by Harlie (2012) and Paputungan (2013) show that career development has a positive and significant effect on employee performance. This shows that the better the career path system in a company, the better the performance of employees from the company. This is because a good career path system will trigger

job satisfaction for employees, where job satisfaction will encourage employees to continue to perform well.

Samudra, et al. (2014) found that direct and indirect financial compensation have a positive and significant effect on employee performance. This shows that the better the compensation system in a company, the better the performance of employees of the company.

Based on this background, it is necessary to conduct research to test and analyze the effect of career path, financial compensation and employee status on the performance of PT Semen Indonesia Logistik employees.

This study aims to analyze the effect of Career Development, Compensation, and Retention on Employee Performance. The specific objectives of the study involve an analysis of the effect of Career Development on employee performance, an analysis of the effect of Compensation on employee performance, and an analysis of the effect of Retention on employee performance. With a focus on these variables, this study is expected to provide deeper insight into the dynamics of the relationship between aspects of Career Development, Compensation, Retention, and Employee Performance at PT Semen Indonesia Logistik. This research is carried out in order to develop the wealth of knowledge about Human Resources, so that it is expected to be a reference in determining policies related to human resources.

## **Research Methods**

### ***Types of Research***

This study used quantitative methods. The analysis method used in this study is multiple linear regression analysis method. This method is used to analyze the effect of career development, financial compensation and employee status on the performance of PT Semen Indonesia Logistik employees.

### ***Data Types and Sources***

The data used in this study consists of two types, namely primary data and secondary data. Primary data was obtained through the distribution of questionnaires to respondents, who were employees of PT Semen Indonesia Logistik. Meanwhile, secondary data is obtained through the study of policy and strategy documents related to Human Resources (HR) applicable in the company. These documents include HR development policies, work guidelines, and relevant reports related to research variables. In addition, secondary data are also obtained through the study of scientific literature related to performance, career development, compensation, employee retention, and other related factors.

### ***Population and Research Sample***

The population of this study is all employees of PT Semen Indonesia Logistik which amounts to 346 people. According to Zikmund (1997) that in determining the size of the sample to be used in research, there are several factors that need to be considered such as research objectives, desired accuracy, population heterogeneity, and available budget. Determination of sample size using the Slovin formula with a confidence level of 95%, and a margin of error of 5%.

(1)

Information:

n = Sample size

N = Population size

e = Tolerable allowance for sampling inaccuracies/errors

Samples are taken using random sampling. The population is coded and randomly selected using the system to determine the respondents who are sampled.

#### **Data Collection Methods**

Data collection in this study was carried out through several methods, first by using questionnaires. Questionnaires are used to collect data from respondents related to the variables studied, such as Career Development, Compensation, Retention, and Employee Performance. The structured questions in the questionnaire are designed to measure respondents' perceptions and responses to those variables. The Likert scale is used with answer choices in four categories, namely Strongly Agree, Agree, Disagree, and Strongly Disagree. Second, the interview was conducted with the aim of gaining a deeper understanding of policy makers, especially the Human Resources Department at PT Semen Indonesia Logistik. Third, documentation studies are carried out by collecting and analyzing documents related to policies and strategies implemented in the Human Resources Department of PT Semen Indonesia Logistik, as well as documents related to HR rules and policies. Through a combination of these methods, this study will obtain quantitative data from questionnaires and qualitative data from interviews and documentation studies. The collected data will be used to analyze the effect of Career Development, Compensation, and Employee Retention on Employee Performance, as well as understand the context of policies and strategies applicable at PT Semen Indonesia Logistik.

#### **Data Analysis Techniques**

The analysis method used is Multiple Linear Regression Analysis, which is to measure the magnitude of influence between two or more independent variables on one dependent variable and predict the dependent variable using the independent variable Duwi Priyatno (2012: 127). In this study the independent variables were Career Development, Compensation and Employee Retention. While the dependent variable is Employee Performance. In this study, the data were analyzed using statistical processing software SPSS (Statistical Package for The Social Science) version 21.

## **Results and Discussion**

### **Descriptive Analysis**

Before entering the testing stage, a description of the characteristics of respondents will first be presented with the aim of displaying relevant information contained in the data.

Descriptive demographics of respondents provide an overview of respondent characteristics that show the large percentage of gender, age, length of work and last education of PT Semen Indonesia Logistik employees.

#### **Description of respondents by gender**

Based on the research data, the characteristics of research respondents based on gender were obtained as follows:

**Table 1 Description of Respondents by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Man	174	90%
Woman	19	10%
Total	193	100 %

*Source : Processed primary data, 2023*

Based on table 1, it was found that most of the employees of PT Semen Indonesia Logistik who were respondents in this study were male as many as 174 employees (90%), while female employees were 19 employees (10%). So it can be concluded that employees at PT Semen Indonesia Logistik are more dominant male employees than female employees.

