

THE EFFECT OF CAREER DEVELOPMENT, JOB STABILITY, WORK ENVIRONMENT, AND COMPENSATION ON EMPLOYEE LOYALTY AT PT WARLBOR INTERNATIONAL INDONESIA

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Abstract

Employee loyalty is one of the key factors that determines a company's long-term success. This study aims to analyze the effects of career development, job stability, work environment, and compensation on employee loyalty at PT Warlbtor International Indonesia. The study employed a quantitative approach with a causal-associative design. Data were collected through closed-ended questionnaires completed by 135 company employees using a five-point Likert scale. The results of multiple linear regression indicate that all independent variables—career development, job stability, work environment, and compensation—have a positive and significant effect on employee loyalty. Career development contributed 0.35 units, job stability 0.25 units, work environment 0.30 units, and compensation 0.28 units to the improvement of employee loyalty. Overall, the findings suggest that companies that effectively manage these factors are better able to strengthen employee loyalty, which in turn can improve productivity and organizational performance. This study provides a theoretical contribution to the human resource management literature and offers practical recommendations for more strategic policy management in retaining high-quality employees.

Keywords: *career development; job stability; work environment; compensation; employee loyalty.*

INTRODUCTION

Employee loyalty is one of the main indicators of successful human resource management because it reflects the degree of employee attachment, commitment, and concern for organizational goals. Loyal employees tend to demonstrate high dedication, increased productivity, and lower turnover, all of which ultimately support corporate sustainability and competitiveness. In the context of an increasingly competitive global industry, including the manufacturing and service sectors in Indonesia, companies must be able to understand and manage the factors that influence employee loyalty in order to retain qualified employees and encourage optimal organizational performance. One factor that has been shown to significantly influence employee loyalty is career development. Career development includes the provision of promotion pathways, training, and systematic competency enhancement so that employees feel valued and perceive clear prospects for professional growth within the organization. Previous studies have shown that clear and structured career development opportunities can significantly improve job satisfaction and employee loyalty because employees perceive that the organization cares about their personal and professional growth (Syafitri, Diva, 2024; Mathis & Jackson, 2011).

In addition, job stability is an important factor in shaping employee loyalty. Job stability provides a sense of security and certainty in the employment relationship, enabling employees to focus more fully and invest in the quality of their work. By contrast, job uncertainty may lead to stress, dissatisfaction, and even intentions to leave the organization. Studies indicate that employees who experience stability in their jobs are more likely to demonstrate long-term commitment and strong loyalty (Aliddin, Laode, 2024). Another important factor is the work environment, which includes physical conditions, interpersonal relationships, organizational culture, and work-supporting facilities. A conducive work environment can encourage employee engagement, strengthen motivation, and increase satisfaction and loyalty. Employees who feel comfortable and appreciated in the workplace tend to contribute more actively, innovate more readily, and remain with the organization for a longer period of time (Rahmayanti, R., 2024). Compensation is also one of the most influential external motivational factors affecting loyalty. Compensation includes base salary, allowances, bonuses, and non-financial incentives. A fair and competitive compensation system

not only improves job satisfaction but also strengthens employees' perceptions of their value and contribution to the organization. Therefore, adequate compensation is believed to encourage employee loyalty both directly and indirectly (Diposentono, L., 2023). Previous studies have tended to examine these factors separately and focus primarily on their effects on performance or job satisfaction. However, studies integrating career development, job stability, work environment, and compensation within a single empirical framework to analyze employee loyalty remain relatively limited, especially in large manufacturing companies in Indonesia. PT Warlbtor International Indonesia, as a company with a complex organizational structure and a significant number of employees, faces strategic challenges in maintaining workforce loyalty. Operational complexity and industrial competition require the company to understand holistically the factors that may strengthen employee attachment.

Based on this background, this study aims to analyze the effects of career development, job stability, work environment, and compensation, both partially and simultaneously, on employee loyalty at PT Warlbtor International Indonesia. This study is expected to contribute theoretically by enriching the human resource management literature on the determinants of employee loyalty in large manufacturing firms. Practically, the results are expected to serve as strategic input for company management in designing integrated and effective human resource policies to improve employee loyalty and retention. Through this approach, companies can not only retain highly competent employees but also strengthen an organizational culture that supports employee attachment, satisfaction, and sustainable performance. This study is also expected to open opportunities for further research on the interaction of psychological, behavioral, and organizational factors in building employee loyalty in Indonesia's manufacturing sector.

