Organizational Culture and Work-Life Balance as Determinants of Employee Retention Among Microfinance Employees in Kapalong, Davao del Norte

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Abstract

This study aimed to determine the level of organizational culture and work-life balance and their influence on employee retention among 82 microfinance employees in the municipality of Kapalong. Employing a descriptive-correlational research design and utilizing random sampling, the study assessed six dimensions of organizational culture—organizational supportiveness, emphasis on rewards, performance orientation, innovation, stability and communication, and job satisfaction—as well as four dimensions of work-life balance—leave policy, flexible work arrangements, welfare policies, and family responsibilities. Results revealed that both organizational culture and work-life balance were rated at a high level across all indicators. Similarly, employee retention—measured through organizational retention strategies, compensation-related strategies, and personalized retention strategies—was also rated high. Correlation analysis indicated a significant positive relationship between both organizational culture and work-life balance with employee retention. These findings suggest that cultivating a supportive organizational culture and promoting effective work-life balance policies are critical in enhancing employee retention and fostering a productive, committed workforce within the microfinance sector.

Keywords

INTRODUCTION

In today's dynamic labor environment, employee retention has become one of the most significant organizational challenges globally, with its implications stretching across productivity, cost management, institutional knowledge continuity, and workplace morale. Around the world, high turnover rates have been associated with decreased organizational performance and increased costs related to recruitment, onboarding, and training (Ghani et al., 2022; El-Safty & Oraby, 2022). Traditional retention strategies—such as salary-based rewards or authoritarian feedback loops—have grown increasingly insufficient, especially in sectors where employee motivation, well-being, and job satisfaction are shaped by broader psychosocial, cultural, and structural factors (Ali & Anwar, 2021; Uzair & Mehmood, 2021). As employee expectations evolve, companies are being challenged to adopt holistic strategies that integrate organizational culture and work-life balance into their retention frameworks (Paais & Pattiruhu, 2020; Krupskyi & Kuzmytska, 2020). The global workplace is becoming more diverse, inclusive, and digital, prompting a shift from compensation-centric models to people-centered policies that foster engagement and commitment. Particularly in service-intensive and mission-driven industries like microfinance, where staff routinely face high emotional labor and modest compensation, the need to understand and strengthen retention drivers is even more pressing (Austin-Egole et al., 2020; Hameed et al., 2021). The urgency of exploring factors beyond the conventional metrics of retention lies in the global trend toward inclusive, responsive, and human-centered workplaces.

In developing economies, especially in regions where economic precarity and labor fluidity dominate, employee turnover has become a systemic issue. In countries like Kenya, the informal labor market presents harsh working conditions, low security, and minimal advancement, leading to consistent attrition (Nzuva & Kimanzi, 2022). Meanwhile, in the Philippines, the labor market faces unique challenges including brain drain, overseas migration, and employment mismatches, which are often fueled by unsatisfactory local employment conditions such as low wages, limited growth prospects, and poor work environments (Giang & Po, 2023). Filipino employees, particularly those in rural sectors or specialized fields like microfinance, often resign due to unmet expectations surrounding flexibility, mental well-being, and organizational support. These trends are compounded by cultural influences, family obligations, and perceptions of foreign employment as more prestigious or financially rewarding. Despite the role that human resource development plays in navigating these complexities, current research largely fails to offer context-specific interventions suited to rural or semi-rural microfinance contexts. As job hopping becomes a norm and employment loyalty

weakens, the traditional metrics of retention are no longer sufficient to diagnose or resolve systemic disengagement among workers. Therefore, nuanced and locally grounded studies that assess the underlying cultural and psychological dimensions of retention are urgently needed.

