The Relationship Between Work Environment and Career Development on Employee Retention with Job Satisfaction as a Mediating Variable in State-Owned Enterprises in the Insurance Sector

Intan Oktri Agtia, Rhenez Alitdo Lasanov*, Shella Yolan Anggraini, Anita Maharani

* Corresponding author e-mail: rhenez.lasanov@binus.ac.id

ARTICLE INFO

DOI: 10.32832/jm-uika.v14i3.14599

Article history:
Received: 3 Juli 2023
Accepted: 11 September 2023
Available online: 5 Oktober 2023

Keywords:
Work Environment, Career Development, Job Satisfaction, and Employee Retention.

ABSTRACT

There is a possibility of a potential phenomenon that may occur in the next 5 years in the state-owned company in the Insurance and Pension Fund Cluster, which is the occurrence of involuntary employee turnover. This can lead to job vacancies that could be filled by Generation Z. Therefore, it is necessary to anticipate the potential departure of Generation Z in this company. This can pose a challenge to employee retention for the company. To address this, it is important to understand the factors that can influence employees to remain loyal and stay with the company. The implementation of policies in work environment, career development, and job satisfaction ultimately has a positive and significant relationship with employee retention. This study aims to determine the influence of work environment and career development on employee retention mediated by job satisfaction. Work environment and career development are exogenous variables, employee retention is the endogenous variable, and job satisfaction is the mediating variable. The results of hypothesis testing indicate that all tested hypotheses are accepted. The implementation of policies in the work environment, career development, and job satisfaction ultimately has a positive and significant relationship with employee retention.
1. INTRODUCTION

The role of human resources (HR) in a company is a crucial asset capable of enhancing positive performance for the company itself. HR performance can influence the efficiency and effectiveness of the company. The management of the company plays a role in improving HR performance in achieving the company's vision, mission, and business processes (Nahusona et al., 2004). The importance of HR in a company demands that the company acquires and retains qualified and competent employees to achieve its goals, including state-owned enterprises (SOE) in the insurance and pension fund sector. Referring to the five Priorities of the Ministry of State-Owned Enterprises (SOE), consisting of Economic and Social Value for Indonesia, Business Model Innovation, Technological Leadership, Investment Enhancement, and Talent Development. These SOE Ministry priorities have an impact on the strategic goals of SOE companies, which must reflect the direction of long-term business. One aspect that needs attention from management due to these priorities is organizational development, which is part of adjusting to or meeting the business needs of the company through human resources strategies.

In one of the state-owned enterprises (SOE) operating in the insurance industry, there is a possibility of a phenomenon that may occur in the next 5 years, up to the year 2026, which is involuntary turnover, where employees will enter retirement in significant numbers. The number of employees retiring in this company is predominantly composed of baby boomer and Generation X employees, with a total of 460 employees (the total number of retirees from 2022 to 2026). This number can have an impact on job vacancies, especially at the managerial level, ranging from Grade 13 to 21, with a total of 260 positions. (Tabel 1).

Table 1. The data of retired officials for the year 2022-2026.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Level</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>BOD-3</td>
<td>14</td>
<td>11</td>
<td>13</td>
<td>14</td>
<td>3</td>
<td>55</td>
</tr>
<tr>
<td>14</td>
<td>BOD-3</td>
<td>17</td>
<td>14</td>
<td>11</td>
<td>6</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td>15</td>
<td>BOD-3</td>
<td>6</td>
<td>5</td>
<td>10</td>
<td>3</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>16</td>
<td>BOD-2</td>
<td>14</td>
<td>21</td>
<td>16</td>
<td>3</td>
<td>4</td>
<td>58</td>
</tr>
<tr>
<td>17</td>
<td>BOD-2</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>1</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>18</td>
<td>BOD-2</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>19</td>
<td>BOD-1</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>20</td>
<td>BOD-1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>21</td>
<td>BOD-1</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>73</strong></td>
<td><strong>76</strong></td>
<td><strong>69</strong></td>
<td><strong>30</strong></td>
<td><strong>12</strong></td>
<td><strong>260</strong></td>
</tr>
</tbody>
</table>

Source: Internal document (2023)

The job vacancies at SOE Company in the insurance company have the potential to be filled by Generation Z, where the presence of this generation poses a challenge for the company, particularly in understanding their characteristics. In a study conducted by Carnegie (2017), a
survey on Generation Z revealed a tendency among them to leave and move on from their companies. Therefore, to anticipate the potential departure of Generation Z from the company, the company needs to have a strong commitment to retaining these employees. Employee retention is one of the key and frequent challenges faced by organizations/companies and is an essential aspect of human resource management, providing opportunities for employees to develop within the organization/company. (Allen et al., 2010) dalam (Nagarathanam et al., 2018).

