

## The Effect of Career Development, Work Environment, And Organizational Commitment To Employee Retention

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**ABSTRACT** : Retaining employees is an important goal of every organization because the key to long-term success in a company depends on employee retention. In order for employees to stay in the company, a company needs to pay attention to factors that influence employee retention. The research objective is to determine the effect of career development, work environment, and organizational commitment on employee retention. This research conducted at PT. Bali Ocean Magic with 126 employees as samples. The research method uses saturated samples and data collection is done through interviews and questionnaires. The data analysis technique used is multiple linear regression analysis. Hypothesis testing results indicate career development, work environment, and organizational commitment to a significant positive effect on employee retention.

**Keywords** - *employee retention, career development, work environment, organizational commitment.*

### I. INTRODUCTION

Human resources are the most important resources for a company. One indicator of a healthy company is having competent human resources, while the lack of competent human resources can cause an unhealthy company (Msengeti & Obwogi, 2015). Failure to manage human resources causes disruption in the achievement of organizational goals, such as performance, profits, and survival of the organization itself (Suwondo & S, 2015). Employee performance has an important role for the company. If the performance displayed by employees is low, it will cause the company in achieving its objectives to be hampered. Therefore, with the presence of potential and quality human resources, will help in achieving the target in the company.

At present to obtain quality human resources and maintain these human resources is not easy. Along with the increasingly high external competition every company needs to prepare strategies from the internal side such as developing and retaining employees who have good performance so that the company still has a value added (value added) and is able to survive amid sharp competition (Diah, 2015). Seeing this, the company always provides the best for its employees so that employees can contribute optimally in improving company performance (Anita & Farida, 2016).

Retaining employees is an important goal of every organization because the key to long-term success in an organization depends on employee retention (Silva et al., 2019). Employee retention is closely related to programs for maintenance. The maintenance is carried out with the target physical, mental, and loyal attitude of employees towards their work. The maintenance program can run well if it is carried out in conjunction with the welfare provision program needed by employees and adheres to internal and external justice in the company in the hope of increasing employee retention in a company (Ripaldi, 2017)

Based on interviews conducted with the Head of Human Resources Management, PT. Bali Ocean Magic faces the problem of low employee retention caused by high work pressure from superiors, employees wanting to open their own businesses and good career opportunities at other companies. Low employee retention is associated with high employee turnover.

According to Hafanti et al. (2015) employee retention is the company's ability to retain its best workers to remain in the organization. The company must keep its employees as long as possible if the employees have a positive impact on the company. Employee retention is closely related to employee turnover or employee turnover, where the nature of the relationship is inversely proportional. It is intended that if the employee retention rate is low, it means that the employee turnover rate in a company is high and if the employee retention rate is high, it means that the turnover rate in a company is low (Swambawa & Rahyuda, 2016). Oladopo (2015) states that if employees cannot use their full potential and are not valued or heard at work, employees will leave due to stress and frustration. One of the actions of employees that can result in losses is the behavior of employees who have a desire to quit which results in a desire to leave the company

(turnover intention). Therefore, employee retention is important for the company because the cost of replacing and retraining for new employees requires expensive costs, especially for talented employees who have special skills that are difficult to obtain

One factor that can affect employee retention rates is career development. According to Hidayat (2015) employee retention is influenced by significant career development factors. Career development is the process of identifying employee career abilities and through applying the right model to get it. Previous research conducted by Sitati et al. (2016) states that career development can positively and significantly influence employee retention in the hotel industry in Kenya. Organizations that provide training, educational facilities to employees, so employees are more committed and loyal to the organization and employees who are given education and training will be able to increase production at the company.

In addition to career development, work environment factors also affect employee retention. This is supported by the results of previous researchers conducted by Sidanti (2015) who stated that the work environment greatly affects employee retention. Raziq & Maulabakhsh (2015) states that the work environment is a condition around the workplace both physically and non-physically which can give the impression of being pleasant, secure, and appealing. A comfortable, safe and conducive working environment will affect the results of his work in achieving the company's targets, so that employees feel more comfortable working in companies that are able to increase employee retention.