Employee retention in the microfinance sector requires a distinctive lens, especially when analyzed through the intersecting variables of organizational culture and work-life balance. Microfinance institutions often promote financial inclusivity and community development, yet internally, they struggle with high turnover due to operational demands, role overload, and performance expectations (Hngoi et al., 2023; Mia, Jibir & Omeke, 2023). This contradiction reveals a tension between institutional mission and organizational sustainability. Studies suggest that a positive organizational culture—characterized by shared values, supportive leadership, and opportunities for professional growth—can significantly improve staff retention by fostering psychological safety and alignment between individual and organizational goals (Asbari et al., 2020; Gomes, 2020). Simultaneously, work-life balance remains a consistent determinant of employee satisfaction and retention across service-oriented industries (Allen et al., 2012; Thilagavathy & Geetha, 2021). In microfinance environments, staff often perform emotionally demanding roles with limited flexibility or downtime, making work-life balance not just a personal preference but a strategic imperative. However, a significant gap exists in understanding how these two constructs—organizational culture and work-life balance—jointly influence retention within rural Philippine microfinance contexts, such as that of Kapalong, Davao del Norte.

Extant studies have explored the influence of organizational culture and work-life balance on various work-related outcomes such as productivity, employee engagement, and satisfaction, yet their interaction as predictors of retention remains underexplored in local, empirically grounded contexts. Prior literature by Hashim et al. (2016), Khatun, Rahman and Khatun (2023), and Nzuva and Kimanzi (2022) has separately examined work-life balance, organizational culture, and compensation structures, but seldom have these studies integrated their impacts on retention through a rigorous, context-specific framework. Moreover, these investigations have often focused on large urban businesses or global industries, limiting their relevance to rural microfinance institutions where cultural norms, access to resources, and local labor patterns play a pivotal role in shaping work dynamics. There is little known about how shared values within small institutions and personal well-being trade-offs jointly affect the decision-making of employees considering resignation or continued service. Furthermore, literature remains vague about which aspects of organizational culture—supportiveness, communication, or leadership style—and which elements of work-life balance—leave policies, flexible scheduling, or family responsibilities—have the most predictive power in local contexts

like Kapalong. The current study seeks to fill this gap through a localized, empirical approach that uses quantitative methods to isolate the effects of these constructs on retention.

This research is anchored in the aim to examine the influence of organizational culture and work-life balance on employee retention among microfinance employees in the municipality of Kapalong. By situating the analysis in a specific and underexplored context, the study hopes to contribute empirical evidence that informs both scholarly discussions and policy design within microfinance institutions. The need for this research is underscored by the rising expectations placed on microfinance institutions to not only be financially sustainable but also human resource resilient. Local governments and development partners increasingly rely on microfinance institutions to meet grassroots financial needs; hence, ensuring their internal sustainability through staff retention becomes critical. By identifying which cultural attributes and work-life practices are most strongly correlated with retention, the study may offer actionable insights for managers and HR officers designing retention strategies. The urgency of addressing these issues is further magnified by their downstream impact on client services, loan disbursement efficiency, and financial literacy training—all of which hinge on the competence and stability of frontline personnel.

Lastly, this study contributes to both theoretical and applied discussions by offering a model of employee retention grounded in both cultural and psychosocial dimensions. In doing so, it departs from compensation-focused analyses and introduces a more holistic, human-centered framework suitable for development-driven organizations. The findings will be shared with Card Inc. and the broader research community through publications, conference presentations, and local dissemination efforts. By ensuring accessibility and transparency, this research intends to catalyze practical reforms in local HR strategies while contributing to national policy discussions on labor retention in rural development institutions. This initiative also aligns with the Sustainable Development Goal (SDG) 8—decent work and economic growth—by enhancing workforce stability and promoting inclusive labor practices in financial institutions serving the underserved. It is anticipated that the study's outputs can inform future HR policies, benchmarking tools, and organizational design innovations within the Philippine microfinance sector and similar service-driven industries in Southeast Asia.

Research Objective

The primary objective of this study was to examine the relationship between organizational culture and work-life balance and their influence on employee retention among microfinance employees. Specifically, the study aimed to assess the level of organizational culture as perceived by employees, focusing on six critical dimensions: organizational

supportiveness, emphasis on rewards, performance orientation, innovation, stability and communication, and job satisfaction. In addition, the study sought to determine the level of work-life balance based on the following domains: leave policy, flexible work arrangements, welfare policies, and family responsibilities. It also aimed to describe the overall level of employee retention by investigating three areas: organizational retention strategies, compensation-related strategies, and personalized retention strategies. Furthermore, the research aimed to establish whether significant relationships exist between organizational culture and employee retention, as well as between work-life balance and employee retention. Finally, the study sought to identify which specific domains of organizational culture and work-life balance serve as significant predictors of employee retention within the microfinance sector.