The work environment is indeed one of the critical factors that support the employee retention process. In the literature (Kwenin, 2013) it is stated that a well-structured and well-designed work environment, a friendly and safe employee workspace, good equipment and facilities, and effective communication all contribute to enhancing employee retention. Besides the work environment, another aspect that can help employees stay with a company is career development. Career development is the effort made by both individual employees and organizations to encourage individuals to perform optimally in order to enhance their skills and abilities in carrying out their core tasks and all positive, non-profit-related activities within the organization. (Busro, 2018). As a company, the state-owned enterprise in the insurance and pension fund sector is poised for growth and must strategize for the preparation of future leaders. Therefore, the company needs to pay attention to the aspects of work environment and career development to ensure that existing regulations can be effectively implemented to create employee job satisfaction. This research aims to analyze the relationship between work environment, career development, job satisfaction, and employee retention in the state-owned enterprise operating in the insurance and pension fund sector.

**The Relationship between Work Environment and Job Satisfaction**

The work environment influences job satisfaction. This is supported by research of (Jaskyte et al., 2010) whereas the work environment is one of the determinants of job satisfaction. Based on research findings, the researcher discusses practical implications for redesigning jobs and making changes in the work environment to create maximum job satisfaction. The research (Taheri et al., 2020) The research also demonstrates a significant positive relationship between work environment and job satisfaction. In this study, employees expressed their opinion that job satisfaction depends on the work environment. Thus, this aligns with the research (Ly et al., 2020) That better work environment recommendations have been suggested to state-owned enterprises (BUMN) to enhance employee job satisfaction in order to achieve higher productivity.

**H1: Work Environment has a positive and significant impact on Job Satisfaction.**

**The Relationship between Career Development and Job Satisfaction**

Job satisfaction depends on career development opportunities within each company. (Putra, 2020) revealed that career development has a direct and significant impact on job satisfaction in state-owned banks in Indonesia. Career development can be used as a measure to assess the level of job satisfaction in a company (Niati et al., 2021). Research (Hayati et al., 2022) It also
mentions that career development affects job satisfaction. Based on these statements, the hypothesis can be formulated as follows:

**H2: Career Development has a positive and significant impact on Job Satisfaction**

**The Relationship between Job Satisfaction and Employee Retention**

Employee turnover is a common occurrence in every company. This often happens because of competition among employees for specific job positions. Due to the competition to acquire specialized skills, retaining quality employees becomes the biggest challenge in human resource management (Terera & Ngirande, 2014). To maintain employee retention rates, companies require a reward system to satisfy their employees. When a company treats its employees as valued assets, employees tend to stay with the company. Therefore, it is crucial to achieve job satisfaction among employees to enhance employee retention (Mathis et al., 2015). Research (Biason, 2020) shows that there is a positive relationship between job satisfaction and employee retention. This is because employees are satisfied with good compensation, job content, promotion opportunities, and have good working relationships with colleagues and superiors. Based on these statements, the hypothesis can be formulated as follows:

**H3: Job Satisfaction has a positive and significant impact on Employee Retention**

**The Relationship between Work Environment and Employee Retention**

Research by (Lu et al., 2019) and (Yusliza et al., 2021) as demonstrated that the work environment significantly influences employee retention. Positive employee perceptions of the work environment can reduce turnover intentions and even encourage employees to stay longer with a company. Improving the work environment is typically a primary focus within companies (Bibi et al., 2018). Employees are more likely to stay with a company for an extended period if they feel comfortable with their work environment (Inda & Mishra, 2016). Research by (Andriani & Sulistyarini, 2022) found a significant positive relationship between a supportive work environment and millennial employee retention in state-owned enterprises. Based on these statements, the hypothesis can be formulated as follows:

