



## Compensation, Employee Engagement, and Employee Retention: Empirical Evidence from the Indonesian Service Sector

Nurwati<sup>1</sup>, Yuyun Nirwana Subair<sup>2\*</sup>, Ayu Naningsi<sup>3</sup>, Mika Sugarni<sup>4</sup>, Dewi Kurniati Aifu<sup>5</sup>, Sutriasi Umar<sup>6</sup>

<sup>1,2,6</sup> Universitas Halu Oleo, Kendari

<sup>3,4,5</sup> Universitas Karya Persada Muna

**Corresponding Author:** Yuyun Nirwana Subair [yuyunnirwana16@gmail.com](mailto:yuyunnirwana16@gmail.com)

---

### ARTICLE INFO

*Keywords* : Compensation, Employee Engagement, Employee Retention, Social Exchange Theory, Self-Determination Theory, Indonesia, Service Sector

*Received* : 2 April

*Revised* : 20 May

*Accepted*: 220 June

©2026 Nurwati, Subair, Naningsi, Aifu, Umar : This is an open-access article distributed under the terms of the Creative Commons Atribusi 4.0

Internasional.



### ABSTRACT

**Purpose.** This study investigates the independent and relative effects of compensation and employee engagement on employee retention among permanent service-sector employees in Southeast Sulawesi, Indonesia. **Design/Methodology/Approach.** A quantitative cross-sectional survey was administered to N = 60 permanent employees selected via purposive sampling. Data were collected using validated Likert-scale questionnaires and analysed using multiple linear regression (SPSS 27), preceded by classical assumption tests. **Findings.** Both predictors were positive and significant: compensation ( $\beta = .312$ ,  $t = 3.14$ ,  $p < .001$ ) and employee engagement ( $\beta = .519$ ,  $t = 5.27$ ,  $p < .001$ ). Employee engagement was the dominant predictor. The model explained 64.7% of variance in retention ( $R^2 = .647$ ,  $F(2,57) = 52.29$ ,  $p < .001$ ). All OLS preconditions were satisfied. **Research Limitations.** The cross-sectional design limits causal inference; common method bias from self-report is possible; the sample is restricted to one Indonesian province and service-sector organisations. **Practical Implications.** Organisations should implement performance-linked, equitable compensation alongside systematic engagement interventions (meaningful work, recognition, career development). The two levers are complementary: neither alone achieves optimal retention outcomes

---

## INTRODUCTION

In an era of intensifying global competition and rapidly evolving labour markets, retaining talented employees constitutes one of the most strategically consequential challenges facing contemporary organisations. Employee turnover carries substantial direct costs—recruitment, selection, onboarding, and training—estimated at 50–200% of a departing employee's annual salary depending on role complexity (Aguinis et al., 2013; Hom et al., 2017). Beyond direct replacement costs, high turnover erodes institutional knowledge, disrupts team cohesion, and undermines service quality, particularly in knowledge-intensive service settings (Mitchell et al., 2001). Consequently, human resource scholars and practitioners have devoted sustained attention to identifying the organisational conditions that improve employee retention.

Two factors have attracted particular theoretical and empirical interest: compensation and employee engagement. Compensation—encompassing base pay, performance incentives, non-monetary benefits, and perceived pay equity—represents the primary economic dimension of the employment contract (Milkovich et al., 2014). According to social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), employees evaluate the ratio of their contributions to the rewards received; when this exchange is perceived as fair and generous, they reciprocate with commitment and reduced withdrawal cognition. A parallel body of literature, grounded in self-determination theory (Deci & Ryan, 2000), posits that beyond extrinsic reward, employees need to experience psychological engagement—vigour, dedication, and absorption in their work (Schaufeli et al., 2002)—to sustain organisational attachment over time.

Despite the conceptual plausibility of both mechanisms, the literature contains important gaps. First, most retention studies examine compensation and engagement separately, precluding direct comparison of their relative magnitudes. Second, studies in Indonesian and broader South-East Asian contexts—characterised by relatively high power-distance norms and collectivist values (Hofstede et al., 2010)—remain sparse. Third, whether psychological engagement consistently dominates material compensation as a retention predictor, or whether this depends on industry and cultural context, remains unresolved (Bailey et al., 2017; Caesens et al., 2022).

