



The Effect of Compensation and Work-family conflict (WFC) on Employee Retention: Job Satisfaction as a Mediating Variable for Female Employees

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ABSTRACT

Keywords:

Compensation; Work-Family Conflict; Job Satisfaction; Employee Retention

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Employee retention is a critical concern in human resource management because organizations need to retain employees who possess valuable knowledge, experience, and competencies. For female employees, retention may be influenced by compensation, work-family conflict, and job satisfaction, which shape their willingness to remain in an organization. This study aims to analyze the effects of compensation and work-family conflict on employee retention and examine the mediating role of job satisfaction in these relationships. A quantitative approach with a causal research design was employed. Data were collected through Likert-scale questionnaires from 180 female employees selected using purposive sampling. The data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS 4.0. The findings indicate that compensation positively affects job satisfaction and employee retention, whereas work-family conflict negatively affects both outcomes. Job satisfaction positively affects employee retention and mediates the effects of compensation and work-family conflict on employee retention. These findings imply that organizations can strengthen employee retention by providing appropriate compensation, reducing work-family conflict, and fostering job satisfaction among female employees.

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INTRODUCTION

Employee retention is an important human resource issue because organizations depend on experienced and competent employees to sustain productivity, service quality, and organizational continuity. Point: retaining capable employees benefits not only organizations but also workers, customers, and the broader economy overall. Reason: employee departures can create

recruitment, training, adaptation, and knowledge-loss costs. Evidence: retention is influenced by job, organizational, and individual factors that shape employees' decisions to maintain employment relationships (Hausknecht et al., 2008), while employee retention emphasizes staying rather than intending to leave (Lazzari et al., 2022; Batara et al., 2026). In state-owned enterprises (SOEs), human resource and talent development are also strategic priorities for organizational sustainability and competitiveness (Kementerian BUMN, 2023). Conclusion: understanding employee retention is socially and organizationally important, particularly for groups facing complex employment demands. This importance becomes stronger when examining female employees who simultaneously manage professional and family responsibilities.

This study uses Social Exchange Theory to explain employee retention, compensation, work-family conflict, and job satisfaction as interconnected experiences. Social Exchange Theory proposes that relationships develop through reciprocal exchanges, whereby organizational treatment can encourage positive employee attitudes and involvement (Blau, 1964; Cropanzano & Mitchell, 2005). Compensation represents a return for employee contributions and may strengthen reciprocity, satisfaction, and willingness to remain. Work-family conflict represents a negative employment experience in which incompatible demands may weaken evaluations of the employment relationship. Job satisfaction reflects employees' evaluation of their work and can translate organizational experiences into intentions to stay. Previous retention research has applied the social exchange perspective to explain why workplace conditions influence employees' decisions to remain (Xuecheng et al., 2022; Maulia et al., 2026). Accordingly, this theoretical perspective provides an integrated basis for examining how compensation and work-family conflict relate to retention through job satisfaction.

The problem concerns the difficulty of maintaining employment relationships when workers experience competing organizational and family demands. This challenge is particularly relevant for married female employees, who may perform professional, household, and caregiving responsibilities. The International Labour Organization (International Labour Organization, 2023) reports that women in Indonesia continue to experience burdens from paid work and family care. Evidence from married women working in SOEs indicates that multiple-role conflict remains a challenge in balancing professional roles (Meriam et al., 2024; Retnoningsih et al., 2026). Such conditions may affect satisfaction and willingness to remain with an organization. Research among female employees at BNI in Pontianak found that multiple-role conflict, career development, and workload affected performance, but did not examine employee retention as the outcome (Pratiwi, 2021; Rudiana et al., 2026).

Therefore, the problem is how organizations can retain female employees while addressing compensation and work-family pressures that may shape their work experiences.

Previous studies have established relationships among compensation, work-family conflict, job satisfaction, and employee retention, but their findings remain fragmented across contexts. Compensation has been reported to positively relate to employee retention and job satisfaction, including through job satisfaction as a mediating mechanism (Adiatma et al., 2025; Supriatna et al., 2026). Similarly, compensation can influence job satisfaction, which is subsequently associated with employees' ability to remain in organizations (Aman-Ullah et al., 2023; Naimah, 2026). Research in Indonesia also indicates that compensation and work-family conflict may affect employee retention through job satisfaction (Putri Noor & Tanuwijaya, 2024; Qodriah et al., 2026). Perceived compensation equity is likewise associated with job satisfaction and employee retention. However, much of this evidence does not specifically address female SOE employees facing work-family demands. Thus, existing studies provide empirical foundations but leave a contextual and integrative gap concerning the combined mechanism linking these variables among female employees in SOEs.