#### ***Description of respondents by age***

Here is the data of respondents by age:

**Table 2 Description of respondents by age**

<b>Age (Years)</b>	<b>Frequency</b>	<b>Percentage</b>
< 25 years	2	1%
25 – 30 years	24	12%
30 – 35 years	39	20%
35 – 40 years	29	15%
> 40 years	99	51%
<b>TOTAL</b>	<b>193</b>	<b>100%</b>

*Source : Processed primary data, 2023*

Based on table 2, it was obtained that the age of employees of PT Semen Indonesia Logistik who were sampled in the study had age characteristics of around 25-30 years as many as 24 people (12%), then the age of  $\geq 40$  years as many as 99 people (51%), then the age of 30-35 years as many as 39 people (20%) and the age of < 25 years as many as 2 people (1%). So it can be concluded that employees with the age of > 40 years more dominate.

#### ***Description of respondents based on length of work***

Based on the research data, the characteristics of research respondents based on length of work were obtained as follows:

**Table 3 Description of respondents based on length of work**

<b>Period of Service</b>	<b>Frequency</b>	<b>Percentage</b>
< 5 years	18	9%
5 – 15 years	83	43%
16 – 25 years	67	35%
> 25 years old	25	13%
<b>Total</b>	<b>193</b>	<b>100 %</b>

*Source : Processed primary data, 2023*

Based on table 3, it can be seen that respondents with a length of work < 5 years as many as 18 people with a percentage of 9%, then respondents with a length of work of 5-15 years as many as 83 people or around 43%, then respondents with a length of work of >25 years as many as 25 people or 13%. So it can be concluded that respondents with a working period of 5-15 years are the most dominant.

#### ***Description of respondents based on recent education***

Based on the research data, the characteristics of research respondents based on the latest education were obtained as follows:

**Table 4 Description of respondents based on recent education**

<b>Final Education</b>	<b>Frequency</b>	<b>Percentage</b>
SMA	60	31%
DIPLOMA	23	12%
S1	106	55%
S2	4	2%
<b>Total</b>	<b>193</b>	<b>100 %</b>

*Source : Processed primary data, 2023*

Based on table 4, it is known that respondents with the last high school education were 60 people or 31%, then respondents with the last high school education were 26 people or 29.5%, then respondents with the last high school education were 60 people or 15.9%, the last with the last undergraduate education was 5 people or 5.7%. Based on the table above, it can be concluded that respondents with the last S1 education are the more dominant.

**Hypothesis Testing**

Descriptive analysis of variables aims to find out the picture of respondents' answers to variables. The variables in this study consist of Career Development (X1), Compensation (X2), Employee Retention (X3) and Employee Performance (Y) variables. This study used the Likert scale for respondent answers with the highest score of each question item being 5 and the lowest score of each question item being 1. To find out the category of each mean, it can be seen from the range. Range or also called range is the difference between the data with the largest value and the smallest value data. The range of distribution of research variables can be seen in table 4.5 as follows:

**Table 5 Variable Distribution Range**

Variable Distribution Range	Interpretation
1 – 1,99	Less
2 – 2,99	Keep
3 – 3,99	Strong
4 – 4,99	Very Powerful

**Distribution of Respondents' Answers on Career Development (X1)**

The indicators of the Career Development variable (X1) are divided into 5 indicators, namely Education, Training, Mutation, Promotion, Length of Service. The results of the description of respondents' answers to career development variables are as follows:

**Table 6 Variable Frequency Distribution of Career Development (X1)**

Responden tentang Pengembangan Karir (X1)									TOTAL	MEAN
Item	SS (4)		S (3)		TS (2)		STS (1)			
	F	Skor	F	Skor	F	Skor	F	Skor		
X1.1	59	236	117	351	16	32	1	1	620	3.21
X1.2	64	256	110	330	17	34	2	2	622	3.22
X1.3	38	152	110	330	37	74	8	8	564	2.92
X1.4	67	268	105	315	17	34	4	4	621	3.22
X1.5	46	184	96	288	48	96	3	3	571	2.96

Source: Processed primary data, 2023

Based on table 4.6, the total of the most respondents' answers is indicator 2 of 3.22, namely the factor that greatly influences career development on employee performance is the Training indicator. So it can be said that the Training indicator has a very strong answer.