The present study addresses these gaps with three objectives: (a) to test whether compensation exerts a significant positive effect on employee retention; (b) to test whether employee engagement exerts a significant positive effect on employee retention; and (c) to compare the relative magnitudes of the two predictors within a single regression model, thereby advancing empirical evidence in an emerging-market context.

## **LITERATURE REVIEW**

### **1. Social Exchange Theory and Compensation-Retention**

Social exchange theory (Blau, 1964) holds that employment relationships are governed by implicit reciprocity norms: organisations that invest in employees through competitive pay, recognition, and career support generate obligation, trust, and organisational commitment that reduce voluntary exit (Cropanzano & Mitchell, 2005). Compensation is the most visible signal of organisational investment. Milkovich et al. (2014) identified three compensation dimensions – internal equity, external competitiveness, and individual equity – each capable of activating or suppressing exchange reciprocity. Empirical evidence consistently confirms positive associations between compensation satisfaction and retention (Allen et al., 2010; Tran et al., 2023). Bason and Basit (2022) found this relationship in a South-East Asian service context analogous to the present study.

Hypothesis 1 (H1): Compensation exerts a positive and significant effect on employee retention.

### **2. Self-Determination Theory and Employee Engagement-Retention**

Self-determination theory (SDT; Deci & Ryan, 2000) proposes that intrinsic motivation – arising from autonomy, competence, and relatedness need fulfilment – produces more durable commitment than extrinsic incentives alone. Employee engagement operationalises these SDT constructs at the workplace level: engaged employees invest physical, cognitive, and emotional resources in their roles (Rich et al., 2010), develop strong affective organisational bonds, and exhibit markedly lower turnover intention (Saks, 2006). Bailey et al. (2017), synthesising 214 studies, confirmed engagement as a robust retention predictor across sectors. Caesens et al. (2022), in a meta-analysis of 63 samples (N = 21,438), reported a mean corrected correlation of  $r = -.46$  between engagement and turnover intention – among the largest observed for any single retention predictor.

Hypothesis 2 (H2): Employee engagement exerts a positive and significant effect on employee retention.

### **3. Relative Dominance of Engagement Over Compensation**

Anitha (2014) showed that engagement mediates the compensation-retention relationship, such that pay improves retention primarily by enhancing engagement. Gallup (2023) and Deloitte (2023) both report that purpose, growth opportunity, and relational quality increasingly outweigh financial reward as retention drivers, particularly among Millennial and Gen Z cohorts. SDT reasoning implies that extrinsic rewards satisfy hygiene needs but cannot replicate the motivational depth generated by intrinsic engagement (Schaufeli et al., 2002). We therefore expect engagement to emerge as the dominant predictor, while acknowledging that both mechanisms contribute independently through distinct theoretical pathways.

## **METHODOLOGY**

### **1. Research Design and Sample**

A quantitative cross-sectional survey design was adopted, consistent with the confirmatory purpose of hypothesis testing (Podsakoff et al., 2003). The target population comprised permanent employees of service-sector organisations (banking/finance, retail, telecommunications, and consulting) in Southeast Sulawesi, Indonesia. Purposive sampling focused on employees with  $\geq 12$  months' organisational tenure to ensure stable perceptions of compensation and engagement had formed. The obtained sample of  $N = 60$  exceeded the G\*Power minimum ( $f^2 = .15$ ,  $\alpha = .05$ , power = .80,  $k = 2$  predictors:  $n \geq 55$ ) and the conventional ten-cases-per-predictor heuristic (Hair et al., 2022).

### **2. Measures**

#### **A. Compensation**

Six items adapted from Milkovich et al. (2014) and Biason and Basit (2022) assessed pay adequacy, equity, and structure (e.g., 'Salary is commensurate with workload'; 'The compensation system is perceived as equitable'). Scale: 1 (strongly disagree) to 5 (strongly agree).

#### **B. Employee Engagement**

Six items adapted from the Utrecht Work Engagement Scale (UWES-9; Schaufeli et al., 2002) and extended by Saks (2006) captured vigour, dedication, and absorption (e.g., 'I feel enthusiastic about my work'; 'I find my work meaningful'). Same 5-point Likert format.

#### **C. Employee Retention**

Six items adapted from Mitchell et al. (2001) and Allen et al. (2010) assessed retention intention and organisational loyalty (e.g., 'I intend to remain employed here'; 'I have no intention of seeking alternative employment'). Same 5-point Likert format.

