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The Influence of Employer Branding and Compensation on Employee Retention with Job Satisfaction as a Mediating Variable (A Study at Klinik Utama Mata Rawat Jalan Kepanjen Eye Center)

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Abstract: Employees are essential assets in the operation of healthcare facilities and play a crucial role in a company's success. Kepanjen Eye Center (KECE) faces challenges in retaining high-quality employees amid intense competition. This study aims to analyze the influence of employer branding and compensation on employee retention, with job satisfaction as a mediating variable. This research adopts a quantitative approach using a survey method. Data were collected through questionnaires distributed to 108 KECE employees and analyzed using path analysis. The results show that employer branding and compensation significantly influence job satisfaction. Job satisfaction also has a significant impact on employee retention and mediates the relationship between employer branding, compensation, and employee retention. In other words, strong employer branding and fair compensation enhance job satisfaction, ultimately leading to higher employee retention at KECE. In conclusion, effective employer branding strategies and a fair compensation system are crucial in creating a positive work environment and improving employee satisfaction and retention.

Keyword: *Employer Branding, Compensation, Job Satisfaction, Employee Retention*

INTRODUCTION

Employee retention is one of the main challenges in human resource management, especially in the healthcare sector, which has high job demands and fierce competition in recruiting competent professionals. Employees who feel comfortable and satisfied with their jobs tend to have higher loyalty to the organization where they work, thereby increasing the company's effectiveness and productivity in the long term (Mathis &

Jackson, 2012). In the context of healthcare facilities such as clinics, employee retention is crucial considering that the services provided rely heavily on the competence and continuity of the available workforce. Clinics that can effectively retain employees can ensure that the quality of healthcare services remains optimal, while high turnover rates can cause disruptions in service and increase operational costs due to recruitment and training of new employees (Shanker, 2014).

In the healthcare industry, employee retention is influenced by various factors, including employer branding, compensation, and job satisfaction. Employer branding is a strategy used by organizations to create a positive image as an attractive workplace for both potential and current employees (Figurska & Matuska, 2013). When employer branding is well implemented, companies can build employee loyalty by creating a supportive work environment, a positive corporate culture, and a fair reward system. On the other hand, adequate compensation is also an essential factor in retaining employees, as it directly relates to their well-being and motivation at work. A study conducted by Nurcahyo (2019) showed that job satisfaction has the potential to be a mediating factor in the relationship between employer branding and employees' willingness to stay in the company, although its impact is not significant. This indicates the need for further research on how employer branding and compensation influence employee retention through job satisfaction.

Klinik Utama Mata Rawat Jalan Kepanjen Eye Center (KECE) is a specialized eye care facility operating in the southern area of Malang Regency. As the only eye clinic in the region, KECE faces challenges in retaining medical personnel and support staff amid increasing workforce competition. Data from the East Java Provincial Health Office show a rise in the number of clinics in Malang City and Malang Regency, impacting the intensifying competition in recruiting and retaining high-quality medical professionals. Since its establishment in 2018, KECE has built a strong reputation in providing eye healthcare services and was even nominated as the Most Committed Healthcare Facility in 2023. The employee retention rate at KECE has also shown a positive trend, increasing from 80.77% in 2021 to 96.77% in 2023. This increase demonstrates the success of human resource management strategies in retaining employees through various initiatives implemented by KECE management.

In previous studies, employer branding has been linked to increased employee retention as it creates a positive corporate image and enhances employees' attachment to the organization (Figurska & Matuska, 2013). However, there is still a research gap regarding the impact of employer branding in the healthcare sector, particularly in specialized clinics such as KECE. Additionally, fair and competitive compensation also plays a significant role in ensuring employees remain with the company. Compensation is not limited to base salary but also includes various benefits, bonuses, and career development opportunities that can improve employee well-being (Johari et al., 2012). If the compensation provided does not meet employees' expectations, they are more likely to seek job opportunities elsewhere that offer better incentives (Chandra, 2009).

