



Effect Of Compensation And Workload On Employee Retention at PT. Putra Mahalona East Luwu Regency

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ABSTRACT

Purpose: This study aims to analyze the effects of compensation and workload on employee retention at PT. Putra Mahalona in East Luwu Regency, both partially and simultaneously. **Methodology:** This study employs a quantitative approach using a survey method. The study population consists of 417 employees of PT. Putra Mahalona, with a sample of 208 respondents determined using the Slovin formula and simple random sampling. Data collection was conducted by distributing questionnaires using a Likert scale. The data analysis techniques used included validity and reliability tests, multiple linear regression analysis, t-tests, F-tests, and the coefficient of determination (R^2) using SPSS software. **Results:** The results of the study indicate that compensation has a positive and significant effect on employee retention. Meanwhile, workload does not have a significant partial effect on employee retention. However, when considered simultaneously, compensation and workload have a significant effect on employee retention. The coefficient of determination (R^2) value of 0.123 indicates that the variables of compensation and workload account for 12.3% of the variation in employee retention. **Findings:** The research findings confirm that compensation is a key determinant of retention, while workload alone does not significantly influence retention. **Novelty & Originality:** The novelty of this study lies in examining the effects of compensation and workload on employee retention in the mining sector in East Luwu Regency, an area that has been relatively under-researched compared to other industrial sectors. **Conclusions:** The study concludes that compensation plays a more dominant role in employee retention than workload. **Type of Paper:** This paper is an empirical research paper.

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INTRODUCTION

Employee retention is a strategic issue in human resource management, especially in the mining industry, which is characterized by high-risk work, remote operational locations, and high productivity demands. Globally, the mining industry faces the challenge of high turnover rates due to harsh working conditions, work-life imbalance, and competition between companies in recruiting skilled workers International Labour Organization. (2022). High turnover not only increases recruitment and training costs, but also disrupts the operational stability and productivity of the company. In Indonesia, the mining sector is one of the strategic sectors that contributes to the

country's foreign exchange and employment. However, mining companies in various regions still face labor retention issues, especially in operational areas that are far from urban centers. East Luwu Regency, South Sulawesi, is known as one of the largest nickel industrial areas in Indonesia and is a center of mining activity that employs thousands of workers. In this context, employee retention is an important factor in maintaining the sustainability of company operations and regional economic stability.

From a theoretical perspective, compensation and workload are two main factors that are often studied as determinants of employee retention. Compensation refers to all forms of rewards received by employees in return for their contributions, both financial and non-financial. Based on the Equity Theory proposed by John Stacey Adams, the perception of fairness in compensation will affect employee satisfaction and commitment to the organization. In addition, the Social Exchange Theory pioneered by Peter Blau explains that a fair reciprocal relationship between employees and the organization can encourage loyalty and the desire to stay. A number of recent studies show that competitive and fair compensation has a positive effect on employee retention (Nguyen, T. T., Pham, T. H., & Tran). On the other hand, workload also plays a significant role in influencing employees' decisions to stay. Based on the Job Demands-Resources (JD-R) Theory developed by Arnold Bakker and Evangelia Demerouti, high workload as job demands can cause stress and fatigue if not balanced with adequate resources. However, empirical findings show inconsistent results. Some studies find that high workload increases turnover intention, while other studies show that challenging workloads actually increase work engagement and organizational commitment when supported by adequate compensation and work environment (Kim dan Park 2022: Rahman et al., al., 2024). This inconsistency indicates a research gap, particularly in the context of the mining industry in Indonesia, which has unique work characteristics that differ from other sectors.

This study focuses on mining companies operating in East Luwu Regency, South Sulawesi. This region is one of the largest nickel industry centers in Indonesia, contributing significantly to the national and regional economy. However, the dynamics of the mining industry in this region also face challenges in human resource management, particularly related to employee retention in shift work systems, production target pressures, and working conditions that demand physical and mental endurance. Research on employee retention in the Indonesian mining sector, particularly in the Luwu Timur region, is still relatively limited. Therefore, this study is important to analyze the influence of compensation and workload on employee retention in mining companies in Luwu Timur Regency. Theoretically, this study contributes to enriching the literature on the determinants of employee retention in high-risk industries. Practically, the results of this study are expected to serve as a basis for company management in designing more effective compensation and workload management policies to improve employee retention and organizational sustainability.