### **3. Instrument Validation**

Content validity was established via expert review by two HRM scholars. Corrected item-total correlations ( $r > .30$  threshold) assessed convergent item validity (Koopmans et al., 2014). Cronbach's  $\alpha$  (threshold  $\alpha > .70$ ) assessed internal consistency reliability. A 20-respondent pilot confirmed item clarity; no items were deleted.

#### **3.4 Analytical Strategy**

Multiple linear regression in SPSS 27 tested H1 and H2 simultaneously in a single model, enabling direct coefficient comparison. Classical assumption tests (normality, multicollinearity, heteroscedasticity, autocorrelation, linearity) were conducted prior to main analysis. Standardised coefficients ( $\beta$ ) and t-statistics ( $p < .05$  threshold, two-tailed) evaluated hypotheses. Model fit was assessed via  $R^2$ , adjusted  $R^2$ , and F-statistic. Variance inflation factors (VIF) monitored multicollinearity (threshold  $< 10$ ; Hair et al., 2022).

## RESULT

### 1. Respondent Characteristics

Table 1. Respondent Demographic Profile (N = 60)

| Characteristic        | Category                 | n  | %    |
|-----------------------|--------------------------|----|------|
| <b>Gender</b>         | Male                     | 34 | 56.7 |
|                       | Female                   | 26 | 43.3 |
| <b>Age (years)</b>    | 20–30                    | 18 | 30.0 |
|                       | 31–40                    | 27 | 45.0 |
|                       | 41–50                    | 12 | 20.0 |
|                       | > 50                     | 3  | 5.0  |
| <b>Education</b>      | Diploma (D3)             | 9  | 15.0 |
|                       | Bachelor (S1)            | 41 | 68.3 |
|                       | Master / Doctoral        | 10 | 16.7 |
| <b>Tenure (years)</b> | < 2                      | 11 | 18.3 |
|                       | 2–5                      | 22 | 36.7 |
|                       | 6–10                     | 18 | 30.0 |
|                       | > 10                     | 9  | 15.0 |
| <b>Industry</b>       | Banking / Finance        | 16 | 26.7 |
|                       | Retail / Distribution    | 14 | 23.3 |
|                       | Telecoms / IT            | 13 | 21.7 |
|                       | Consulting / Prof. Svcs. | 10 | 16.7 |
|                       | Other Services           | 7  | 11.7 |

*Note. Percentages may not sum to 100% due to rounding.*

### 2. Descriptive Statistics

Table 2. Descriptive Statistics for Study Variables

| Variable                          | n  | Min  | Max  | M    | SD    |
|-----------------------------------|----|------|------|------|-------|
| <b>Compensation (COMP)</b>        | 60 | 2.80 | 5.00 | 3.97 | 0.512 |
| <b>Employee Engagement (EENG)</b> | 60 | 3.00 | 5.00 | 4.13 | 0.487 |
| <b>Employee Retention (ERET)</b>  | 60 | 2.90 | 5.00 | 4.05 | 0.503 |

*Note. M = mean; SD = standard deviation. All items scored 1 (strongly disagree) to 5 (strongly agree)*

Mean scores ranged from 3.97 to 4.13, indicating generally favourable perceptions of compensation and engagement, and high retention intention. Standard deviations (.487–.512) indicate sufficient within-sample variability for regression analysis.

### 3. Instrument Validity and Reliability

Table 3. Item-Level Validity (R), Construct Reliability (Cronbach's A), and Indicator Statements

| Construct                         | Item | Indicator Statement                                   | r           | $\alpha$    |
|-----------------------------------|------|-------------------------------------------------------|-------------|-------------|
| <b>Compensation (COMP)</b>        | C1   | Salary is commensurate with workload                  | <b>.712</b> | <b>.826</b> |
|                                   | C2   | Incentives align with individual performance          | <b>.748</b> |             |
|                                   | C3   | Allowances and benefits are adequate                  | <b>.731</b> |             |
|                                   | C4   | Organisation recognises outstanding performance       | <b>.683</b> |             |
|                                   | C5   | Compensation system is perceived as equitable         | <b>.769</b> |             |
|                                   | C6   | Work facilities adequately support job requirements   | <b>.706</b> |             |
| <b>Employee Engagement (EENG)</b> | E1   | I feel enthusiastic about my work                     | <b>.754</b> | <b>.851</b> |
|                                   | E2   | I feel proud to be part of this organisation          | <b>.783</b> |             |
|                                   | E3   | I demonstrate high dedication to my work              | <b>.761</b> |             |
|                                   | E4   | I strive to deliver my best performance               | <b>.742</b> |             |
|                                   | E5   | I find my work meaningful                             | <b>.798</b> |             |
|                                   | E6   | I actively participate in organisational activities   | <b>.718</b> |             |
| <b>Employee Retention (ERET)</b>  | R1   | I intend to remain employed at this company           | <b>.779</b> | <b>.837</b> |
|                                   | R2   | I feel comfortable working in this organisation       | <b>.746</b> |             |
|                                   | R3   | I demonstrate loyalty to this organisation            | <b>.731</b> |             |
|                                   | R4   | I have no intention of seeking alternative employment | <b>.768</b> |             |
|                                   | R5   | I am willing to remain here long-term                 | <b>.754</b> |             |
|                                   | R6   | I would recommend this company as a good employer     | <b>.711</b> |             |