Research on work-family conflict further shows that experiences matter to retention, but limitations remain. Work-family conflict is associated with lower job satisfaction because demands can reduce job evaluations (Putri Noor & Tanuwijaya, 2024; Wen et al., 2024). It has been linked to employee retention among banking-sector workers (Sari et al., 2024; Ulfa & Aldin, 2026). Meanwhile, job satisfaction can mediate the relationship between compensation and employee retention (Adiatma et al., 2025; Maimunah et al., 2025), and research combining compensation and work-family conflict suggests that job satisfaction can mediate their relationships with retention (Putri Noor & Tanuwijaya, 2024; Mukarromah et al., 2025). Nevertheless, studies of female BNI employees in Pontianak have emphasized performance, while research on married women in SOEs has examined work engagement rather than retention (Pratiwi, 2021; Meriam et al., 2024). These limitations still require research that integrates compensation, work-family conflict, and job satisfaction to explain retention among female SOE employees.

The state of the art of this study lies in integrating economic, relational, and work-family dimensions within a single explanatory model of employee retention among female SOE employees. Rather than examining compensation, work-family conflict, or job satisfaction separately, the study positions job satisfaction as a mediating mechanism through which favorable and unfavorable employment experiences may shape retention. This recognizes that remaining in

an organization is not determined solely by rewards or family pressures, but also by work evaluations. The study therefore advances the discussion from identifying direct predictors toward explaining how organizational treatment and role conflict may be translated into retention through job satisfaction. This integration is important because female employees may face distinctive combinations of workplace and family demands. The resulting model offers a more comprehensive framework for understanding retention and provides an empirically testable explanation of the mechanisms underlying employees' decisions to stay.

The problem is whether compensation and work-family conflict influence employee retention and whether job satisfaction explains these relationships among female SOE employees. The argument holds that appropriate compensation should strengthen employees' positive work evaluations and retention, whereas work-family conflict should weaken both job satisfaction and retention. Job satisfaction is expected to function as the mechanism connecting these experiences with decisions to stay. This argument contributes by shifting attention from retention as a simple organizational outcome toward retention as a process shaped by reciprocal treatment, competing role demands, and employees' evaluations of their work. The study therefore proposes that organizations seeking stronger retention should manage reward systems, reduce work-family pressures, and cultivate satisfying work experiences. By testing these relationships in a model, the research provides an explanation of employee retention and offers practical direction for human resource management for female employees. Based on these arguments, the hypotheses proposed in this study are as follows:

- H1:** *Compensation berpengaruh positif terhadap job satisfaction.*
- H2:** *Work-family conflict berpengaruh negatif terhadap job satisfaction.*
- H3:** *Compensation berpengaruh positif terhadap employee retention.*
- H4:** *Work-family conflict berpengaruh negatif terhadap employee retention.*
- H5:** *Job satisfaction berpengaruh positif terhadap employee retention.*
- H6:** *Job satisfaction memediasi pengaruh compensation terhadap employee retention.*
- H7:** *Job satisfaction memediasi pengaruh work-family conflict terhadap employee retention.*

Conceptual Framework

Based on the description above, the research framework can be built as follows.