Job satisfaction also plays a crucial role in employee retention. Employees who feel satisfied with their jobs are more likely to stay in the organization, whereas those who are dissatisfied are more prone to leaving their jobs within a short period (Mathis & Jackson, 2012). Job satisfaction is influenced by various aspects, including the work environment, relationships with superiors, career development opportunities, and work-life balance. Therefore, this study will examine how employer branding and compensation contribute

to job satisfaction, which ultimately affects employee retention at Klinik Utama Mata Rawat Jalan Kepanjen Eye Center (KECE). Thus, this study is expected to provide deeper insights into strategies that can be implemented by companies to improve employee satisfaction and loyalty.

Based on these issues, this research aims to answer several key questions: How are employer branding, compensation, job satisfaction, and employee retention at KECE? How do employer branding and compensation influence employee retention? How do employer branding and compensation affect job satisfaction? How does job satisfaction contribute to employee retention? And how do employer branding and compensation influence employee retention through job satisfaction as a mediating variable?

This study is expected to contribute both academically and practically. From an academic perspective, this research will add empirical evidence regarding the factors influencing job satisfaction and employee retention in the healthcare sector. Meanwhile, from a practical perspective, the results of this study can be used by KECE management and other healthcare facilities to design more effective strategies for retaining employees. By understanding how employer branding and compensation affect job satisfaction and employee retention, companies can adopt more appropriate policies in human resource management.

METHOD

This study employs a quantitative approach using a survey method to identify the influence of employer branding and compensation on job satisfaction and employee retention at the Clinic. The type of research used is causal-comparative research, which aims to determine the cause-and-effect relationship between independent and dependent variables (Sugiyono, 2019). The population in this study consists of all employees working at the Clinic. The research sample is selected using purposive sampling, choosing respondents who meet specific criteria, such as having worked at the Clinic for at least one year. The research was conducted over three months, with the study location being the Clinic where the respondents are employed. The research instrument is a questionnaire using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The validity and reliability of this research instrument have been tested based on relevant previous studies (Hair et al., 2020). The following table presents the variables, indicators, and statement items used in this study:

Table 1. Research Instrument

Variable	Indicator	Statement Items
Employer Branding (X1)	Interest Value	1, 2
	Social Value	3, 4
	Economic Value	5, 6
	Development Value	7, 8
	Applicant Value	9, 10
Compensation (X2)	Direct Compensation	11, 12
	Indirect Compensation	13, 14
	Career Rewards	15, 16
	Social Rewards	17, 18
Job Satisfaction (Y1)	Opportunity for Advancement	19, 20
	Company and Management	21, 22
	Supervision	23, 24

Employee Retention (Y2)	Working Conditions	25, 26
	Communication	27, 28
	Organizational Components	29, 30
	Organizational Career Opportunities	31, 32
	Rewards	33, 34
	Job Design	35, 36
	Employee Relations	37, 38

Research Procedure

This study follows several stages. The first stage is the development of the research instrument based on theories and previous studies. Next, a validity and reliability test is conducted before distributing the questionnaire. Subsequently, data is collected through questionnaire distribution to the predetermined respondents. The collected data is then processed and analyzed to draw conclusions.

Data Analysis Techniques

The collected data is analyzed using statistical analysis methods with the help of SPSS or SmartPLS software. The analytical techniques used include: 1) Validity and Reliability Testing: Validity testing is conducted using Pearson Product Moment correlation, while reliability testing is performed using Cronbach's Alpha (Ghozali, 2021); 2) Classical Assumption Test: Includes normality, multicollinearity, and heteroscedasticity tests to ensure data suitability before regression analysis (Hair et al., 2020); 3) Multiple Linear Regression Analysis: Used to examine the influence of employer branding (X1) and compensation (X2) on job satisfaction (Y1) and employee retention (Y2); 4) Hypothesis Testing: t-tests are used to determine the significance of the independent variables on the dependent variables, while F-tests assess the simultaneous effect of all independent variables (Sugiyono, 2019); 5) Coefficient of Determination (R^2): Measures the extent to which independent variables explain the dependent variables.

The results of this data analysis will be used to draw conclusions and provide recommendations for the Clinic in enhancing employer branding, compensation, job satisfaction, and employee retention.