Compensation

Compensation is the reward received by employees in return for their contributions to the organization. The Two-Factor Theory (Herzberg, 1959) distinguishes two categories of factors that influence job satisfaction and dissatisfaction, namely hygiene factors (extrinsic) and motivator factors (intrinsic). Hygiene factors are basic conditions that must be met by the organization so that employees do not experience dissatisfaction, including salary, benefits, working conditions, and organizational policies. When compensation is fair, reasonable, and competitive, dissatisfaction can be minimized, making employees more likely to stay. The results of this study are in line with previous research by (Sumantri & Bahrin, 2022), which states that compensation has a significant effect on employee retention. In addition, research by (Lolo et al., 2024) states that compensation has been proven to reduce turnover intention because employees feel that their compensation meets their needs, creating a sense of appreciation and motivation.

Workload

Workload refers to the number of tasks and responsibilities that must be completed by employees within a certain period. According to (Karasek 1979), workload can affect the mental and physical health of employees. Excessive workload excessive workload can cause stress and burnout, which in turn can affect employees' decisions to remain working at the company. Wardhana's theory (2020) asserts that workload includes quantitative aspects (the amount of work that must be completed within a certain time) and qualitative aspects (the level of difficulty or complexity of the task). An unbalanced workload has the potential to reduce motivation, increase work stress, and increase the likelihood of turnover intention. This is in line with the findings of previous research (Khoirun, 2025), which found that workload affects employee retention. A well-managed workload allows employees to work efficiently and complete tasks optimally, thereby contributing to the achievement of organizational goals.

Employee Retention

According to Allen and Meyer (1990), employee retention is an organization's ability to retain its employees for a long period of time. Employee retention is influenced by several factors, including job satisfaction, organizational commitment, and working conditions. In their theory, Samuel and Chipunza (2009) state that employee retention is influenced by two main categories of factors, namely motivational factors (career opportunities, training, self-development, recognition, and achievement) and hygienic factors (compensation, working conditions, job security, and organizational policies). This view is consistent with Herzberg's Two-Factor Theory, in which job satisfaction will increase if both factors are managed well.

Hypothesis

A hypothesis is a tentative answer to a research question, where the research question has been stated in the form of a tentative statement. Based on previous research, the hypothesis is as follows:

H1: Compensation has a positive and significant effect on employee retention at PT. Putra Mahalona

H2: Workload has a positive and significant effect on employee retention at PT. Putra Mahalona

H3: Compensation and Workload simultaneously have a significant effect on Employee Retention at PT. Putra Mahalona

METHOD

Population and Sample

1. Population

This study consists of all employees working at PT. Putra Mahalona in East Luwu Regency, totaling 417 employees.

2. Sample

In this study, sampling was conducted using probability sampling, specifically simple random sampling. Therefore, the sample size in this study was determined using the Slovin formula,

$$n = \frac{N}{1 + N \cdot F^2}$$

$$n = \frac{417}{1 + 417 \times (0,05)^2} = \frac{417}{1 + 417 \times 0,0025} = \frac{417}{1 + 1} = \frac{417}{2} = 208$$

Data

Data collection in this study was conducted directly with employees of PT. Putra Mahalona in East Luwu Regency through two main techniques, namely field observation and the distribution of

structured questionnaires. Observations were made to obtain a real picture of working conditions, the work environment, and interactions that occur within the company. Meanwhile, the questionnaire was compiled based on predetermined research variable indicators, including compensation, workload, and employee retention.

Data Collection Techniques

The research data was analyzed using a quantitative approach with the help of the SPSS application. The analysis included validity tests and reliability tests. Furthermore, multiple linear regression analysis, t-tests, and F-tests were conducted to examine the effect of compensation and workload on employee retention.