**H4: Work Environment has a positive and significant impact on Employee retention**

**The Relationship between Career Development and Employee Retention**

Employee retention is one of the critical issues frequently faced by companies and is a primary human resource management practice that provides employees with opportunities for self-development within the company (Allen et al., 2010). (Weng et al., 2010) state that the four dimensions of career development are career goal realization, professional skill development, promotion opportunities, and compensation. Research by (Kroon & Freese, 2013) indicates that career development can lead to an increase in employee retention. Additionally, research by (Rahaman et al., 2023) also shows that career development practices play a crucial role in retaining employees within a company. Therefore, companies should focus more on organizing retention
programs for employee well-being. Based on these statements, the hypothesis can be formulated as follows:

**H5: Career Development has a positive and significant impact on Employee Retention**

*Job Satisfaction mediates the relationship between Work Environment and Employee Retention.*

In (Renaud et al., 2015), five key factors are defined as the main reasons why employees stay with a company: compensation, innovation, training, work environment, and work-life balance. These five factors contribute to job satisfaction, ultimately leading to employee retention within the company. Similar findings are also present in the research (Koteswari et al., 2020) which reveals that job satisfaction serves as a mediator between the work environment and employee retention. If a company provides a quality work environment and plays a significant role in enhancing job satisfaction, it will result in employee retention.

**H6: Job Satisfaction mediates the relationship between Work Environment and Employee Retention**

*Job Satisfaction mediates the relationship between Career Development and Employee Retention*

Companies need to recognize that job satisfaction is crucial for retaining employees in the long term. According to (Aydogdu & Asikgil, 2011), job satisfaction influences the decision to stay or leave a company and is a primary factor in maintaining employee retention. Al-sharafi et al., 2018 state that career development plays a vital role in organizations and leads to an increase in employees' intent to leave the organization. Additionally, (Lisdiani & Ngatno, 2017) argue that career development provides clear benefits to employees in the form of job satisfaction and a higher quality of work life. Furthermore (Kim, 2012) suggests that losing employees directly impacts a company's quality, making employee retention a critical issue for companies. Therefore, companies should provide opportunities for every employee to grow, ensuring that job satisfaction with the company remains high. According to (Hamblen, 2011), *career development is an ongoing formal effort by a company to focus on human resource development to meet the needs of both employees and the company.* In the research (Hausknecht et al., 2009) it is emphasized that among all factors studied to assess their relationship with employee retention, career development is the most closely related to employee retention decisions. It is evident that job satisfaction is used as a mediator in many relationships related to employee behavior. In this regard, many studies have examined the mediating effect of job satisfaction on various factors influencing employee retention (Huang & Su, 2016). In the research by (Disa & Djastuti, 2019) and Wirayudha & Gusti (2020) the job satisfaction variable successfully mediated the influence of career development on employee retention. This implies that in the relationship between job satisfaction and employee retention, job satisfaction can be influenced by the presence of career development in the company, which in turn impacts employee retention. Through effective and clear career development, job satisfaction can be triggered, ultimately leading to improved employee retention. Based on the research above, a hypothesis can be formulated that:
**H7**: *Job Satisfaction mediates the relationship between Career Development and Employee Retention*

![Research Framework]

*Figure 1. Research Framework*

*Source: The researcher's analysis, 2023*

### 2. RESEARCH METHODS

The object of this research is one of the State-Owned Enterprises (BUMN) operating in the Insurance and Pension Savings Fund sector, with 54 branch offices located throughout Indonesia. According to (Sekaran, 2006) the population is the entire group of people, events, or interests that the researcher wishes to investigate. Currently, the population consists of all employees in the BUMN Insurance and Pension Savings Fund Cluster, totaling 1,539 individuals. The focus population used in this research comprises all Generation Z employees in the Insurance and Pension Savings Fund Company, numbering 497 individuals, or approximately 32% of the total employee population.

The sampling method used in this research follows the method described by (Hair et al., 2011) which involves using n x 5 observations. With 65 indicators in this study, when multiplied by 5, the total number of questionnaires to be distributed is 325. The sample distribution is carried out proportionally based on the number of Generation Z employees available because these Gen Z employees are spread across the Head Office and 6 main Branch Offices. Consequently, the required number of sample respondents can be determined using the following formula:

\[
\text{Respondent} = \frac{\text{Number of Generation Z Employees}}{\text{Total Employees of Generation Z}} \times \text{Total Sample Respondent} \quad \ldots \ldots \quad (1)
\]