METHODS

Research Design

This study adopted a quantitative research design, specifically a descriptive-correlational approach, to investigate the relationship between organizational culture, work-life balance, and employee retention among microfinance employees. The quantitative method was chosen for its capacity to measure variables numerically, allowing the researcher to identify patterns, establish relationships, and make data-driven inferences about the target population. Descriptive research was used to provide an accurate profile of the levels of organizational culture, work-life balance, and employee retention, while correlational analysis was applied to examine the strength and direction of associations between these variables.

A descriptive-correlational research design is particularly suited for studies that seek to understand relationships without manipulating the study environment. In this context, it enabled the systematic collection and analysis of data to capture the natural dynamics within microfinance institutions regarding how organizational culture and work-life balance influence retention. According to Bhandari (2020), this approach allows researchers to explore causal connections, predict outcomes, and generalize findings when working with structured numerical data. Moreover, Seeram (2019) emphasizes that descriptive-correlational studies are ideal for observing and interpreting phenomena as they occur in their real-world settings, which aligns with the objectives of this research.

The design further allowed for an unbiased analysis of the three variables of interest: organizational culture and work-life balance (as independent variables), and employee retention (as the dependent variable). This approach did not involve experimental manipulation but relied on statistical tools to analyze survey data from employees of microfinance

companies. The use of descriptive statistics helped summarize and present data in a meaningful way, while correlation analysis provided insights into the strength and direction of the relationships among variables.

Population and Sample

This study targeted microfinance employees in the municipality of Kapalong, Davao del Norte, as its population of interest. Based on institutional records and preliminary profiling, the total number of microfinance employees in the area was identified as 100. The researchers employed Slovin's formula to determine the appropriate sample size with a confidence level of 95% and a 5% margin of error. As a result, a total of 82 respondents were selected to represent the population in this study.

The sampling technique applied was a combination of purposive and stratified random sampling. Initially, purposive sampling was used to ensure that respondents met the pre-established inclusion criteria: (1) currently employed in a microfinance institution operating in the municipality of Kapalong, and (2) had at least two years of continuous service. These conditions ensured that participants had sufficient tenure and organizational familiarity to provide valid responses on organizational culture, work-life balance, and employee retention.

Following the purposive screening, stratified random sampling was used to enhance the representativeness of the sample across various microfinance institutions. The population was segmented into strata corresponding to each microfinance company. From each stratum, respondents were randomly selected in proportion to the company's workforce size. This method ensured balanced representation across organizational units and minimized sampling bias, thus improving the external validity of the findings. Stratification was based on workforce size, and other demographic factors such as gender and position were proportionally observed where applicable (Etikan & Bala, 2017).

Proportional allocation played a critical role in sample distribution. Table 1 presents the distribution of respondents across the eight participating microfinance institutions. The data reflects a systematic approach to sample design, ensuring that the diversity and operational scale of each organization were considered. The final sample composition ensures that voices from a broad cross-section of microfinance employees were included, making the study's conclusions more robust and generalizable within the local industry context. The selection procedure was carefully coordinated with a statistician to ensure statistical rigor and the reliability of outcomes in subsequent analyses.

Table 1. *Distribution of respondents by microfinance company*

Microfinance Company	N	n	%
Company A	7	6	7.3
Company B	12	10	12.2
Company C	6	5	6.1
Company D	7	6	7.3
Company E	6	5	6.1
Company F	6	5	6.1
Company G	6	5	6.1
Company H	50	40	48.8
Total	100	82	100.0

Instruments

The Likert scale is a commonly used tool in research to assess people's attitudes, opinions, and perceptions on a particular topic. It typically includes a series of statements or questions, and participants express their agreement or disagreement by selecting from a range of options. These options generally range from "strongly agree" to "strongly disagree," with varying degrees in between. The Likert scale is widely accepted in social science research, including education, psychology, and health, to gather meaningful data (Spector, 1992).

This study used a Likert scale to assess respondents' views on a series of statements related to these constructs. The Likert scale was used to gauge respondents' agreement or disagreement with each statement, allowing for the gathering of quantitative data on their perceptions of organizational culture, work-life balance, and employment retention. The data collected can be analyzed using the Likert scale to examine the influence of organizational culture and work-life balance on employee retention, given that the scales will undergo expert validation.