RESULTS AND DISCUSSION

This study involved 47 respondents, consisting of doctors and employees of the Kepanjen Eye Center (KECE) Outpatient Clinic. The characteristics of the respondents include age, gender, education level, length of service, and work unit. Based on data analysis, the majority age group is 25-40 years (57.40%). Female respondents dominate with a percentage of 59.60%. In terms of education, most respondents (34.04%) have a high school (SMA/SMK) education background. The most common length of service is 1-5 years (55.30%), while in terms of work units, healthcare personnel (Nakes) dominate with a percentage of 51.10%.

Measurement Model Evaluation

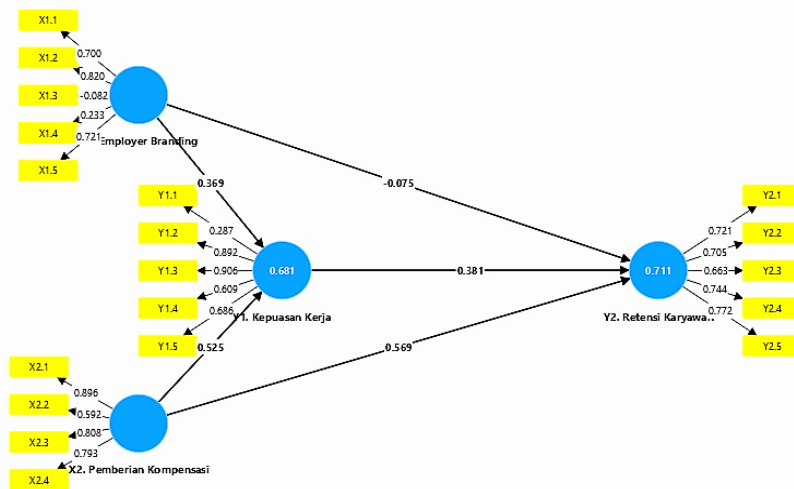


Figure 1. Initial SEM-PLS Structural Equation Model Results (complete with all indicators)

Validity and Reliability Testing

Based on the results of convergent validity testing, most indicators meet the validity criteria with an outer loading value >0.50 , except for indicators X1.3 (-0.082), X1.4 (0.233), and Y1.1 (0.287), which are not suitable for use. From the validity and reliability assessment, three variables (X2, Y1, and Y2) have an AVE value >0.5 , while X1 has an AVE value of 0.349. However, since the Composite Reliability (CR) of X1 reaches 0.637 (close to 0.7), its convergent validity is still acceptable. In reliability testing, Cronbach's Alpha shows that variables X2 (0.777), Y1 (0.717), and Y2 (0.771) have good internal consistency. Although the Cronbach's Alpha value for X1 (0.326) is low, the CR value approaching 0.7 still allows this variable to be considered sufficiently reliable.

Discriminant Validity Testing

Discriminant validity was tested using the Fornell-Larcker criterion and Cross Loading. The Fornell-Larcker results show that the square root of AVE for each variable is greater than its correlation with other variables, thus fulfilling discriminant validity. Additionally, the Cross Loading analysis indicates that each indicator has the highest loading value on its corresponding construct, signifying adequate discriminant validity. Overall, the findings of this study indicate that the model used is sufficiently valid and reliable for further analysis, despite some indicators not meeting the criteria and requiring further refinement.

Inner Model Examination

The inner model assessment aims to evaluate the structural relationships between constructs in the research model. This includes an evaluation of the loading factor, R-Square, F-Square, and Goodness of Fit. The assumption test is conducted by reviewing the loading factor, where a value of ≥ 0.50 indicates the absence of outliers (Gozhali, 2015). The loading factor results are shown in Table 17.