LITERATURE REVIEW

1 Career Development and Employee Loyalty

Career development is a systematic process aimed at improving employees' abilities, skills, and competencies so that they can achieve both professional and organizational goals. This process includes training, mentoring, promotion pathways, and structured career planning. Research shows that effective career development increases loyalty because employees feel valued and perceive opportunities for growth within the organization (Syafitri et al., 2024; Mathis & Jackson, 2011). Empirically, career development affects loyalty through increased job satisfaction, intrinsic motivation, and perceptions of fairness. Employees who perceive clear career opportunities tend to invest more in work quality and demonstrate long-term commitment (Aliddin et al., 2024). In addition, sound career development helps organizations retain high-quality employees, reduce turnover, and increase productivity and innovation.

2 Job Stability and Employee Loyalty

Job stability is a psychological factor that reflects employment certainty for employees. A sense of job security contributes to emotional attachment and loyalty. Job stability includes contract guarantees, certainty of employment status, and consistency of job responsibilities. According to Aliddin et al. (2024), employees who experience job stability tend to exhibit higher loyalty because they trust the continuity of their employment relationship and the organization itself. Conditions of job uncertainty, such as short-term contracts or frequent reorganizations, can generate stress, reduce motivation, and increase turnover intention. Therefore, job stability is not only a psychological factor but also a management strategy for retaining a competent and dedicated workforce.

3 Work Environment and Employee Loyalty

The work environment consists of physical conditions, social relations, and organizational culture. A supportive environment—such as effective communication, adequate facilities, and positive interpersonal relationships—improves job satisfaction and employee engagement, which in turn strengthens loyalty (Rahmayanti et al., 2024). Moreover, a conducive work environment helps employees adapt to job demands, facilitates collaboration, and encourages innovation. Conversely, a negative environment, such as interpersonal conflict or inadequate facilities, can reduce emotional attachment, job satisfaction, and employee loyalty. Therefore, effective work environment management is a key strategy for retaining high-quality employees.

4 Compensation and Employee Loyalty

Compensation includes salaries, allowances, bonuses, and non-financial incentives. Fair and competitive compensation increases employees' perceptions of the value of their contributions, which psychologically promotes loyalty (Diposentono et al., 2023).

Transparency and proportionality in compensation reinforce the principle of distributive justice, thereby making employees feel valued. Compensation also functions as an external motivator that encourages employees to maintain performance and attachment to the organization. An effective compensation system is consistent with classical motivation theory, such as Herzberg’s perspective, which emphasizes financial and non-financial rewards as important factors in job satisfaction and employee loyalty.

5 Compensation, Literature Synthesis, and Research Gap

Compensation includes salaries, allowances, bonuses, and non-financial incentives provided to employees as a form of appreciation for their contributions. A fair and competitive compensation system enhances employees’ perceptions of the value of their contributions, which psychologically promotes loyalty (Diposentono et al., 2023). Transparency and proportionality in compensation practices reinforce the principle of distributive justice, allowing employees to feel valued and recognized by the organization. In addition, compensation serves as an external motivator that encourages employees to maintain performance and organizational attachment. An effective compensation system is aligned with classical motivation theory, such as Herzberg’s theory, which emphasizes financial and non-financial rewards as important factors in improving job satisfaction and employee loyalty.

Based on the literature review, employee loyalty is influenced by a combination of psychological, behavioral, and organizational factors, in which career development, job stability, work environment, and compensation—both partially and simultaneously—shape employee loyalty. Career development increases loyalty through greater job satisfaction, motivation, and perceptions of professional growth. Job stability provides security and certainty, thereby strengthening emotional attachment. A conducive work environment promotes engagement, collaboration, and innovation. Fair and competitive compensation reinforces organizational justice and strengthens loyalty. The main theoretical foundation for understanding these relationships is Social Exchange Theory (SET), which explains that employees tend to reciprocate fair treatment, development opportunities, and adequate compensation with high loyalty and commitment (Aliddin et al., 2024; Syafitri et al., 2024).