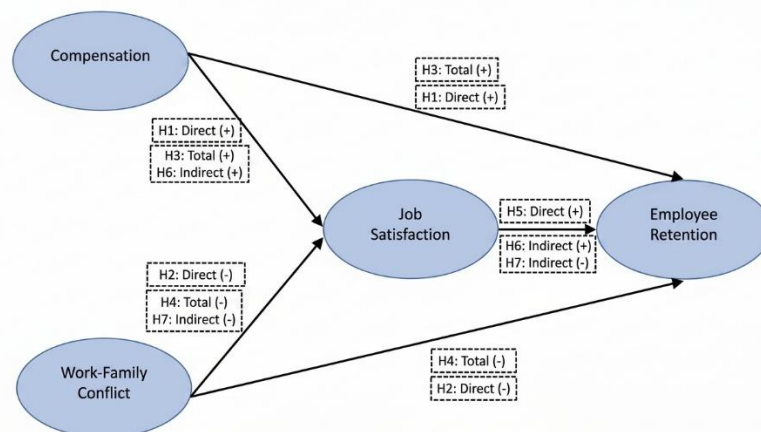


Figure 1. Conceptual Framework

RESEARCH METHODS

This study employed a quantitative approach with a causal-explanatory research design to examine the hypothesized relationships among compensation, work-family conflict, job satisfaction, and employee retention. A quantitative approach was selected because the study involved numerical measurement of constructs and statistical testing of relationships among variables. The causal-explanatory design was considered appropriate for testing theoretically proposed direct and indirect relationships within the research model. The study focused on married female employees because their simultaneous work and family responsibilities provide a relevant context for examining work-family conflict, job satisfaction, and retention. The research model incorporated job satisfaction as a mediating variable to examine whether compensation and work-family conflict were associated with employee retention through job satisfaction. The use of a structured quantitative design also supports systematic hypothesis testing and empirical evaluation of the proposed model (Lim & Koay, 2024; Miller & Lengler, 2025).

The study was conducted among female employees working in state-owned enterprises (SOEs) and SOE business groups in Pontianak, Indonesia. This location was selected because SOEs in the area involve employees in diverse organizational roles and employment responsibilities, providing an appropriate setting for examining employee retention. The study population comprised married female employees working in SOEs and SOE business groups in Pontianak. Participants were selected using non-probability purposive sampling based on predetermined eligibility criteria. Respondents were required to be married women, have children aged 6–12 years, and have worked for at least one year in an SOE or SOE business group. These criteria ensured that participants had sufficient work experience and relevant family responsibilities. A total of 180

eligible respondents participated in the study. Purposive sampling was appropriate because participant selection depended on specific characteristics relevant to the research objectives (Ahmed, 2024).

Data were collected using a structured questionnaire distributed electronically through Google Forms. Before completing the questionnaire, respondents received information regarding the research purpose, participation requirements, and eligibility criteria. Only responses from participants who met all predetermined criteria were included in the final dataset. All constructs were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Compensation was measured through compensation fairness, financial adequacy, nonfinancial compensation, compensation-system transparency, and the influence of compensation on motivation. Work-family conflict was assessed through time-based, strain-based, emotional, and behavior-based conflict. Job satisfaction covered satisfaction with compensation, the work itself, coworker relationships, supervisor support, and the work environment, while employee retention covered career prospects, organizational support, emotional attachment, and intention to remain. Careful questionnaire design and response screening were applied to support measurement quality and data accuracy (Gottfried, 2024; Hill et al., 2022; Wilson et al., 2024).

Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.0. The analysis consisted of measurement-model and structural-model assessment. The measurement model was evaluated using outer loadings, Average Variance Extracted (AVE), Composite Reliability, Cronbach’s Alpha, and discriminant validity to establish construct reliability and validity. The structural model was subsequently assessed using R-square values and path coefficients to evaluate the hypothesized relationships among constructs. Bootstrapping was used to assess the statistical significance of the estimated direct effects. The mediating role of job satisfaction was examined through indirect-effect analysis to determine whether compensation and work-family conflict were associated with employee retention through job satisfaction. This procedure is consistent with recommended practices for PLS-SEM and mediation analysis, particularly for evaluating complex models involving direct and indirect relationships (Hair & Alamer, 2022; Sarstedt & Moisesescu, 2024).

RESULTS AND DISCUSSION

Results

Table 1 presents the characteristics of the 180 respondents and describes their compliance with the predetermined inclusion criteria and distribution across participating state-owned enterprises (SOEs) and SOE business groups. All respondents were married women with children aged 6–12 years, resulting in 100% fulfillment of these two eligibility criteria. The respondents were

distributed across 22 institutions, with different numbers of participants from each institution. The largest proportion came from PT Perkebunan Nusantara IV Regional V (27 respondents; 15.0%), followed by PT Bank Rakyat Indonesia (25; 13.9%) and PT Bank Negara Indonesia (15; 8.3%). The smallest participation was recorded for PT Jamkrindo and PT Surveyor Indonesia, with one respondent each (0.6%). Because purposive sampling was applied, these frequencies describe the composition of the sample and should not be interpreted as proportional representation of the population.