This research is conducted using purposive sampling technique because the sample in this study must consist of permanent employees in the State-Owned Enterprise (BUMN) Insurance and Pension Savings Fund Cluster who meet the criteria as Generation Z. The data collection tech-
The technique employed in this research involves primary data through the distribution of questionnaires. The questionnaire distributed employs a Likert scale method with scores ranging from 1 to 5, starting from strongly disagree to strongly agree. The variables used in this research to achieve the research objectives are as follows: Exogenous variables (exogenous) in this study consist of two variables, namely, work environment symbolized as X1, and career development symbolized as X2. The mediating or intervening variable is job satisfaction, symbolized as Z. The endogenous variable in this research is employee retention, symbolized as Y.

This research utilizes the Structural Equation Modeling (SEM) method, and for the analysis tool, it uses SmartPLS 3.0 (PLS) software. Descriptive analysis is employed, which involves using descriptive statistics to explain the characteristics of the dataset or provide an overview without drawing general conclusions (Ghozali & Latan, 2012). The validity and reliability testing are applied to all items or questions within each variable. The process of assessing reliability is carried out through composite reliability, where a variable is considered reliable when it has a composite reliability value of ≥ 0.7 (Sekaran, 2011). Once the outer model has been tested and meets the criteria, the next step is to conduct the inner model analysis. This test is performed using the bootstrapping method with SmartPLS 3.0. In this research, there is a mediating variable, which is job satisfaction. This mediating variable can be interpreted as being capable of mediating the influence of exogenous variables on endogenous variables when the t-statistic value is greater than the t-table value, and the p-value is less than 5%.

3. RESULT & DISCUSSION

Social Exchange Theory

(Blau, 2017) In his book, social exchange is defined as the voluntary actions of individuals driven by the expected outcomes from others. In this theory, a person enters into an exchange relationship with others because they have received rewards from them. In other words, when someone engages in a relationship exchange with others, it creates rewards for that person. In research of (Redmond, 2015), social exchange theory examines the reciprocal relationship between behavior and the environment. Therefore, social behavior involves exchanges between at least two people based on the calculation of costs and benefits, such as behavioral patterns in the workplace. An individual's behavior arises because they consider it beneficial, and conversely, if it is disadvantageous, such behavior is not exhibited.

Work Environment

The need to provide a safe work environment for employees is one of the responsibilities of management within a company. A work environment can be considered good when it is healthy, comfortable, safe, and pleasant for employees to carry out their tasks (Nanda et al., 2020). According to (Noah & Steve, 2012), the work environment is a set of relationships that occur within an employee's workplace, including the physical workplace, colleagues/team members, management, leadership patterns, and interactions. In (Ly et al., 2020) it is shown that the role of
supervisors can be considered to monitor the company's strategies rather than supporting employees in the workplace. Finally, recommendations for a better work environment have been suggested to state-owned enterprises to enhance employee job satisfaction and achieve higher productivity.

**Career Development**

Every employee has their own reasons for pursuing a career. These reasons encompass various aspects such as interests, abilities, learning experiences, and socialization. Throughout their career journey, employees will encounter opportunities and obstacles presented by their work environment. In the process of career development, employees go through stages such as training, job adjustment, and changes in job responsibilities. (Super, 1957) introduced the concept of career maturity and emphasized how career development is a continuum throughout one's lifespan. An employee with higher career maturity is someone who possesses self-awareness and career awareness (Lau et al., 2021). According to (Wang & Wanberg, 2017), career development consists of two dimensions: career management and career planning. Career management includes indicators such as organizational policies, job performance, education level, and regeneration. Career planning encompasses indicators like training, job experience, work relationships, and self-development. Research by (Putra, 2020) has shown that organizational culture and career development can influence employee satisfaction levels. Furthermore, when looking at their impact on performance, only organizational culture has an effect, while satisfaction and career development do not.