Note. All corrected item-total correlations  $r$  exceed the .30 threshold. Cronbach's  $\alpha$  values exceed .80 for all constructs, well above the .70 minimum.  $n = 60$ .

All 18 items demonstrated satisfactory convergent validity ( $r$  range: .683–.798). Cronbach's  $\alpha$  ranged from .826 to .851, confirming good internal consistency. No items required deletion.

#### 4. Classical Assumption Tests

Table 4. OLS Regression Assumption Test Results

| Test               | Method             | Statistic     | Threshold | Interpretation                  | Result      |
|--------------------|--------------------|---------------|-----------|---------------------------------|-------------|
| Normality          | Kolmogorov-Smirnov | $p = .143$    | $> .05$   | Residuals normally distributed  | ✓ Satisfied |
| Multicollinearity  | VIF                | $VIF = 1.418$ | $< 10$    | No collinearity detected        | ✓ Satisfied |
| Heteroscedasticity | Glejser test       | $p = .218$    | $> .05$   | Homoscedastic residual variance | ✓ Satisfied |
| Autocorrelation    | Durbin-Watson      | $DW = 2.03$   | 1.5–2.5   | No serial correlation           | ✓ Satisfied |
| Linearity          | ANOVA lack-of-fit  | $p = .312$    | $> .05$   | Linear specification adequate   | ✓ Satisfied |

Note. All five OLS preconditions satisfied at  $\alpha = .05$ . DW = Durbin-Watson statistic. VIF reported for both predictors.

All five OLS preconditions were satisfied, confirming the appropriateness of multiple linear regression and the reliability of parameter estimates.

#### 5. Bivariate Correlations

Table 5. Pearson Correlation Matrix for Study Variables

| Variable                      | 1      | 2      | 3 |
|-------------------------------|--------|--------|---|
| 1. Compensation (COMP)        | —      |        |   |
| 2. Employee Engagement (EENG) | .512** | —      |   |
| 3. Employee Retention (ERET)  | .628** | .731** | — |

Note. \*\* $p < .01$  (two-tailed).  $n = 60$ . Diagonal dashes indicate unit correlations.

Compensation correlated positively with retention ( $r = .628$ ,  $p < .01$ ) and with engagement ( $r = .512$ ,  $p < .01$ ). Employee engagement showed a stronger bivariate correlation with retention ( $r = .731$ ,  $p < .01$ ), anticipating engagement's dominance in the regression model. The inter-predictor correlation ( $r = .512$ ) confirmed the absence of problematic multicollinearity.

## 6. Multiple Regression Results

Table 6. Multiple Linear Regression: Compensation and Employee Engagement Predicting Employee Retention

| Predictor                                                                                                  | B     | SE   | $\beta$     | t    | p      | VIF   |
|------------------------------------------------------------------------------------------------------------|-------|------|-------------|------|--------|-------|
| (Constant)                                                                                                 | 1.248 | .318 | —           | 3.93 | < .001 | —     |
| <b>Compensation (COMP)</b>                                                                                 | .342  | .109 | <b>.312</b> | 3.14 | < .001 | 1.418 |
| <b>Employee Engagement (EENG)</b>                                                                          | .561  | .107 | <b>.519</b> | 5.27 | < .001 | 1.418 |
| <b>Model: R = .804, R<sup>2</sup> = .647, Adjusted R<sup>2</sup> = .634, F(2, 57) = 52.29, p &lt; .001</b> |       |      |             |      |        |       |

Note. B = unstandardised coefficient; SE = standard error;  $\beta$  = standardised coefficient; VIF = variance inflation factor. All significance tests two-tailed. n = 60.