Table 1. Respondent Characteristics

No.	Characteristic	Category	Frequency (n)	Percentage
1	Marital status	Married	180	100%
2	Having children aged 6–12 years	Yes	180	100%
3	SOE institution	PT Perkebunan Nusantara IV Regional V	27	15.0%
		PT Bank Rakyat Indonesia	25	13.9%
		PT Bank Negara Indonesia	15	8.3%
		PT Perusahaan Listrik Negara	14	7.8%
		PT Bank Mandiri	14	7.8%
		PT Kimia Farma	13	7.2%
		PT Bank Tabungan Negara	9	5.0%
		PT Pegadaian	8	4.4%
		PT Permodalan Nasional	7	3.9%
		PT Telekomunikasi Indonesia	6	3.3%
		PT Pertamina	6	3.3%
		PT Bank Syariah Indonesia	6	3.3%
		PT Pos Indonesia (Persero)	5	2.8%
		PT Pelabuhan Indonesia	5	2.8%
		PT Sucofindo	4	2.2%
		PT Pelayaran Nasional Indonesia	3	1.7%
		PT Jasa Raharja	3	1.7%
		Perum Bulog Kantor Wilayah Kalimantan Barat	3	1.7%
		PT Taspen (Persero)	3	1.7%
		PT Asuransi Kredit Indonesia	2	1.1%
		PT Jamkrindo	1	0.6%
		PT Surveyor Indonesia	1	0.6%
Total			180	100%

Source: Primary data processed by the researcher (2026).

The distribution reflects the participation of respondents who met the purposive sampling criteria. Differences in the number of respondents across institutions may reflect differences in the availability of eligible employees and

willingness to participate. Accordingly, the distribution is presented to describe sample composition rather than to estimate the proportion of female employees across the participating institutions.

Measurement Model

The measurement model was evaluated through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Figure 2. presents the PLS algorithm results.

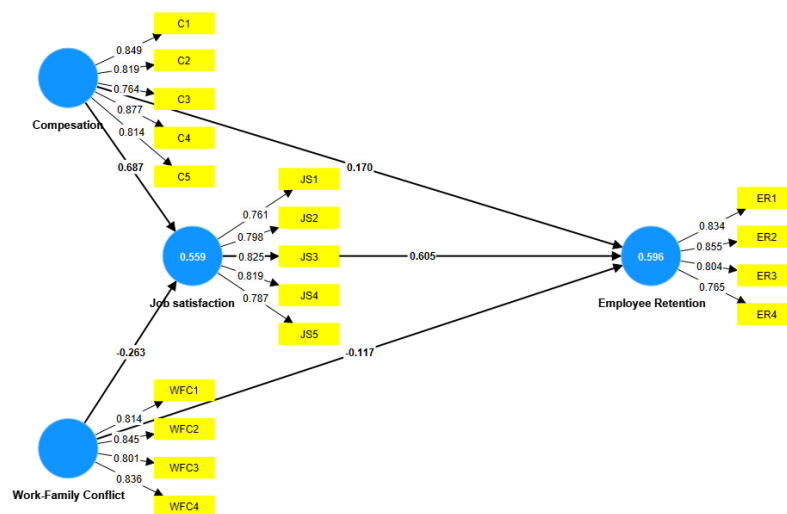


Figure 2. Algorithm Model Result

Source: Data processed using SmartPLS 4.0 (2026).

All indicators exhibited outer loading values above 0.70. The loading values ranged from 0.761 to 0.877 for compensation, 0.801 to 0.845 for work-family conflict, 0.761 to 0.825 for job satisfaction, and 0.765 to 0.855 for employee retention. These results indicate that all indicators met the specified loading criterion.