Table 1. Summary of previous studies related to each variable

Variable	Study	Main Finding
Career Development	Syafitri et al., 2024	Career development increases employee loyalty
Job Stability	Aliddin et al., 2024	Job stability has a positive effect on loyalty
Work Environment	Rahmayanti et al., 2024	A conducive work environment increases engagement and loyalty
Compensation	Diposentono et al., 2023	Fair and competitive compensation increases loyalty

Based on this literature synthesis, these four independent variables are expected to have a direct and positive effect on employee loyalty.

The research gap underlying this study is that although many previous studies have examined career development, job stability, work environment, and compensation separately, the integration of these four variables into a single empirical model to assess employee loyalty in Indonesian manufacturing companies remains limited. PT Warlbor International Indonesia, with its large workforce and operational complexity, provides a relevant context for testing this comprehensive model. This study is expected to address the empirical gap and provide contextual evidence on the determinants of employee loyalty in large manufacturing industries.

METHOD

This study adopted a quantitative approach with a causal-associative design to examine how career development, job stability, work environment, and compensation influence employee loyalty at PT Warlbor International Indonesia. Data were collected through closed-ended questionnaires using a five-point Likert scale (1–5), completed by employees as respondents. The study population consisted of all permanent and contract employees of PT Warlbor International Indonesia (N = 135) who were actively employed during the data collection period in May 2026. Given the manageable size of the population, a saturated sampling technique (census) was employed, including every member of the population in the sample (n = 135). The independent variables in this study were career development (X1), job stability (X2), work environment (X3), and compensation (X4), while the dependent variable was employee loyalty (Y). The indicators for each construct were adapted from well-established theoretical

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frameworks—Mathis and Jackson (2011) for career development (10 items: promotion pathways, training, and competency improvement), Aliddin et al. (2024) for job stability (8 items: contract guarantees, certainty of employment status, and consistency of job responsibilities), Rahmayanti et al. (2024) for work environment (10 items: physical conditions, interpersonal relationships, and work facilities), and Diposentono et al. (2023) for compensation (12 items: base salary, allowances, bonuses, and non-financial incentives). All indicators were measured using a Likert scale. Before the main analysis, the research instrument was tested for validity (item-total correlation) and reliability (Cronbach's $\alpha \geq 0.70$). Data analysis was conducted using SPSS 27.0 and included descriptive statistics, classical assumption tests (normality: Kolmogorov–Smirnov; multicollinearity: VIF < 10 ; heteroscedasticity: Glejser test; autocorrelation: Durbin–Watson), and multiple linear regression to assess the partial and simultaneous effects of career development, job stability, work environment, and compensation on employee loyalty. Hypothesis testing was conducted using t-tests, the F-test, and the coefficient of determination (R^2) at a 5% significance level.

RESULTS AND DISCUSSION

1. Respondent Characteristics

This study involved 135 employees of PT Warlbor International Indonesia, consisting of permanent and contract employees. Based on the demographic characteristics collected, the majority of respondents were aged 20–30 years (42%) and 31–40 years (30%), indicating that the company has a relatively young yet experienced workforce. In terms of gender, 65% of respondents were male and 35% were female. This suggests a reasonably balanced gender composition within the company, with no substantial disparity in gender distribution. In terms of length of service, most respondents (45%) had worked for less than three years, indicating that many employees were relatively new and still adapting to company policies. Meanwhile, 30% had worked for more than five years, indicating the presence of experienced employees who provide stability in company operations. These details present a picture of diversity in experience and age that may influence employees' perceptions of the factors related to their loyalty.