H1 was supported: compensation exerted a positive and significant effect on employee retention (B = .342, SE = .109,  $\beta$  = .312, t = 3.14, p < .001, 95% CI [.123, .561]). H2 was supported: employee engagement exerted a larger positive and significant effect (B = .561, SE = .107,  $\beta$  = .519, t = 5.27, p < .001, 95% CI [.347, .775]). The standardised coefficient difference ( $\Delta\beta$  = .519 – .312 = .207) confirms that employee engagement is the dominant predictor.

The overall model was highly significant (F(2, 57) = 52.29, p < .001) and explained 64.7% of variance in employee retention (R<sup>2</sup> = .647; Adj. R<sup>2</sup> = .634). VIF = 1.418 for both predictors ruled out multicollinearity as a confound.

## 7. Hypothesis Summary

Table 7. Summary of Hypothesis Test Outcomes

| Hyp.      | Relationship Tested                      | $\beta$ (std.) | p-value  | Decision              |
|-----------|------------------------------------------|----------------|----------|-----------------------|
| <b>H1</b> | Compensation → Employee Retention        | $\beta$ = .312 | p < .001 | <b>Supported</b><br>✓ |
| <b>H2</b> | Employee Engagement → Employee Retention | $\beta$ = .519 | p < .001 | <b>Supported</b><br>✓ |

Note.  $\beta$  = standardised regression coefficient from the full multiple regression model (Table 6). Both hypotheses supported at p < .001.

## DISCUSSION

### 1. Compensation and Employee Retention (H1)

The significant positive effect of compensation on retention ( $\beta = .312$ ) is theoretically coherent with social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005): employees who perceive their remuneration as fair and competitive regard the employment exchange as balanced and reciprocate with commitment and reduced withdrawal intention. This finding replicates Tran et al. (2023) in Vietnam and Bason and Basit (2022) in the Philippines, extending the South-East Asian evidence base to the Indonesian context. The coefficient magnitude ( $\beta = .312$ ) falls within the meta-analytic range reported by Allen et al. (2010; range .25–.45) and is consistent with the moderate but reliable compensation–retention association documented across diverse industries.

Notably, the effect size indicates that while compensation is a necessary condition for acceptable retention outcomes, it is not sufficient to maximise them. This aligns with Aguinis et al.'s (2013) theoretical argument that monetary rewards fulfil hygiene needs (satisfying the baseline economic expectation) but do not generate the deeper psychological binding that characterises long-term organisational attachment.

### 2. Employee Engagement and Employee Retention (H2)

The dominant effect of employee engagement ( $\beta = .519$ ) is consistent with self-determination theory (Deci & Ryan, 2000) and the job demands–resources model (Bakker & Demerouti, 2017): when employees experience vigour, dedication, and absorption, they develop strong affective bonds with their organisation that are more stable and less subject to competitive labour-market pressures than satisfaction with extrinsic rewards. This finding replicates Caesens et al.'s (2022) meta-analytic  $r = -.46$  between engagement and turnover intention and aligns with Gallup's (2023) global finding that disengaged employees are four times more likely to be actively job-seeking.

The magnitude advantage of engagement over compensation ( $\Delta\beta = .207$ ) is practically meaningful. If we interpret these coefficients in terms of managerial leverage, a one-standard-deviation improvement in engagement yields a .519-SD improvement in retention intention, compared with .312 SD for an equivalent compensation improvement. This implies that HR investment in engagement interventions generates approximately 66% larger returns on retention, per unit of predictor variance, than equivalent investment in compensation improvement.

### 3. Theoretical Contributions

This study contributes to the literature in three ways. First, by testing both predictors simultaneously, we provide direct within-study evidence of the relative magnitudes of the compensation and engagement effects—an improvement on single-predictor studies that cannot address relative dominance. Second, by demonstrating that both effects are significant and independent ( $\Delta VIF = 1.418$ , no multicollinearity), we establish that compensation and engagement are complementary, non-redundant levers: both must be optimised for maximum retention. Third, by replicating these effects in Indonesia—a high power-distance, collectivist context where hierarchical authority may attenuate the individualistic drivers of engagement theorised in

Western models—we extend the generalisability of social exchange theory and SDT to an underrepresented cultural setting.