Table 2. Standardized Loading Factor, Composite Reliability (CR), and Average Variance Extracted (AVE) of the Overall Model

Variable	Items	Loading Factor	Cronbach's Alpha	CR	AVE
Compensation	I feel that the compensation I receive is commensurate with my contribution.	0.849	0.882	0.914	0.681
	The salary I receive is sufficient to meet my living needs.	0.819			
	I receive appreciation and recognition for my work results.	0.764			
	I understand the compensation	0.877			

	determination system implemented by the organization.				
	The compensation I receive increases my work motivation.	0.814			
Work-Family Conflict	My work demands reduce the time I can spend with my family.	0.814	0.843	0.894	0.679
	My workload often interferes with my responsibilities at home.	0.845			
	Work-related problems affect my mood at home.	0.801			
	I find it difficult to adjust my behavior between work and family.	0.836			
Job Satisfaction	I am satisfied with the salary and benefits I receive.	0.761	0.858	0.898	0.637
	My work is interesting and challenging.	0.798			
	I have good working relationships with my colleagues.	0.825			
	My supervisor provides good guidance and feedback.	0.819			
	My work environment is comfortable and enhances productivity.	0.787			
Employee Retention	I am satisfied with my career prospects in this organization.	0.834	0.832	0.888	0.665
	The organization provides support for my needs and well-being.	0.855			
	I feel emotionally attached to this organization.	0.804			
	I intend to remain working in this organization in the long term.	0.765			

Source: Data processed using SmartPLS 4.0 (2026).

As shown in Table 4.2, all outer loading values exceeded 0.70. The AVE values ranged from 0.637 to 0.681, while Cronbach's Alpha values ranged from 0.832 to 0.882 and Composite Reliability values ranged from 0.888 to 0.914. Thus, all constructs met the reported criteria for convergent validity and internal consistency reliability.

Discriminant Validity

Discriminant validity was assessed using the Heterotrait-Monotrait (HTMT) ratio and the Fornell–Larcker criterion. The HTMT results are presented in Table 3.

Table 3. Discriminant Validity (HTMT)

Variable	Compensation	Employee Retention	Job Satisfaction	Work-Family Conflict
Compensation	—			
Employee Retention	0.696	—		
Job Satisfaction	0.800	0.893	—	
Work-Family Conflict	0.097	0.359	0.337	—

Source: Data processed using SmartPLS 4.0 (2026).

All HTMT values were below 0.90. The highest HTMT value was 0.893 between job satisfaction and employee retention. Therefore, based on the reported threshold, the constructs satisfied the HTMT criterion for discriminant validity.

Table 4. Discriminant Validity (Fornell–Larcker Criterion)

Variable	Compensation	Employee Retention	Job Satisfaction	Work-Family Conflict
Compensation	0.826			
Employee Retention	0.599	0.816		
Job Satisfaction	0.700	0.758	0.798	
Work-Family Conflict	-0.048	-0.304	-0.296	0.824

Source: Data processed using SmartPLS 4.0 (2026).

Table 4 shows that the square root of AVE for each construct, represented by the diagonal values, exceeded its correlations with the other constructs. The diagonal values were 0.826 for compensation, 0.816 for employee retention, 0.798 for job satisfaction, and 0.824 for work-family conflict. These results indicate that the Fornell–Larcker criterion was satisfied. Taken together with the HTMT results, the measurement model demonstrated the reported evidence of discriminant validity.

Structural Model

The structural model was evaluated using R-square and adjusted R-square values to assess the explanatory power of the endogenous constructs.

Table 5. R-Square

Variable	R-Square	R-Square Adjusted
Employee Retention	0.596	0.589
Job Satisfaction	0.559	0.554

Source: Data processed using SmartPLS 4.0 (2026).

The R-square value for job satisfaction was 0.559, indicating that compensation and work-family conflict jointly accounted for 55.9% of the variance in job satisfaction. The remaining 44.1% was attributable to other factors not included in the model. For employee retention, the R-square value was 0.596, indicating that compensation, work-family conflict, and job satisfaction jointly accounted for 59.6% of its variance, with the remaining 40.4% attributable to factors outside the model. The adjusted R-square values were 0.554 for job satisfaction and 0.589 for employee retention.

Hypothesis Testing

Direct effects were tested using the bootstrapping procedure. A relationship was considered statistically significant when the *t*-statistic exceeded 1.96 and the *p*-value was below 0.05.

Table 6. Hypothesis Testing

Path	Original Sample	T-Statistic	P-Value	Result
H1 Compensation → Job Satisfaction	0.687	15.934	<0.001	Supported
H2 Work-Family Conflict → Job Satisfaction	-0.263	5.490	<0.001	Supported
H3 Compensation → Employee Retention	0.170	2.207	0.027	Supported
H4 Work-Family Conflict → Employee Retention	-0.117	2.193	0.028	Supported
H5 Job Satisfaction → Employee Retention	0.605	7.924	<0.001	Supported

Source: Data processed using SmartPLS 4.0 (2026).