**Employee Retention**

Human resources play a vital role within a company. The biggest challenge for companies today is not limited to the management of resources but also the strategy to retain them. The strategy in retaining employee expertise plays a crucial role in any company because the knowledge and skills of employees are essential for a company's ability to maintain sustainability and compete globally. (Herzberg, 2017) explains the importance of employee retention through the Two-Factor Motivation-Hygiene Theory, which identifies two distinct factors responsible for employee motivation and satisfaction. Based on this, employee retention can be defined as a company's strategy and efforts to influence an employee's decision to continue working with the current organization. It is a systematic effort carried out by the organization to build positive support (Al-sharafi et al., 2018). According to (Mathis & Jackson, 2016), Employee retention is the company's effort and desire to keep its employees with the goal of contributing to the full achievement of the company's objectives. Research by (Biason, 2020) shows that employees are satisfied with good compensation, job content, promotion opportunities, and good working relationships with colleagues and supervisors. There is a positive relationship between job satisfaction and employee retention.
**Job Satisfaction**

Job Satisfaction is an evaluation that describes an individual's assessment of the achievement of work goals, work performance, realization, targets, and well-being (Amin, Sirajuddin 2020). According to Herzberg (1959) in his Two Factors Theory, Job Satisfaction and Job Dissatisfaction are not the same, and the concepts of Job Satisfaction and Job Dissatisfaction regarding work are not continuous variables. Based on this theory, many elements of Job Satisfaction have been developed. In research by (Champoux, 2010) mentions that the elements of Job Satisfaction include relationships with colleagues, communication with superiors, work hour efficiency, abilities, promotion opportunities, and salary. Meanwhile, according to (Ghuman, 2011), the Expectancy Theory states that an individual's Job Satisfaction is assessed based on the fulfillment of goals, achievements, aspirations, objectives, and well-being. Research by (Koteswari et al., 2020) shows that job satisfaction has an influence on retention, and the workplace factors mentioned above have a significant relationship with retention. Additionally, job satisfaction acts as a mediator between the suggested factors and outcome variables.

To assess the correlation and significance of the influence of each variable, the Partial Least Squares (PLS) method is used. The first stage is the measurement model, which involves assessing its validity and reliability. Validity testing is conducted through convergent validity and discriminant validity tests, and reliability testing is performed using Cronbach's alpha values. Below is a table presenting the results of the validity and reliability tests using SmartPLS.

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>(AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD</td>
<td>0.973</td>
<td>0.973</td>
<td>0.975</td>
<td>0.726</td>
</tr>
<tr>
<td>ER_</td>
<td>0.981</td>
<td>0.981</td>
<td>0.982</td>
<td>0.701</td>
</tr>
<tr>
<td>JS</td>
<td>0.938</td>
<td>0.941</td>
<td>0.947</td>
<td>0.644</td>
</tr>
<tr>
<td>WE</td>
<td>0.956</td>
<td>0.958</td>
<td>0.960</td>
<td>0.588</td>
</tr>
</tbody>
</table>

*Source: The researcher's analysis (2023)*

Based on the table, the outer loading values meet the criteria, indicating that they are valid and suitable for further analysis. After the measurement model has been established and the data has been deemed appropriate and suitable, the structural model is measured in two stages. The first stage involves assessing the significance of the influence of each exogenous variable on the endogenous variable in the structural model (Ghozali & Latan, 2012). The method used is bootstrapping.
Table 3. Result of Bootstraping SmartPLS – Path Coefficient

<table>
<thead>
<tr>
<th>Decision</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported</td>
<td>CD -&gt; ER</td>
<td>0.370</td>
<td>0.373</td>
<td>0.074</td>
<td>5.004</td>
</tr>
<tr>
<td></td>
<td>CD -&gt; JS</td>
<td>0.547</td>
<td>0.544</td>
<td>0.061</td>
<td>8.910</td>
</tr>
<tr>
<td></td>
<td>JS -&gt; ER</td>
<td>0.356</td>
<td>0.351</td>
<td>0.075</td>
<td>4.723</td>
</tr>
<tr>
<td></td>
<td>WE -&gt; ER</td>
<td>0.188</td>
<td>0.191</td>
<td>0.063</td>
<td>2.992</td>
</tr>
<tr>
<td></td>
<td>WE -&gt; JS</td>
<td>0.357</td>
<td>0.360</td>
<td>0.068</td>
<td>5.226</td>
</tr>
</tbody>
</table>

Source: The researcher's analysis (2023)

Table 3 depicts the path coefficient values from the bootstrapping process. The bootstrapping process generates the path coefficient table and specific indirect effects, with a column for T-Statistics. The significance is measured by examining the T-Statistics values, where these values indicate the relationship between exogenous and endogenous variables. According to Berliansyah (2019), a hypothesis is accepted when the significance value of T-Statistics >1.96 and/or the p-value <0.05 at a significance level of 5% (α 5%). Conversely, a hypothesis is rejected if the significance value of T-Statistics <1.96 and/or the p-value >0.05 at a significance level of 5% (α 5%).