Research Instrument Test

- a. Validity Test A measuring instrument is said to be valid if it is able to measure what it is supposed to measure. If all instruments from the questionnaire tested are appropriate, the instrument is valid.
- b. Reliability Test The reliability test aims to measure the extent to which a research instrument shows consistency or reliability in producing data.
- c. Descriptive Analysis Descriptive analysis is an analysis technique that processes and analyzes collected data into systematic, organized, orderly, and meaningful data.

Data Analysis Techniques

Multiple Regression Analysis Ferdinand (2013) states that multiple regression is used for models with more than one independent variable to determine the effect of each independent variable on the dependent variable. Therefore, the regression equation resulting from this is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Explanation

Variable Y: Employee Retention

a: Constant (intercept)

b₁: Regression coefficient for the Compensation variable

b₂: Regression coefficient for the Workload variable

X₁: Compensation

X₂: Workload

a: Constant (intercept) e: E (residual).

RESULTS AND DISCUSSION

RESULTS

Validity Test

The validity test used to measure whether a questionnaire is valid or not. A questionnaire is considered valid if questions are able to accurately measure what they are intended to measure. In this study, the validity test use Pearson Product Moment correlation with the criterion that if the value of $r > r_{\text{table}}$, the question item is considered valid (Arief, 2022).

Table 1- Validity Tets Result

Variable	Question Item	R Count	R Table	Description
Kompensasi	X1.1	0.497	0.159	Valid
	X1.2	0.545	0.159	Valid
	X1.3	0.473	0.159	Valid
	X1.4	0.470	0.159	Valid
	X1.5	0.440	0.159	Valid
Variable	Question Item	R Count	R Table	Description
Beban Kerja	X2.1	0.393	0.159	Valid
	X2.2	0.518	0.159	Valid
	X2.3	0.527	0.159	Valid
	X2.4	0.541	0.159	Valid
	X2.5	0.562	0.159	Valid
	X2.6	0.554	0.159	Valid
Variable	Question Item	R Count	R Table	Description
Retensi Karyawan	Y1	0.229	0.159	Valid
	Y2	0.415	0.159	Valid
	Y3	0.334	0.159	Valid
	Y4	0.387	0.159	Valid
	Y5	0.335	0.159	Valid
	Y6	0.333	0.159	Valid

Source: Processed Data, 2026

All indicators used to determine the variables in this study are valid, as evidenced by their correlation coefficients, which are greater than the critical value of 0.159.

Reliability Test

The reliability test was conducted using Cronbach's Alpha. An instrument is considered reliable if it has a Cronbach's Alpha coefficient greater than 0.60 (Sugiyono, 2017). The results of the reliability test are shown in the following table.

Table 2- Reliability Test

Variable	Cronbach's Alpha	Reliability Standard	Description
Compensation (X1)	0.785	0.60	Reliable
Workload (X2)	0.793	0.60	Reliable
Employee Retention (Y)	0.644	0.60	Reliable

Source: Processed Data, 2026

The table shows that all variables have sufficiently high alpha coefficients, specifically above 0.60. This indicates that the items measuring each variable in the questionnaire are reliable, meaning that the items associated with each variable can be used as measures.

Multiple Linear Regression Test

The multiple linear regression test is used to determine the effect of independent variables on the dependent variable, and to measure the magnitude of the effect collectively. The regression equation based on Table 3. is as follows:

Table 3. Multiple Linear Regression Test

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	Beta	
((Constant)	19.558	1,579		12.385	0.000
X1 (Kompensasi)	0.272	0.061	0.349	4.469	0.000
X2 (Beban Kerja)	0.012	0.054	0.018	0.231	0.818

N = 147, R = 0.35, R Square = 0.123, Statistic = 10.096, Signifikan = 0.000

Source: Processed Data, 2026

Based on the table above, the multiple linear regression equation for the effects of compensation and workload on employee retention at PT. Putra Mahalona in East Luwu Regency is:

$$Y = 19.558 + 0.272X_1 + 0.012X_2 + e$$

Where:

1. The intercept is 19.558, meaning that if compensation (X1) and workload (X2) are zero, then the employee retention rate (Y) is 19.558.
2. The b1 coefficient for compensation has a value of 0.272, indicating a positive effect; if compensation increases by one unit, employee retention increases by 0.027.
3. The coefficient b2 for workload has a value of 0.012, which means it has a very small effect; if workload increases by one unit, employee retention increases by 0.012.

