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Unraveling Employee Retention: A Descriptive Analysis

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Abstract

This research aims to explore a descriptive analysis of employee retention. Employee retention is not only crucial for a company's future but also reflects how valued employees feel as company assets. This study used a descriptive quantitative method involving 110 employees as participants. Employee retention was measured using a modified retention scale by Govaerts, which consisted of six items with two main aspects, which are intention to stay and intention to leave. The data collected was then analyzed

using the SmartPLS version 4 for Windows. The results of the analysis show that the employee retention rate is high, which means that employees tend to stay longer in the company. Additionally, this study also showed that the majority of participants were male (51%), with the most work experience in the age range of 25 to 44 years (86%). This finding shows that Generation Z dominates the current working age group.

Keywords: Employee Retention, SmartPLS

1. Introduction

In a booming business world, organizations are required to improve efficiency and productivity to remain competitive. To achieve the goals, employees are one of the key factors in supporting business success ^[1]. Based on CNBC Indonesia data, a survey conducted by Price Waterhouse Cooper (PwC) in 2024 of global workforce found that the proportion of employees planning to change jobs in the next 12 months is higher than the "Great Resignation" period in 2022. Around 28% of the more than 56,000 employees surveyed by PwC said they would move from their current employer, compared to 19% in 2022 and 26% in 2023 ^[2]. This finding shows that companies are increasingly aware of the importance of retaining employees in the organization. This reflects the company's increased awareness of the importance of retaining employees. Company always to make employees stay for a long period of time, with various efforts made to retain them ^[3].

Employee retention can be approached from two perspectives: The organizational side, and the personal side ^[4]. Employee retention is a form of company effort to retain employees ^[5]. Employee retention is the company's ability to retain the best workers to continue to be in the organization. Employee retention refers to the various actions taken by organizations to encourage their employees to keep them working for a longer period ^[6]. Employee retention is a concept related to the company's effort to maintain its existing workforce, such as strategies and tactics used by the company to prevent employees from leaving their job ^[7].

From a personal perspective, employee retention can be defined as an employee's decision to stay or continue working in their present organization as a result of effort made by the organization to encourage them to stay ^[8]. Employee retention is the effort of employees to remain working for a long period in an organization ^[9]. Employee retention is a process by which employees are encouraged to continue their employment relationship with the organization over a long period ^[10]. Intention to stay in organization refers to conscious and deliberate desire of employee to remain in the organization where they work ^[11]. Companies that successfully improve employee retention can increase productivity and reduce costs associated with employee turnover ^[12].

2. Materials And Method

This research aims to explore employee retention. This research uses a quantitative descriptive method. Participants in this study amounted to 110 employees. Employee retention was measured using the employee retention scale modified by Govaerts^[13]. This scale consists of 6 items and there are two aspects, which are intention to stay and intention to leave. The response to the answer choices used in this scale is the Likert model with 5 alternative answers starting from SS (Strongly Agree), S (Agree), N (Neutral), TS (Disagree), and STS (Strongly Disagree).

2. Result And Discussion

Data analysis was conducted descriptively on 110 respondents, data are shown as follows:

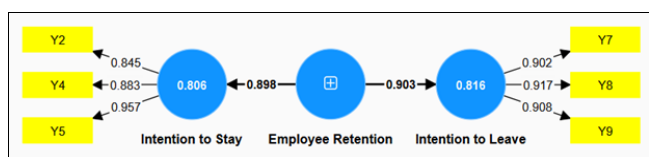


Fig 1: Outer loading values for employee retention

Based on the Fig 1, analysis of the outer loading values, for the intention to stay and intention to leave aspect, all items show a loading factor value greater than 0.7. This shows that all items in this aspect are valid. Then, the convergent validity test based on AVE value can be found in the following table.

Table 1: AVE value for employee retention

Aspect	AVE
Intention to Stay	0.803
Intention to Leave	0.826

Based on the result above, intention to stay aspect has an AVE value of 0.803 (>0.5), and intention to leave has an AVE value of 0.826 (>0.5). This indicates that the employee retention variable meets the convergent validity criteria. Furthermore, the discriminant validity test on employee retention variables can be found in the table below.

Table 2: Discriminant validity employee retention

Item	Intention to Stay	Intention to Leave
Y2	0.845	0.603
Y4	0.883	0.502
Y5	0.957	0.566
Y7	0.599	0.902
Y8	0.417	0.917
Y9	0.661	0.908

Based on the Table 2, the cross-loading value on the item construct representing each aspect is greater than the value of the other aspects. This indicates that the items on employee retention in this study have appropriately described the latent variables, thus all items are valid. Next, the reliability test for the employee retention scale is presented on the table below.

Table 3: Employee retention reliability test

Cronbach's Alpha	Composite Reliability	AVE
0.896	0.920	0.659

Based on the Table 3, show that the Cronbach's Alpha value is 0.896 (>0.6), and the Composite Reliability value is 0.920 (>0.7). This indicates that the employee retention scale has a high level of reliability.

Table 4: Participants by gender

Gender	Frequency (n)	Percentage (%)
Male	56	51%
Female	54	49%
Total	110	100%

Based on the Table 4, it shows that the most participants are male with 56 employees (51%), while female participants amount 54 employees (49%).

Table 5: Participants by age

Age Category	Frequency (n)	Percentage (%)
X Generation (1965-1980)	5	4%
Y Generation (1981-1994)	47	43%
Z Generation (1995-2010)	58	53%
Total	110	100%

Based on the Table 5, shows that the most participants are subject in the generation Z category with a birth year range of 1995 to 2010 are 58 employees (53%), while the least subjects are participants in the generation X category with birth year ranger of 1965 to 1980 are 5 employees (4%).

Table 6: Participants by work experience

Work Experience	Frequency (n)	Percentage (%)
Exploration (15-24 years)	10	9%
Establishment (25-44 years)	95	86%
Maintenance (45-64 years)	5	5%
Total	110	100%

Career is a developmental process throughout life that is influenced by self-concept and life experiences^[13]. The working period is classified into 5 stages, which are the growth phase in the ages range 0-14 years, the exploration phase in the age range 15-24 years, the establishment phase in the age range 25-44 years, the maintenance phase in the age range 45-64 years, and the decline phase in the age range 65 years and over^[13]. Based on the Table 6, the most participants are employees in the establishment work period are 95 employees (86%).

Table 7: Categorization of employee retention

Range	Categorization	Frequency (n)	Percentage (%)
X < 14	Low	2	2%
14 ≤ X < 22	Medium	34	31%
22 ≤ X	High	74	67%
Total		110	100%

Based on the Table 7, show that there are 2 participants (2%) in the low employee retention category, 34 participants (31%) in the medium category, and 74 participants (67%) in the high employee retention category. This data indicates that the majority of subjects exhibit a high level of retention.

4. Conclusion

This study presents an analysis of employee retention. Based on a total of 110 participants, the results show that 67% of the majority group showed a high level of employee retention. This shows that employees working in this company tend to stay with the company. Additionally, the study revealed that male participants dominated the sample (51%), the most work experience was the establishment phase of 24 to 44 years old (86%), which shows that the current working ages are dominated by generation Z.

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