Table 4. Result of Bootstraping SmartPLS – Specific Indirect Effect

<table>
<thead>
<tr>
<th>Decision</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported</td>
<td>CD -&gt; JS -&gt; ER_</td>
<td>0,195</td>
<td>0,191</td>
<td>0,047</td>
<td>4,109</td>
</tr>
<tr>
<td></td>
<td>WE -&gt; JS -&gt; ER_</td>
<td>0,127</td>
<td>0,126</td>
<td>0,034</td>
<td>3,695</td>
</tr>
</tbody>
</table>

Source: The researcher's analysis (2023)

Table 4 illustrates the values of specific indirect effects from the bootstrapping process. The significance is measured by examining the T-Statistics values, which indicate the relationship between exogenous and endogenous variables.
A hypothesis is accepted when the significance value of T-Statistics > 1.96 and/or the p-value < 0.05 at a significance level of 5% (α=5%). Conversely, a hypothesis is rejected if the significance value of T-Statistics < 1.96 and/or the p-value > 0.05 at a significance level of 5% (α=5%). Therefore, it can be seen that all hypotheses are accepted. In the next stage, the researcher conducted an R-Square analysis to determine the simultaneous influence of exogenous variables on the endogenous variable, as presented in the following table.

<table>
<thead>
<tr>
<th>Employee Retention</th>
<th>R-Square</th>
<th>R-Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.715</td>
<td>0.712</td>
</tr>
</tbody>
</table>

*Source: The researcher's analysis (2023)*

Looking at the table above, the R-Square test results indicate that all endogenous variables, namely work environment, career development, and job satisfaction, collectively influence employee retention by 71.5%, while the remaining 28.5% is influenced by other variables outside the scope of this study.

Based on the tables presented earlier, it can be seen that this study found that work environment and career development have a positive and significant influence on job satisfaction, which is
in line with previous research conducted by (Jaskyte et al., 2010) and (Taheri et al., 2020) confirming that work environment has a positive influence on job satisfaction. Additionally, research by (Putra, 2020) and (Hayati et al., 2022) confirmed that career development has a direct and significant influence on job satisfaction. This study also found that job satisfaction has a positive and significant influence on employee retention, aligning with previous research by (Rahman et al., 2021) and (Sinaga & Sijabat, 2022) which confirmed that job satisfaction has a positive and significant influence on employee retention.

This study also found that work environment and career development have a positive influence on employee retention, which aligns with research conducted by (Andriani & Sulistyarini, 2022) who found a significant positive relationship between Work Environment and Employee Retention. It also aligns with research by (Rahaman et al., 2023) which confirmed that career development has a positive influence on employee retention. The results of this study also confirm that Job Satisfaction mediates the relationship between work environment and career development with Employee Retention, in line with research by (Koteswari et al., 2020) stating that job satisfaction mediates between work environment and employee retention. It also aligns with research by (Disa & Djastuti, 2019) which states that job satisfaction mediates between career development and employee retention.

4. CONCLUSION & SUGGESTION

The results of the study examining the relationship between work environment and career development on employee retention with job satisfaction as a mediating variable in a state-owned enterprise in the Insurance and Pension Fund Cluster are acceptable. Based on the hypothesis results, all accepted hypotheses have significant values. Furthermore, it was found that job satisfaction has a partial mediating relationship between work environment and career development with employee retention. Therefore, it can be concluded that the company itself already has a good work environment and career development, resulting in positive employee feelings toward their work, which leads to increased job satisfaction and, ultimately, employee retention and trust in the company they work for.

Based on these results, future research can delve deeper into the company's policies and practices or compare them with those of other companies in the same industry. Additionally, future research can further analyze other variables that influence employee retention and use a broader scope of research subjects. With a broader research scope, it is expected to explore the roles and influences of each variable more extensively. Recommendations are also given to the company to maintain a good work environment and career development to motivate employees to increase their work enthusiasm and job satisfaction, which will lead to improved employee retention. One way companies can improve employee retention through career development, for example, is by providing equal opportunities and fairness in the promotion process and by offering rewards that go beyond verbal praise for employees with specific achievements.
REFERENCES