Partial Test (T-Test)

The T-test is used to assess the individual effect of each independent variable on the dependent variable. Based on the table above:

1. Testing Hypothesis 1 (Compensation → Employee Retention):
The calculated t-value is 4.469, while the critical t-value is 0.159. Since the calculated t-value is greater than the critical t-value, and the significance level for compensation (X1) is $0.000 < 0.05$, it can be concluded that H1 is accepted. Compensation has a significant effect on employee retention.
2. Testing Hypothesis 2 (Workload → Employee Retention)
The calculated t-value is 0.231, while the critical t-value is 0.159. Since the significance level for work load (X2) is $0.818 > 0.05$, it can be concluded that H2 is rejected. Work load does not have a significant effect on employee retention.

Simultaneous Test (F-Test)

The F-test is used to determine whether the variables of compensation and workload jointly influence employee retention.

3. Hypothesis Testing 3 (compensation and workload → employee retention)
The significance value for compensation and workload is 0.000, which is less than 0.05, and the calculated F-value is 10.096, which is greater than the critical F-value of 3.06. Therefore, it can be concluded that H3 is accepted. Compensation and workload influence employee retention.

Test of the Coefficient of Determination (R²)

The R² test is conducted to determine the extent to which the independent variables can explain the dependent variable in a regression model.

Based on the Model Summary table, the R-squared value is 0.123. This indicates that 12.3% of the variation in employee retention can be explained by the compensation and workload variables, while the remaining 87.7% is influenced by other variables outside the research model.

DISCUSSION

1. The Effect of Compensation on Employee Retention

The results of the study indicate a positive relationship between the Compensation variable (X1) and Employee Retention (Y), meaning that the better the compensation, the higher the employee retention. Compensation provided by the company, such as allowances and annual bonuses, will make employees value the company more and regard it as a second home, thereby improving employee retention. A study by Hendrik & Santosa (2025) states that compensation has a positive and significant effect on employee retention.

2. The Effect of Workload on Employee Retention

As shown by the results of this study, workload does not have a significant effect on employee retention. This finding is evident from the statistically insignificant regression coefficient, leading to the conclusion that the level of workload perceived by employees is not the primary factor determining their decision to remain with the company. These findings are inconsistent with the study by Purba & Arnida Pohan (2024). That study indicated that there are other variables beyond workload that have a greater influence on employee retention, such as compensation, career development opportunities, the work environment, and interpersonal relationships. This explains the discrepancy in the findings of this study.

3. The Effect of Compensation and Workload on Employee Retention

The results of the simultaneous test indicate that the variables of workload and compensation are evaluated together with employee retention. The research findings show that the regression model is statistically significant with an F-value of 10.096 and a significance level of 0.000. This significance level is less than $\alpha = 0.05$. Empirically, these results indicate that workload and compensation together have a significant effect on employee retention. This suggests that variations in the compensation system and workload contribute to changes in employee retention rates within the company.

CONCLUSION

This study indicates that compensation has a positive and significant effect on employee performance at PT. Putra Mahalona. In other words, the better the compensation provided, the higher the employee retention rate. Meanwhile, workload does not have a significant effect on employee performance. This means that the current workload has not been statistically proven to influence an increase or decrease in performance.

The results of this study support Frederick Herzberg's Two-Factor Theory. According to Herzberg's theory, hygiene factors such as salary and company policies prevent dissatisfaction. The findings of this study reinforce Herzberg's theory, namely that compensation, as an external factor, also has a significant influence. Furthermore, the fact that workload is not significant indicates that as long as the workload remains within reasonable limits, this factor does not become a primary determinant of employee retention.

Based on the research findings, the following recommendations can be implemented by the management of PT. Putra Mahalona:

- a) Improve the compensation system by reviewing the salary structure to ensure it aligns with job responsibilities, providing performance-based incentives, and offering bonuses or additional allowances to boost employee morale.
- b) Manage workloads by ensuring an equitable distribution of tasks, avoiding excessive workloads over the long term, and conducting periodic evaluations of work distribution.

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