Table 2. Loading Factor Examination

Variable	Outer Loading
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X1.1 <- X1. Employer Branding	0.728
X1.2 <- X1. Employer Branding	0.813
X1.5 <- X1. Employer Branding	0.726
X2.1 <- X2. Compensation Provision	0.893
X2.2 <- X2. Compensation Provision	0.601
X2.3 <- X2. Compensation Provision	0.799
X2.4 <- X2. Compensation Provision	0.797
Y1.2 <- Y1. Job Satisfaction	0.879
Y1.3 <- Y1. Job Satisfaction	0.913
Y1.4 <- Y1. Job Satisfaction	0.660
Y1.5 <- Y1. Job Satisfaction	0.695
Y2.1 <- Y2. Employee Retention	0.719
Y2.2 <- Y2. Employee Retention	0.708
Y2.3 <- Y2. Employee Retention	0.658
Y2.4 <- Y2. Employee Retention	0.743
Y2.5 <- Y2. Employee Retention	0.776

Source: Processed Primary Data (2024)

The inner model was analyzed to assess the structural relationships between constructs, including the evaluation of loading factors, R-Square, F-Square, and Goodness of Fit. The results of the outer loading test indicated that all indicators had values of ≥ 0.50 , signifying that the research instruments were valid. The adjusted SEM-PLS structural equation model illustrated the relationships between employer branding, compensation provision, job satisfaction, and employee retention after removing invalid indicators.

Table 3. Model Fit Test (Goodness of Fit)

Criteria	Result					Conclusion
	Y1		Y2			
	X1 -> Y1	X2 -> Y1	X1 -> Y2	X2 -> Y2	Y1 -> Y2	
R-Square	0,636			0,704		High
F-Square	0,243	0,443	0,049	0,514	0,240	Large Effect
SRMR	0,094					Good

Source: Processed Primary Data (2024)

The R-Square value for variable Y1 was 0.636, and for Y2, it was 0.704, indicating that the model could explain 63.6% and 70.4% of the variation in the dependent variables, respectively. The F-Square values ranged from 0.240 to 0.514, suggesting that the independent variables had a significant contribution to the dependent variables. An SRMR value of 0.094 indicated a good model fit. Overall, the inner model analysis results suggest that this research model has strong predictive power and adequate fit in explaining the relationships between variables.

Hypothesis Testing

Hypothesis testing was conducted to analyze the relationship between variables, namely employer branding and compensation provision on employee retention, with job satisfaction as a mediating factor. The test utilized path coefficients, with a t-statistic value above 1.96 and a p-value below 0.05 as indicators of significance. The test results are presented in the following tables:

Table 4. Direct Effect Hypothesis Testing

Variable	Coef	Std Dev	T Stat	P Values	Description
X1. Employer Branding -> Y1. Job Satisfaction	0.370	0.110	3.264	0.001	Significant
X1. Employer Branding -> Y2. Employee Retention	-0.089	0.148	0.546	0.585	Not Significant
X2. Compensation Provision -> Y1. Job Satisfaction	0.502	0.131	3.964	0.000	Significant
X2. Compensation Provision -> Y2. Employee Retention	0.576	0.153	3.814	0.000	Significant
Y1. Job Satisfaction -> Y2. Employee Retention	0.385	0.155	2.440	0.015	Significant

Source: Primary data, processed (2024)

The test results indicate that employer branding has a significant effect on job satisfaction but not on employee retention. Compensation provision has a significant impact on both job satisfaction and employee retention. Additionally, job satisfaction significantly influences employee retention.

Table 5. Indirect Effect Hypothesis Testing

Variable	Coef	Std Dev	T Stat	P Values	Description
X1. Employer Branding -> Y1. Job Satisfaction -> Y2. Employee Retention	0.145	0.081	1.666	0.096	Significant
X2. Compensation Provision -> Y1. Job Satisfaction -> Y2. Employee Retention	0.189	0.088	2.221	0.026	Significant

Source: Primary data, processed (2024)

The results show that employer branding indirectly affects employee retention through job satisfaction. Similarly, compensation provision indirectly influences employee retention via job satisfaction.

Table 6. Total Effect Decomposition

Variable	Direct Effect	Indirect Effect	Total Effect
X1. Employer Branding -> Y2. Employee Retention	-0.089	0.145	0.056
X2. Compensation Provision -> Y2. Employee Retention	0.576	0.189	0.765

Source: Primary data, processed (2024)

The findings indicate that job satisfaction serves as a mediating variable in the relationship between employer branding and compensation provision with employee retention. While employer branding does not have a direct effect on employee retention, its influence becomes significant through job satisfaction. In contrast, compensation provision exhibits both strong direct and indirect effects on employee retention.