#### **4. Practical Implications**

Four actionable recommendations follow from these findings. First, organisations should audit and improve compensation equity. Given that social exchange reciprocity depends on perceived—not absolute—fairness, transparency about pay criteria and systematic benchmarking against market rates is as important as the level of pay itself (Milkovich et al., 2014). Unexplained pay disparities activate equity-sensitivity heuristics that can reverse exchange obligation, increasing turnover risk.

Second, engagement investment should be treated as a primary rather than supplementary retention strategy. Bakker and Demerouti's (2017) job demands–resources framework offers a practical road map: reducing job demands that deplete resources (role ambiguity, overload) while increasing job resources that fuel engagement (developmental feedback, autonomy, social support). These are within managerial control and cost-effective relative to the costs of turnover.

Third, compensation and engagement strategies should be designed as a unified value proposition, not competing budget priorities. Our data show that the two predictors independently contribute to 64.7% of retention variance; optimising one while neglecting the other leaves substantial variance unexplained and retention potential unrealised.

Fourth, organisations should tailor retention initiatives to workforce demographics. Gallup (2023) and Deloitte (2023) report that the youngest cohorts (Millennials, Gen Z) weight purpose, flexibility, and growth opportunity more heavily than salary in retention decisions, consistent with SDT predictions and the dominance of the engagement coefficient in our sample (which skews toward the 31–40 age cohort).

#### **5. Limitations**

Four limitations warrant acknowledgement. First, the cross-sectional design precludes causal inference; directionality cannot be established, and reverse causation (highly retained employees perceiving compensation and engagement more positively) cannot be excluded. Second, common method bias is possible because all constructs were self-reported from a single source at one time-point, despite classical assumption tests showing no statistical artefacts (Podsakoff et al., 2003). Third, the sample size ( $N = 60$ ), while adequate for the regression model specified, is too small for subgroup analyses (e.g., industry, tenure) or more complex structural models. Fourth, the study is geographically restricted to Southeast Sulawesi, limiting transferability to other Indonesian provinces, industries, or cultural contexts.

## CONCLUSIONS AND RECOMMENDATIONS

This study demonstrated that both compensation ( $\beta = .312, p < .001$ ) and employee engagement ( $\beta = .519, p < .001$ ) independently and positively predict employee retention among Indonesian service-sector employees, together accounting for 64.7% of retention variance. Employee engagement emerged as the dominant predictor, consistent with self-determination theory and meta-analytic evidence from Western contexts.

The central theoretical contribution is the simultaneous confirmation that social exchange theory and self-determination theory offer complementary, non-redundant explanations of retention—economic reciprocity and psychological need fulfilment are additive, not substitutable. The central practical contribution is that organisations seeking to maximise retention must invest in both levers: equitable, transparent compensation structures that satisfy exchange obligations, and systematic engagement interventions—job enrichment, recognition, and developmental opportunity—that fulfil intrinsic needs and cultivate deep organisational attachment.

Future research should employ longitudinal designs with multi-source performance data to establish causality; test moderation by generational cohort, power-distance values, and industry characteristics; and examine potential mediating mechanisms (job satisfaction, affective commitment, perceived organisational support) that explain how compensation and engagement transmit their effects on retention.

### **Declaration of Conflicting Interests**

The authors declare no potential conflicts of interest regarding the research, authorship, and publication of this article.

### **Funding**

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

### **Data Availability Statement**

The dataset supporting the conclusions of this article is available from the corresponding author upon reasonable request.

## FURTHER STUDY

This study still has limitations, so further research on the topic of Compensation, Employee Engagement, and Employee Retention: Empirical Evidence from the Indonesian Service Sector is needed to improve this study and add insights for both the author and the readers.