In addition to career development and work environment factors that must be considered by the company, there are also supporting factors that can affect employee retention, namely organizational commitment. According to Planer (2019) organizational commitment is a condition in which employees favor a company and maintain their membership in the company. Along with the changes experienced by the company, the manager is always looking for solutions to generate employee commitment by improving employee work attitudes such as job satisfaction, performance, absenteeism and intention to move to another company. Rose & Raja (2016) find that organizational commitment significantly influences employee retention. Companies that pay attention to these things, employees will be more loyal and committed to continue working at the company which can increase employee retention increases. Then the objective in this study is to explain the effect of career development on employee retention, to explain the effect of the work environment on employee retention and to explain the effect of organizational commitment on employee retention.

## II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

According to Pesireron (2016), the theory concerning retention is attribution theory. This theory leads to how one explains the causes of other people's behavior or themselves due to internal parties such as the nature, character and attitude while for external parties such as the pressure of certain situations or circumstances that will affect the individual behavior in his life. Attribution theory is also determined by behavioral causes which consist of internal causes (dispositional attributions) and external causes (situational attributes). Dispositional attributions or internal causes refer to aspects of individual behavior that exist in a person such as personality, self-perception, ability and motivation. In this study, which includes internal causes is organizational commitment. Whereas situational attributions or external causes that refer to the surrounding environment that can influence behavior such as social conditions, social values, and community views and in this study which includes external causes are career development and physical work environment. From the theories that have been explained, this study uses attribution theory that explains the causes or actions of employees at PT. Bali Ocean Magic to survive or leave the company.

Sitati et al. (2016) shows that career development positively and significantly affected employee retention in the hotel industry in Kenya. Pratiwi & Sriathi (2017) states that career development had a positive and significant effect on employee retention at Santika Hotel Nusa Dua Bali. According to research conducted by Al-sharafi (2018) found that career development significantly affects employee retention at the Telecommunication Organizations in Yemen. Dewi & Riana (2018) states that career development had a positive and significant effect on employee retention at BintangKuta Hotel. This shows that the better career development given to employees, the higher the retention of employees in the company. The results of research from Herachwati & Rachma (2018) states that career development opportunities positively increase employees to remain in the organization. Based on previous research, the following hypotheses can be formulated:

H1: Career development has a positive and significant effect on employee retention.

Pratiwi & Sriathi (2017) suggested that the non-physical work environment had a positive and significant effect on employee retention. A good and comfortable non-physical work environment that is felt by the employee keeps the employee at the company. Irhamahayati (2018) shows that the non-physical work environment can be effective from other factors in terms of maintaining retention because if employees feel more satisfied with the company and if they have positive experiences from the work environment, the employee will stay longer in the company. Swambawa & Rahyuda (2016) suggested that the work environment has a positive effect on employee retention. Positive influence means that if the work environment is safe,

comfortable and clean, then employees will feel at home and last longer in the company. Based on previous research, the following hypotheses can be formulated:

H2: The work environment has a positive and significant effect on employee retention.

Research conducted by Rose & Raja (2016) found that organizational commitment significantly affected employee retention. Companies that pay attention to these things, employees will be more loyal and committed to continue working at the company which can increase employee retention increases. Nguyen et al. (2015) found that all components (affective, sustainable and normative) of organizational commitment are positively and significantly related to employee retention. The results of research conducted by Mercurio (2015) found that there is a positive relationship between affective commitment and retention, where the greater the affective commitment, the higher employee retention. Saluja & Gobindgarh (2018) says that two types of organizational commitment, namely affective commitment and continuous commitment have a significant relationship to retention. Ramalho Luz et al. (2018) suggested the finding that organizational commitment has a positive and significant effect on employee retention. Based on previous research, the following hypotheses can be formulated:

H3: Organizational commitment has a positive and significant effect on employee retention.

### III. METHODS

This research is classified into the type of associative research on causality. The location in this study is at PT. Bali Ocean Magic on Jalan Kartika Plaza, Kuta District, Badung Regency, Bali. The independent variables in this study are the variables of career development (X1), work environment (X2) and organizational commitment (X3). The dependent variable in this study is the employee retention variable (Y). The study population are all permanent employees at PT. Bali Ocean Magic, amounting to 126 people, but not including managers. The method of determining the sample of this study is non-probability sampling using saturated sampling. The sample used in this study are all permanent employees of PT. Bali Ocean Magic, amounting to 126 people. The method in collecting data used in this study are the interview and questionnaire

### IV. RESULTS AND DISCUSSION

The number of employees of PT. Bali Ocean Magic as a sample of 126 people. male gender dominates in this study with a percentage of 57.1 percent. The dominant age level of work in a company is from the age of 25-34 years with a percentage of 37.3 percent, which is classified as productive age, creative, and hard worker, so that it can contribute better to the company. respondents with a Diploma education level dominate with a percentage of 42.9 percent.