Table 2. Demographic characteristics of respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	88	65
	Female	47	35
Age	20–30 years	57	42
	31–40 years	41	30
	> 40 years	37	28
Length of Service	< 3 years	61	45
	3–5 years	34	25
	> 5 years	40	30
Total		135	100

2. Descriptive Statistics

Table 3 presents the descriptive statistical results for the variables examined in this study, namely career development (X1), job stability (X2), work environment (X3), compensation (X4), and employee loyalty (Y). Based on the analysis, the mean value for career development (X1) was 4.20, job stability (X2) was 4.05, work environment (X3) was 4.00, compensation (X4) was 4.15, and employee loyalty (Y) was 4.30. All of these mean values fall within the “good” category, indicating that most employees had positive perceptions of the factors affecting their loyalty. The relatively low standard deviations (ranging from 0.55 to 0.62) indicate a high level of consensus among respondents regarding these factors, with limited variation in their perceptions.

Table 3. Descriptive statistics of research variables

Variable	N	Min	Max	Mean	Std. Dev.	Category
Career Development	135	2.50	5.00	4.20	0.55	Good
Job Stability	135	2.60	5.00	4.05	0.58	Good
Work Environment	135	2.70	5.00	4.00	0.59	Good
Compensation	135	2.50	5.00	4.15	0.62	Good
Employee Loyalty	135	2.60	5.00	4.30	0.57	Good

3. Classical Assumption Tests

Before conducting the multiple linear regression analysis, classical assumption tests were performed to ensure that the data met the requirements for further analysis. The results show that the regression model used was valid and met the assumptions necessary for subsequent analysis.

Table 4. Results of classical assumption tests

Assumption Test	Test Result	Significance Value (p)	Description
Normality	Kolmogorov–Smirnov	0.190	Data are normally distributed ($p > 0.05$)
Multicollinearity	Variance Inflation Factor (VIF)	< 10	No multicollinearity problem
Heteroscedasticity	Glejser test	> 0.05	No heteroscedasticity problem
Autocorrelation	Durbin–Watson	1.98	No autocorrelation (value between 1.5 and 2.5)

- Normality test: Based on the Kolmogorov–Smirnov test, the significance value was 0.190, which is greater than 0.05; therefore, the data can be considered normally distributed.
- Multicollinearity test: The multicollinearity test showed that the Variance Inflation Factor (VIF) values for all independent variables were below 10, indicating that there was no multicollinearity among the independent variables included in the model.
- Heteroscedasticity test: The Glejser test results indicated no heteroscedasticity problem because the significance values were greater than 0.05. This suggests that the residual variance remained constant across predictor levels.
- Autocorrelation test: The Durbin–Watson test yielded a value of 1.98, indicating no autocorrelation problem because this value falls within the acceptable range (1.5 to 2.5).

4. Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to test the effects of the independent variables (career development, job stability, work environment, and compensation) on the dependent variable (employee loyalty). The regression results indicate that all independent variables had a positive and significant effect on employee loyalty. The regression coefficients for each variable are as follows:

- Career Development (X1): $\beta = 0.35$, indicating that every one-unit increase in career development increases employee loyalty by 0.35 units.
- Job Stability (X2): $\beta = 0.25$, indicating that job stability also has a significant effect on employee loyalty.
- Work Environment (X3): $\beta = 0.30$, indicating that a good work environment contributes to higher employee loyalty.
- Compensation (X4): $\beta = 0.28$, indicating that fair and competitive compensation increases employee loyalty.

Table 5. Results of multiple linear regression analysis

Variable	Regression Coefficient	t-Statistic	Sig.
Career Development	0.35	3.58	0.000
Job Stability	0.25	2.54	0.012
Work Environment	0.30	3.01	0.003
Compensation	0.28	2.94	0.004

5. Discussion

Based on the regression analysis, it can be concluded that career development has a significant effect on employee loyalty at PT Warlbtor International Indonesia. This finding is in line with various theories suggesting that career development provides employees with opportunities to grow within the company, which in turn enhances their sense of attachment and commitment to the organization. Syafitri et al. (2024) stated that clear career development programs can create visible career paths and inspire employees to remain with the company while improving their performance. In addition, according to Hersey and Blanchard (1996), human resource development

through training and skills enhancement has a strong influence on employee loyalty because employees feel valued and supported by the organization. Job stability was also found to have a significant effect on employee loyalty. Employees who feel secure in their jobs, without anxiety about the future of their employment, are more likely to remain loyal to the company. Aliddin et al. (2024) showed that job stability plays an important role in strengthening employees' emotional commitment to the organization. When employees feel secure in the workplace, they are more likely to demonstrate a high level of engagement, which in turn strengthens their loyalty to the company. This finding is consistent with Robbins and Judge (2019), who argue that a sense of security and stability at work can enhance employee commitment and reduce anxiety that may negatively affect performance.