As shown in Table 6, all five hypothesized direct relationships were statistically significant at the 5% level. Compensation had a positive path coefficient to job satisfaction ($\beta = 0.687$, $t = 15.934$, $p < .001$) and employee retention ($\beta = 0.170$, $t = 2.207$, $p = .027$). Work-family conflict had negative path coefficients to job satisfaction ($\beta = -0.263$, $t = 5.490$, $p < .001$) and employee retention ($\beta = -0.117$, $t = 2.193$, $p = .028$). Job satisfaction showed a positive relationship with employee retention ($\beta = 0.605$, $t = 7.924$, $p < .001$).

Mediation Analysis

The mediating effects of job satisfaction were assessed using the indirect-effect estimates obtained through bootstrapping. Statistical significance was evaluated using the same criterion of a *t*-statistic above 1.96 and a *p*-value below 0.05.

Table 7. Indirect Effects

Path	Coefficient	T-Statistic	P-Value	Result
H6 Compensation → Job Satisfaction → Employee Retention	0.416	7.197	<0.001	Supported
H7 Work-Family Conflict → Job Satisfaction → Employee Retention	-0.159	4.415	<0.001	Supported

Source: Data processed using SmartPLS 4.0 (2026).

The indirect effect of compensation on employee retention through job satisfaction was positive and statistically significant ($\beta = 0.416$, $t = 7.197$, $p < .001$). The indirect effect of work-family conflict on employee retention through job satisfaction was negative and statistically significant ($\beta = -0.159$, $t = 4.415$, $p < .001$). These results indicate that the indirect effects specified in H6 and H7 were statistically significant. Because the direct effects in H3 and H4 were also statistically significant, the reported pattern is consistent with mediation accompanied by remaining direct effects; however, the exact mediation type should be formally classified according to the study's chosen mediation criterion rather than inferred from significance alone.

Discussion

The finding that compensation positively and significantly affects job satisfaction is consistent with previous evidence that favorable compensation contributes to employees' positive evaluations of their work. Malahayatie et al. (2023) and Indranata and Safaria (2023) similarly found that compensation was associated with higher job satisfaction. The present result extends these findings by examining married female employees with children aged 6–12 years working across SOEs and SOE business groups. From a Social Exchange Theory perspective, compensation may be interpreted as organizational recognition of employee contributions, encouraging a positive reciprocal response. The finding also suggests that fairness, adequacy, recognition, and transparency in compensation can shape job evaluations. Its contribution lies in demonstrating that compensation remains relevant to job satisfaction even when employees

simultaneously manage substantial work and family responsibilities. Thus, the study provides contextual evidence that strengthens existing compensation–satisfaction relationships.

The negative and significant effect of work-family conflict on job satisfaction is consistent with findings that conflict between work and family demands can undermine employees' work evaluations. Wen et al. (2024) reported an association between work-family conflict and job satisfaction, while Bharata et al. (2023) linked role-related pressures with difficulties experienced by female workers. Meriam et al. (2024) similarly examined work and family-related conditions among married women in SOEs, although their outcome was work engagement rather than job satisfaction. Geremias et al. (2025) further showed that job satisfaction can deteriorate in the presence of work-family pressures. The present study therefore confirms the negative direction identified in earlier research while extending it to married female SOE employees with school-aged children. Its contribution is the identification of job satisfaction as an important work-related outcome of work-family conflict in this specific employee group.

Compensation also showed a positive and significant effect on employee retention, supporting previous findings across different organizational settings. Khan et al. (2024) and Khatun et al. (2023) found that compensation contributes to employee retention in the retail and banking sectors, while Saad and Sudin (2020) emphasized the importance of compensation equity in retaining employees. Heriyanti and Nasim (2023), Hernawan and Srimulyani (2021), and Irawati et al. (2022) likewise reported relationships involving compensation, job satisfaction, and retention. The present finding is therefore broadly consistent with the established literature. However, its contribution lies in demonstrating this relationship among married female employees with children aged 6–12 years in SOEs and SOE business groups. In this context, compensation may represent not only organizational recognition but also an important source of employment and family-related economic security.