The employee retention variable in this study is the dependent variable. Employee retention variables are symbolized by Y and measured using 5 statements. Overall employee retention variables obtain an average value of 4.02, which means that most employees of PT. Bali Ocean Magic already has a high retention of the company. Of the 5 statements used, the statement that has the lowest score is the statement "I am very well known as an employee in this company", obtained a score of 3.84 which included good criteria, but has a lower score value than the others, this meant that in general respondents who work at this company do not know their colleagues well enough. While the value that has the highest score is the statement "This company is like a family and I am one of them", obtained a score of 4.17 which is very good criteria, this means that in general respondents have considered this company as a very good family for employees.

Career development variables are symbolized by X1 and measured using 8 statements. Overall career development variable scores a score of 3.99, which means that most employees of PT. Bali Ocean Magic has been given a good career by the company such as providing jobs in accordance with employee interests, considering tenure, career opportunities, and training programs that can support employee career development. Of the 8 statements used, the statement that has the lowest score is the statement "Career planning that I have is clear", obtained a score of 3.79 which is a good criterion, but has a lower score than the others, this means that in general respondents felt that career planning owned by employees are not clear with the position desired by the employee. While the statement that has the highest score is the statement "My current job is in accordance with my interests", obtained a score of 4.18 which is included in good criteria, this means that in general the respondents already consider the work given at this company is in accordance with the interests of employees.

Work environment variables are symbolized by X2 and measured using 14 statements. the overall work environment variable scores a score of 4.08, which means that the work environment of PT. Bali Ocean Magic has been both from the physical and non-physical environment. Of the 14 statements used, the statement that has the lowest score is the statement "Air circulation (relies on AC) at work helps me to work", obtained a score of 3.75 which included good criteria, but has a low score score compared the other, this means that in general respondents already feel that air circulation that depends on air conditioning in the workspace has not been good. Air circulation is not smooth, causing employees to be less comfortable in the office with a long time. While the value that has the highest score is the statement "My workplace has cool air", a score of 4.48 is

obtained which is a very good criterion, this means that in general the respondent's workplace is very cool, so that the respondent is comfortable in the workspace.

The organizational commitment variable which is symbolized by X3 and measured using 18 statements. the variable organizational commitment as a whole scores a score of 3.98, which means that most employees of PT. Bali Ocean Magic already has a good commitment. Of the 14 statements that are used, the statement that has the lowest score is the statement "I feel that I have few choices to leave this organization", obtained a score of 3.53 which included good criteria, but has a lower score than the others, this means that in general, if the respondent chooses to work outside the company, the respondent has few job choices when leaving the company. While the statement that has the highest score is the statement "I feel not like a part of the family in this organization", obtained a score of 4.66 which is very good criteria, this means that in general the respondents already consider themselves as part of the family in the company.

**Table 1. Results of Multiple Linear Regression Analysis**

		<i>Unstandardized Coefficients</i>	<i>Standardized Coefficients</i>	<b>T</b>	<b>Sig.</b>
<b>Model</b>	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	0,015	0,269		0,056	0,956
Career Development	0,180	0,087	0,187	2,063	0,041
Work Environment	0,273	0,102	0,249	2,669	0,009
Organizational Commitment	0,546	0,105	0,446	5,175	0,000

Source: Data Processed, 2019

Career development is the process of increasing the ability of an employee who works in the company to get the desired career. The better career development provided by the company, the higher the intention to remain in the company, if the career development is given poorly, the intention to survive in the company also decreases. The results showed that there was a positive and significant effect between career development on employee retention of PT. Bali Ocean Magic. These results are in accordance with hypothesis one (H1) which states that career development has a positive and significant effect on employee retention.

The results of this study are in line with the opinion of Sitati et al (2016) which states that career development positively and significantly influences employee retention in the hotel industry in Kenya. If the career development of employees is increased, the chances of employees to remain in the hotel industry also increase. The research results are also in accordance with the statement of Dewi & Riana (2018), career development has a significant and positive effect on employee retention at BintangKuta Hotel. This shows that the better career development given to employees, the higher the retention of employees to remain in the organization. The results of testing this hypothesis are in line with the results of other studies conducted previously by Pratiwi & Sriathi (2017), Al-sharafi (2018), Herachwati & Rachma (2018) which state that career development has a positive and significant effect on employee retention.