Employer branding plays a crucial role in enhancing employee retention, as it helps shape a positive perception of the company as an attractive workplace. Studies indicate that strong employer branding can significantly increase employee loyalty and attachment to the organization, ultimately influencing their decision to stay with the company (Jain & Bhatt, 2017). This is because employer branding fosters a more positive

work environment, enhances employee satisfaction, and instills a sense of belonging within the organization. However, other research reveals that employer branding alone is insufficient to improve retention, as factors such as compensation and career development opportunities have a greater influence on employees' decisions to remain with a company (Alniacik et al., 2017). Therefore, companies must combine employer branding with a holistic human resource management strategy to effectively enhance employee retention.

On the other hand, compensation has also been proven to have a significant impact on both employee retention and job satisfaction. A study by Othman et al. (2017) found that fair and competitive compensation directly contributes to job satisfaction, which in turn affects employee retention. Employees who feel financially valued tend to have higher motivation and stronger loyalty to the company. However, some studies suggest that while compensation plays a crucial role, other factors such as organizational culture and work-life balance also greatly influence employee satisfaction and retention (Gerhart & Fang, 2017). Thus, companies need to design compensation policies that are not only competitive but also supported by other factors such as a conducive work environment and career development opportunities to optimize employee retention.

Job satisfaction plays a crucial role in enhancing employee retention, as employees who feel satisfied with their jobs tend to have higher loyalty toward the company (Jiang et al., 2019). Factors such as a conducive work environment, recognition of contributions, and career development opportunities can increase job satisfaction and reduce employees' intention to leave the organization (Ertosun, 2020). Studies indicate that companies implementing strategies to improve job satisfaction, such as effective internal communication and fair policies, can lower turnover rates while boosting employee productivity and engagement (Lavelle et al., 2017). However, job satisfaction is not the sole determinant of retention, as other aspects such as career opportunities and organizational justice also play a significant role in employees' decisions to stay (Ng et al., 2018). Therefore, organizations must adopt a holistic approach by considering various factors that influence overall retention.

Employer branding plays a vital role in improving employee retention by building an attractive company image aligned with employee values, ultimately enhancing job satisfaction (Berthon et al., 2019). Studies show that strong employer branding can create a positive work environment, increase employee loyalty, and reduce turnover rates (Backhaus et al., 2020). However, other research highlights that employer branding alone is insufficient for long-term employee retention, as factors such as organizational justice and career development opportunities have a more significant impact (Collins et al., 2018). Additionally, fair compensation also contributes to employee retention by increasing job satisfaction. Employees who perceive their compensation as equitable in relation to their contributions tend to be more motivated and loyal to the company (Ahmad et al., 2020). Further studies emphasize that fairness in compensation systems and recognition of employee contributions significantly enhance job satisfaction, ultimately leading to higher retention rates (Chen et al., 2018). Nonetheless, some research suggests that compensation is not the primary factor in retaining employees, as aspects such as managerial support and career growth opportunities also play a crucial role (Harter et al., 2017). Therefore, companies need to adopt a holistic approach

that integrates strong employer branding and fair compensation policies to sustainably enhance both job satisfaction and employee retention.

CONCLUSION

Employer branding and compensation at Klinik Utama Mata Rawat Jalan Kepanjen Eye Center (KECE) contribute to employee job satisfaction, although they do not directly determine the length of employment. Other factors, such as the work environment, career development opportunities, and relationships with supervisors, also play a role in employee retention. High job satisfaction can enhance employee loyalty and productivity, making it essential for companies to implement strategies that integrate strong employer branding and fair compensation policies to sustain employee retention. KECE should review its compensation policies and organizational culture to better align with employee expectations and enhance the effectiveness of its retention programs. Further studies are needed to explore interventions that can improve employer branding, job satisfaction, and employee retention, including comparative studies with other eye clinics or healthcare service sectors..

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