**Distribution of Respondents' Answers to Compensation (X2)**

The indicators of the Compensation variable (X2) are divided into 4 indicators, namely fair salaries and wages, incentives in accordance with sacrifices, benefits that meet expectations, adequate facilities. The results of the description of respondents' answers to compensation variables are as follows:

**Table 7 Distribution of Frequency of Compensation Variables (X2)**

Responden tentang Kompensasi (X2)									TOTAL	MEAN
Item	SS (4)		S (3)		TS (2)		STS (1)			
	F	Skor	F	Skor	F	Skor	F	Skor		
X2.1	28	112	138	414	20	40	7	7	573	2.97
X2.2	32	128	122	366	30	60	9	9	563	2.92
X2.3	35	140	120	360	33	66	5	5	571	2.96
X2.4	31	124	127	381	30	60	5	5	570	2.95

Source: Processed primary data, 2023

Based on table 7, the total of the most respondents' answers is indicator 1 of 2.97, namely the factor that greatly affects compensation for employee performance is the fair Salary and Wage indicator, **so it can be said that the fair Salary and Wage indicator has a very strong answer.** **Distribution of Respondents' Answers on Employee Retention (X3)**

The indicators of the Employee Retention variable (X3) are divided into 3 indicators, namely organizational career opportunities, awards given, employee relations. The results of the description of respondents' answers to employee retention variables are as follows:

**Table 9 Variable Frequency Distribution of Employee Retention (X3)**

Responden tentang Retensi Karyawan (X3)									TOTAL	MEAN
Item	SS (4)		S (3)		TS (2)		STS (1)			
	F	Skor	F	Skor	F	Skor	F	Skor		
X3.1	40	160	130	390	20	40	3	3	593	3.07
X3.2	36	144	122	366	34	68	1	1	579	3.00
X3.3	59	236	127	381	7	14	0	0	631	3.27

Source: Processed primary data, 2023

Based on table 9, the total of the most respondents' answers is indicator 3 of 3.27, namely the factor that greatly affects employee retention is the indicator of Coworkers who never act discriminatively and respect each other, so it can be said that this indicator has a very strong answer.

**Discussion**

**Validity Test**

The validity test serves to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the statements in the questionnaire can reveal something that will be measured by the questionnaire (Ghozali, 2016). The validity test can be measured by comparing the calculated r value with the table r. In this study the number of samples (n) = 88, df = 88-2=86 and significance of 0.05 was obtained from r table = 0.2096. If the count r is greater than the table r and is positive, then the question or indicator can be declared valid. The validity test results for the Development variable (X1) are as follows:

**Table 10 Career Development Variable Validity Test Results (X1)**

Statement items	R-count	R-table (a=5%,df=86)	Information
1	0,615	0,2096	Valid
2	0,690	0,2096	Valid
3	0,637	0,2096	Valid
4	0,778	0,2096	Valid

*Source: Processed primary data, 2023*

Based on the calculation results in table 4.10, for the validity test on the compensation variable (X1) consisting of 4 statement items, each question item has an R-count value (R pearson) greater than the r-table with a=0.05 and df=86 which is 0.2096 so that it can be concluded that the statement items on the compensation variable are valid. Furthermore, the validity test results for the career development variable (X2) are as follows:

**Table 11 Compensation Variable Validity Test Results (X2)**

Statement items	R-count	R-table (a=5%,df=86)	Information
1	0,551	0,2096	Valid
2	0,664	0,2096	Valid
3	0,615	0,2096	Valid
4	0,549	0,2096	Valid
5	0,746	0,2096	Valid

*Source: Processed primary data, 2023*

Based on the calculation results in table 11, for the validity test on the career development variable (X2) consisting of 5 statement items, each question item has an R-count value (R pearson) greater than the rtable with a = 0.05 and df = 86 which is 0.2096 so that it can be concluded that the statement items on the career development variable are valid. Furthermore, the results of the validity test for the job satisfaction variable (X3) are as follows:

**Table 12 Employee Retention Variable Validity Test Results (X3)**

Statement items	R-count	R-table (a=5%,df=86)	Information
1	0,617	0,2096	Valid
2	0,617	0,2096	Valid
3	0,697	0,2096	Valid
4	0,620	0,2096	Valid
5	0,688	0,2096	Valid

*Source: Processed primary data, 2023*

Based on the calculation results in table 12, for the validity test on the job satisfaction variable (X3) consisting of 5 statement items, each question item has an R-count value (R pearson) greater than the r-table with  $\alpha=0.05$  and  $df=86$  which is 0.2096 so that it can be concluded that the statement item item on the job satisfaction variable is valid. Furthermore, the validity test results for the employee retention variable (Y) are as follows:

**Table 13 Validity Test Results of Employee Retention Variable (Y)**

Statement items	R-count	R-table (a=5%,df=86)	Information
1	0,646	0,2096	Valid
2	0,800	0,2096	Valid
3	0,846	0,2096	Valid

*Source: Processed primary data, 2023*

Based on the calculation results in table 13, for the validity test on the employee retention variable (Y) consisting of 3 statement items, each question item has an R-count value (R pearson) greater than the r-table with  $\alpha=0.05$  and  $df=86$  which is 0.2096 so that it can be concluded that the statement item item on the employee retention variable is valid.