The negative and significant effect of work-family conflict on employee retention indicates that greater conflict is associated with a weaker tendency to remain in the organization. This result complements Geremias et al. (2025), who found that work-family conflict can contribute to turnover intention through job satisfaction. Although turnover intention and retention represent conceptually different outcomes, the findings point in a consistent direction regarding the consequences of work-family pressures. Ma et al. (2025) further associated work-family conflict among female employees with emotional exhaustion and mental health difficulties, while Bloom et al. (2024) showed that more flexible work arrangements were associated with higher job satisfaction and lower employee exits, particularly among women. The present study extends these findings by

directly examining retention rather than primarily focusing on leaving intentions. Its contribution is therefore to show that work-family conflict may weaken employees' willingness to sustain their employment relationship, particularly among married female SOE workers.

Job satisfaction had a positive and significant effect on employee retention, reinforcing the importance of employees' overall evaluations of their work experiences. Geremias et al. (2025) found that job satisfaction was associated with lower turnover intention, while Sari et al. (2024) examined job satisfaction and employee retention in the banking sector in relation to turnover intention. Bloom et al. (2024) similarly reported that improved job satisfaction accompanied lower employee exit rates, particularly among women. The present finding is consistent with these studies, although it differs in its direct emphasis on employee retention among married female SOE employees with children aged 6–12 years. The result suggests that positive experiences involving compensation, relationships, supervision, and the work environment can strengthen employees' willingness to remain. The contribution lies in positioning job satisfaction as a central retention factor within a population simultaneously exposed to organizational and family demands.

Job satisfaction significantly mediated the positive relationship between compensation and employee retention, indicating that compensation operates through both direct and satisfaction-related pathways. This result is consistent with Hernawan and Srimulyani (2021) and Irawati et al. (2022), who identified job satisfaction as an important mechanism connecting compensation with retention-related outcomes. Adiatma et al. (2025) similarly demonstrated the mediating role of job satisfaction between compensation and employee retention, while Aman-Ullah et al. (2023) showed that compensation can shape positive employee outcomes through job satisfaction. The present study extends this literature by examining married female SOE employees with children aged 6–12 years. Its novelty lies in integrating compensation and employee retention through job satisfaction within a population facing simultaneous work and family responsibilities. The finding therefore suggests that improving compensation alone may be insufficient; its retention value may be strengthened when compensation also generates positive evaluations of the employment experience.

Finally, job satisfaction significantly mediated the negative relationship between work-family conflict and employee retention. This finding is consistent with Geremias et al. (2025), who identified job satisfaction as a mechanism linking work-family conflict with turnover intention, while Ma et al. (2025) demonstrated that work-family conflict can generate adverse employee

experiences. However, the present study differs by examining employee retention directly rather than treating turnover intention as the primary outcome. The combined findings across the seven hypotheses provide an integrated contribution: compensation strengthens retention partly by increasing job satisfaction, whereas work-family conflict weakens retention partly by reducing job satisfaction. This dual pathway represents the study's main novelty because it connects organizational rewards and family-related pressures within one retention model for married female SOE employees with school-aged children. The findings imply that retention strategies should simultaneously improve compensation and reduce work-family conflict through supportive work arrangements.

CONCLUSION

This study concludes that compensation, work-family conflict, and job satisfaction are important factors in explaining employee retention among married female employees in state-owned enterprises. The key lesson is that employees' decisions to remain in an organization are shaped not only by financial considerations but also by the quality of their work experiences and their ability to manage work and family demands. Job satisfaction provides an important mechanism through which favorable compensation strengthens retention, whereas work-family conflict undermines retention through reduced satisfaction. The implication of these findings is that organizations should adopt a more holistic retention strategy by maintaining fair and transparent compensation while strengthening managerial and workplace support that enables employees to manage work and family responsibilities. Scientifically, this study contributes to the literature by integrating compensation, work-family conflict, and job satisfaction into a single explanatory framework for understanding employee retention among female employees, thereby highlighting the importance of both economic and psychosocial factors. However, the findings are limited by the purposive sampling technique, the focus on married female employees with children aged 6–12 years in state-owned enterprises in Pontianak, the cross-sectional design, and the use of self-reported measures of perceived retention rather than actual retention records. Future research should employ longitudinal designs, broader and more proportionate samples, objective retention data, and additional variables such as organizational support, career development, leadership, and work-life balance to provide a more comprehensive understanding of employee retention.

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