A conducive work environment also plays a major role in increasing employee loyalty. This study shows that employees who feel comfortable in the workplace, whether physically, socially, or culturally, are more engaged and tend to remain with the company longer. Rahmayanti et al. (2024) similarly found that a supportive work environment, including positive interpersonal relationships, adequate facilities, and an inclusive work atmosphere, strongly influences employee loyalty. Luthans (2005) explained that a positive work environment can strengthen employees' attachment to the organization, which ultimately leads to greater loyalty. In addition to these factors, compensation was found to have a positive impact on employee loyalty. This study confirms that fair compensation, whether in the form of base salary or other incentives, strengthens employee loyalty to the company. Diposentono et al. (2023) explained that compensation aligned with employee contributions plays an important role in creating a sense of appreciation and reducing dissatisfaction that may otherwise lower work motivation. Herzberg (1959) emphasized the importance of motivator factors such as fair compensation in enhancing job satisfaction and employee loyalty. Employees who feel appreciated through appropriate compensation are more likely to develop long-term commitment to the company.

Career development, job stability, work environment, and compensation simultaneously explained 59% of the variation in employee loyalty at PT Warlbor International Indonesia. This finding indicates that these four factors play a very important role in building employee loyalty, which in turn can improve productivity and organizational performance. The study confirms that companies that focus on strengthening these four factors can create a more productive and harmonious work environment that motivates employees to contribute their best. To improve employee loyalty, companies need to implement policies that support career development, provide job stability, create a conducive work environment, and offer fair and competitive compensation. Shuck and Reio (2014) stated that high employee engagement and well-being are positively correlated with employee loyalty. Employees who feel valued and have opportunities to grow within the company are more likely to remain in the organization over the long term. Overall, these findings provide a deeper understanding of the factors that influence employee loyalty and how these factors can be managed to create a mutually beneficial long-term relationship between employees and the company.

CONCLUSION

Based on the analysis conducted, it can be concluded that career development, job stability, work environment, and compensation have significant effects on employee loyalty at PT Warlbor International Indonesia. This study confirms that each independent factor examined has a strong role in building employees' emotional attachment and commitment to the organization.

First, career development was shown to play a major role in increasing loyalty. Clear and structured career development programs, such as promotion pathways and competency training, make employees feel valued and provide them with clear future prospects, which in turn increases their commitment to the company. This finding is consistent with previous studies showing that opportunities for professional growth within an organization can increase employee satisfaction and loyalty.

Second, job stability was also shown to strongly affect employee loyalty. Uncertainty regarding employment status or the risk of layoffs can reduce motivation and long-term commitment. By contrast, job stability provides a sense of security and protection, encouraging employees to invest more in work quality and to commit to the company in the long term.

A conducive work environment also contributes to strengthening loyalty. Employees who feel comfortable and appreciated in the workplace—physically, in terms of interpersonal relationships, and in terms of organizational culture—are more engaged in their work and tend to remain with the company longer. These factors, including adequate work facilities and good communication, play an important role in maintaining employee job satisfaction.

Fair and competitive compensation is also an important external motivational factor. Employees who feel valued through a balanced and transparent compensation system are more likely to maintain their loyalty to the

organization. Therefore, fair compensation management can strengthen the relationship between employees and the company while enhancing motivation and performance.

Overall, the results of this study show that companies able to manage and integrate these four factors—career development, job stability, work environment, and compensation—effectively can strengthen employee loyalty. These findings provide important insight for company management in designing more strategic and sustainable human resource policies to retain high-quality employees, improve productivity, and strengthen organizational competitiveness. This study also opens opportunities for further research on the interaction among these factors in broader organizational contexts, particularly in large manufacturing industries in Indonesia

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