### **Reliability Test**

Reliability test serves to measure a questionnaire which is an indicator of variables. A questionnaire is considered reliable if a person's answers to statements are consistent or stable over time (Ghozali, 2016). The following are the results of reliability tests in this study:

**Table 14 Reliability Test Results**

Variable	Cronbach's Alpha Value	Information
Compensation	0,605	Reliable
Career Development	0,607	Reliable
Employee Retention	0,648	Reliable
Employee Performance	0,651	Reliable

*Source: Processed primary data, 2023*

From the results of table 14, it can be concluded that the questionnaire of each variable has a value of Cronbach's alpha  $> 0.6$  so that it can be interpreted that the questionnaire variable Compensation, Career Development, Employee Retention in this study is declared reliable or reliable.

### **Multiple Linear Regression Analysis**

This regression analysis serves to calculate the magnitude of influence between independent variables, namely Career Development (X1), Compensation (X2), and Employee Retention (X3) on the dependent variable, namely Employee Performance (Y). Regression equations are used to determine the form of relationships between



independent variables and dependent variables. By using the help of SPSS for windows version 25 obtained regression models as in the following table:

**Table 15 Multiple Linear Regression Test Results**

<b>Coefficients<sup>a</sup></b>					
Type	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	
B	Std. Error	Beta			
1	(Constant)	-2.114	1.297	-1.629	.107
Compensation	.314	.071	.373	4.425	.000
Career Development	.183	.075	.217	2.435	.017
Employee Retention	.277	.067	.350	4.107	.000

a. Dependent Variable: Employee Performance

*Source: Primary data processed by SPSS 25, 2023*

Based on table 15, the regression equation is obtained as follows:

$$Y = -2.114 + 0.314 (X1) + 0.183 (X2) + 0.277 (X3)$$

From the equation can be interpreted as follows:

1. The constant value (a) obtained is -2.114 which means (Y) Employee Performance has a value of -2.114 without the influence of the established model of Compensation, Career Development and Employee Retention.
2. The regression coefficient of Career Development (X1) shows a positive value of 0.183 which means that if Career Development increases by 1 unit, it results in Employee Performance increasing by 0.183 units. A positive coefficient indicates a positive relationship between Career Development and employee performance, the better the career development, the better the employee performance and vice versa.
3. The regression coefficient of Compensation (X2) shows a positive value of 0.314 which means that if career development increases by 1 unit, it results in employee retention increasing by 0.314 units. A positive coefficient signifies a positive relationship between career development and employee performance, the better the career development, the better the employee's performance and vice versa.
4. The regression coefficient of Employee Retention (X3) shows a positive value of 0.277 which means that if job satisfaction increases by 1 unit, it results in employee retention increasing by 0.277 units. A positive coefficient indicates a positive relationship between employee retention and employee performance, the better employee retention, the better employee performance and vice versa.

## Conclusion

This study aims to investigate the impact of Compensation, Career Development, and Employee Retention on Employee Performance at PT Semen Indonesia Logistik. Based on the results of multiple linear regression analysis, it can be concluded as follows: First, compensation has a positive and significant impact on employee performance, as evidenced by the value of the regression coefficient (b1) of 0.314 with a significance

value (Sig. = 0.000). Therefore, the first hypothesis is acceptable, suggesting that an increase in compensation received by employees of PT Semen Indonesia Logistik will improve their performance. Second, Career Development has a positive and significant impact on employee performance, reinforced by the regression coefficient (b2) value of 0.183 with a significance value (Sig. = 0.017). The second hypothesis, then, is acceptable, signifying that increased employee career development will contribute to improved performance. Third, Employee Retention has a positive and significant impact on performance, as seen from the regression coefficient (b3) value of 0.277 with a significance value (Sig. = 0.000). The third hypothesis is acceptable, suggesting that increased employee retention will result in improved performance. Fourth, taken together, employee performance is influenced by compensation, career development, and employee retention, which is seen in F count (43.204) > Ftable (2.71) with significance values of  $0.000 < 0.005$ . Therefore,  $H_0$  is rejected and  $H_a$  is accepted. Fifth, the compensation variable has the greatest impact on employee performance with a regression coefficient (b1) value of 0.314. Sixth, the Adjusted R Square test shows a number of 0.593, indicating that the variables compensation, career development, and job satisfaction affect employee performance by 59.3%, while the remaining 40.7% are influenced by other variables outside this study.

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