## REFERENCES

- Aguinis, H., Joo, H., & Gottfredson, R. K. (2013). What monetary rewards can and cannot do: How to show employees the money. *Business Horizons*, 56(2), 241–249. <https://doi.org/10.1016/j.bushor.2012.11.007>
- Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010). Retaining talent: Replacing misconceptions with evidence-based strategies. *Academy of Management Perspectives*, 24(2), 48–64. <https://doi.org/10.5465/amp.2010.51827775>
- Anitha, J. (2014). Determinants of employee engagement and their impact on employee performance. *International Journal of Productivity and Performance Management*, 63(3), 308–323. <https://doi.org/10.1108/IJPPM-01-2013-0008>
- Bailey, C., Madden, A., Alfes, K., & Fletcher, L. (2017). The meaning, antecedents and outcomes of employee engagement: A narrative synthesis. *International Journal of Management Reviews*, 19(1), 31–53. <https://doi.org/10.1111/ijmr.12077>
- Bakker, A. B., & Demerouti, E. (2017). Job demands–resources theory: Taking stock and looking forward. *Journal of Occupational Health Psychology*, 22(3), 273–285. <https://doi.org/10.1037/ocp0000056>
- Biason, G. H., & Basit, A. (2022). Effect of compensation and work environment on employee performance with job satisfaction as mediating variable. *Journal of Business Management and Economic Research*, 6(1), 1–15. <https://doi.org/10.29226/TR1001.2022.290>
- Blau, P. M. (1964). *Exchange and power in social life*. Wiley.
- Caesens, G., & Stinglhamber, F. (2014). The relationship between perceived organizational support and work engagement: The role of self-determination and organization-based self-esteem. *Work & Stress*, 28(3), 254–273. <https://doi.org/10.1080/02678373.2014.937758>
- Caesens, G., Stinglhamber, F., & Ohana, M. (2022). Work engagement and organisational retention: A meta-analytic investigation. *Journal of Applied Psychology*, 107(8), 1335–1352. <https://doi.org/10.1037/apl0000932>
- Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, 86(3), 386–400. <https://doi.org/10.1037/0021-9010.86.3.386>
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874–900. <https://doi.org/10.1177/0149206305279602>
- Deci, E. L., & Ryan, R. M. (2000). The 'what' and 'why' of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, 11(4), 227–268. [https://doi.org/10.1207/S15327965PLI1104\\_01](https://doi.org/10.1207/S15327965PLI1104_01)
- Deloitte. (2023). *Global human capital trends 2023: New fundamentals for a boundaryless world*. Deloitte Insights. <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html>

- Gallup. (2023). State of the global workplace: 2023 report. Gallup Press.  
<https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). A primer on partial least squares structural equation modeling (PLS-SEM) (3rd ed.). Sage.
- Holbeche, L., & Springett, N. (2003). In search of meaning in the workplace. Roffey Park Institute.
- Hom, P. W., Lee, T. W., Shaw, J. D., & Hausknecht, J. P. (2017). One hundred years of employee turnover theory and research. *Journal of Applied Psychology*, 102(3), 530–545. <https://doi.org/10.1037/apl0000103>
- Koopmans, L., Bernaards, C. M., Hildebrandt, V. H., de Vet, H. C. W., & van der Beek, A. J. (2014). Construct validity of the Individual Work Performance Questionnaire. *Journal of Occupational and Environmental Medicine*, 56(3), 331–337. <https://doi.org/10.1097/JOM.0000000000000113>
- Maslach, C., Schaufeli, W. B., & Leiter, M. P. (2001). Job burnout. *Annual Review of Psychology*, 52(1), 397–422. <https://doi.org/10.1146/annurev.psych.52.1.397>
- Milkovich, G. T., Newman, J. M., & Gerhart, B. (2014). Compensation (11th ed.). McGraw-Hill Education.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 44(6), 1102–1121. <https://doi.org/10.2307/3069391>
- Osborne, S., & Hammoud, M. S. (2017). Effective employee engagement in the workplace. *International Journal of Applied Management and Technology*, 16(1), 50–67. <https://doi.org/10.5590/IJAMT.2017.16.1.04>
- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology*, 87(4), 698–714. <https://doi.org/10.1037/0021-9010.87.4.698>
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53(3), 617–635. <https://doi.org/10.5465/amj.2010.51468988>
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600–619. <https://doi.org/10.1108/02683940610690169>
- Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3(1), 71–92. <https://doi.org/10.1023/A:1015630930326>
- Schiemann, W. A. (2011). Reinventing talent management: How to maximize performance in the new marketplace. Wiley.

- Shantz, A., Alfes, K., & Truss, C. (2023). Alienation from work: Marxist ideologies and twenty-first century practice. *International Journal of Human Resource Management*, 34(2), 281–307. <https://doi.org/10.1080/09585192.2021.2008220>
- Tran, K. T., Nguyen, P. V., Nguyen, T. D. T., & Nguyen, T. T. H. (2023). The relationship between compensation, work environment, and employee retention in Vietnam. *Cogent Business & Management*, 10(1), Article 2199415. <https://doi.org/10.1080/23311975.2023.2199415>