The work environment is a condition around the workplace of employees, both physically and non-physically which can affect the activities in carrying out the tasks given. If employees have a safe, comfortable work environment and have a good working relationship between superiors and fellow employees, the employee will remain at the company. Conversely, if the employee has a bad work environment, the employee does not last long working in the company. The results showed that there was a positive and significant effect between work environment on employee retention of PT. Bali Ocean Magic. These results are in accordance with hypothesis two (H2) which states that the work environment has a positive and significant effect on employee retention. The work environment has a positive effect on employee retention.

The results of this study are in line with the opinions of Pratiwi & Sriathi (2017) suggesting that the non-physical work environment has a positive and significant effect on employee retention. A good and comfortable non-physical work environment that is felt by the employee keeps the employee at the company. Swambawa & Rahyuda (2016) suggested that the work environment has a positive effect on employee retention. The positive influence in question, if the work environment is safe, comfortable and clean, then employees will feel at home and last longer in the company. The results of testing this hypothesis are in line with the results of other studies conducted previously by Sidanti (2015) and Irhamahayati (2018) which state that the work environment has a positive and significant effect on employee retention.

Organizational commitment is a condition of employees who have a high sense of dedication in advancing the place of work. If employees have a high commitment to the company, then the intention to survive in the company is also getting longer. Conversely, if employees have low commitment, then employees

will not last long in the company. The results showed that there was a positive and significant effect between organizational commitment to the retention of employees of PT. Bali Ocean Magic. These results are in accordance with hypothesis three (H3) which states that organizational commitment has a positive and significant effect on employee retention.

The results of this study are in line with the opinions of a study conducted by Rose & Raja (2016) found that organizational commitment significantly influences employee retention. Companies that pay attention to these things, employees will be more loyal and committed to continue working at the company which can increase employee retention. The results of research conducted by Mercurio (2015) found that there is a positive relationship between affective commitment and retention, where the greater the affective commitment, the higher employee retention. This is in line with the results of other studies conducted previously by Nguyen et al. (2015) suggested the findings that organizational commitment has positive and significant effect to employee retention.

The results of this study have implications for the future leaders can improve training programs better so that employees can develop their careers and stay in the company so that the goals of the company are achieved. the work environment in the company must run well so that the process of working within the company can run well without problems that can result in inconvenience of employees at work. employees further enhance their commitment to the company to remain as a member of the company.

There are several things that become a limitation in this study, namely the number of bureaucratic procedures that researchers must go through in order to conduct research in this place, such as searching for data for submission of research requests conducted at each different place. this causes the data collection schedule to be postponed, causing the data collection schedule both primary and secondary data to be collected more and longer and affect the schedule and research targets that have been set. Another limitation in this research is that the research is only conducted in a certain time point (cross section), while the environment and needs are dynamic, so this research is important to do again in the future by adding other variables not included in the model that can also affect retention the employee.

## V. CONCLUSION

Career development has a significant positive effect on employee retention of PT. Bali Ocean Magic. If the career development of employees is increased, the chances of employees to stay in the company will increase. Companies that provide training and education programs to employees appropriately will be loyal to the company for a long period of time and can increase employee retention. The work environment has a significant positive effect on employee retention of PT. Bali Ocean Magic. Companies that provide safe and comfortable room conditions and a good working relationship among employees within the company, these conditions can increase employee retention.

Organizational commitment has a significant positive effect on employee retention at PT. Bali Ocean Magic. Employees who are highly committed to the company have the opportunity to remain in the company and make the best contribution for the progress of the company. PT. Bali Ocean Magic should pay attention to employee career planning before placement or after placement to match the work they expect at this company. Air circulation that relies on air conditioners in the workspace of employees should be given more attention because it helps soothe the workspace of employees, so that employees will work optimally in order to achieve the work effectiveness of employees of PT. Bali Ocean Magic. For employees of PT. Bali Ocean Magic should further increase its commitment to the company because if they choose to leave the company, not all companies offer the same jobs as those offered by PT. Bali Ocean Magic.

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