To gather the necessary data to address the research questions, the researcher used an adapted questionnaire from Abumandil (2012) for organizational culture, an adapted questionnaire from Mutheu (2023) for work-life balance, and an adapted questionnaire from Fahmid (2016) for the employee retention variable.

In addition, the content validity of the survey research questionnaires is verified through a validation process. The initial draft of the research instruments is sent to the research committee for review, comments, and recommendations on enhancing its presentation, with amendments incorporated and carried out. The research panel is then given the final text to examine and revise. Before data collection, the expert validators' errors, criticisms, and suggestions were included in the final edition. Finally, the results of the validators' assessments were combined to determine the questionnaire's status.

The organizational culture questionnaire has six components: organizational supportiveness, emphasis on rewards, performance-oriented, innovation, stability and communication, and job satisfaction (Abumandil, 2012). It has a Cronbach's alpha coefficient of 0.806, indicating its effectiveness in accurately measuring the intended aspect of organizational culture. The following five-point Likert-type scale is used to describe the organizational culture questionnaire.

Range of Means	Descriptive Equivalent	Description
4.30 - 5.00	Very High	This means that the organizational culture of card incorporation microfinance employees is always manifested.
3.50 - 4.20	High	This means the organizational culture of card incorporation microfinance employees is often manifested.
2.70 - 3.40	Moderate	This means that the organizational culture of card incorporation microfinance employees is sometimes manifested.
1.90 - 2.60	Low	This means the organizational culture of card incorporation microfinance employees seldom manifests.
1.00 - 1.80	Very Low	This means that the organizational culture of card incorporation microfinance employees is rarely manifested.

The work-life balance questionnaire has four components: leave policy, flexible work arrangement, welfare policies, *and family responsibilities* (Mutheu, 2023). It has a Cronbach's alpha of 0.85, suggesting good internal consistency among the items used to assess work-life balance. The following five-point Likert-type scale is used to describe the work-life balance questionnaire.

Range of Means	Descriptive Equivalent	Description
4.30 - 5.00	Very High	This means that the work-life balance of card-incorporation microfinance employees is always observed.

3.50 - 4.20	High	This means that the work-life balance of card-incorporation microfinance employees is oftentimes observed.
2.70 - 3.40	Moderate	This means that the work-life balance of card-incorporation microfinance employees is sometimes observed.
1.90 - 2.60	Low	This means that the work-life balance of card-incorporation microfinance employees is seldom observed.
1.00 - 1.80	Very Low	This means that the work-life balance of card-incorporation microfinance employees is rarely observed.

The employee retention questionnaire has three components: organizational retention strategies, compensation-related retention strategies, and personalized retention strategies (Fahmid, 2016). It is considered reliable, evidenced by its high Cronbach's alpha of 0.82. The following five-point Likert-type scale is used to describe the employee retention questionnaire.

Range of Means	Descriptive Equivalent	Description
4.30 - 5.00	Very High	This means that employee retention of card incorporation microfinance employees is always evident.
3.50 - 4.20	High	This means that employee retention of card incorporation microfinance employees is mostly evident.
2.70 - 3.40	Moderate	This means that employee retention of card incorporation microfinance employees is sometimes evident.
1.90 - 2.60	Low	This means that employee retention of card incorporation microfinance employees is barely evident.
1.00 - 1.80	Very Low	This means that employee retention of card incorporation microfinance employees is not evident.

Data Collection

The process of data collection for this study was carried out systematically to ensure the reliability, validity, and ethical integrity of the research. Initially, the researchers developed a structured survey questionnaire grounded in adapted and validated instruments from previously published studies in the field of human resources and organizational behavior. The

questionnaire items were selected and modified to reflect the specific variables of interest: organizational culture, work-life balance, and employee retention within the microfinance context. This preliminary instrument served as the foundation for measuring the constructs essential to the study's objectives.

Following the development phase, the questionnaire underwent a rigorous validation process. The researchers sought the expertise of their research adviser and academic panel members to critically review the content, structure, and alignment of the instrument with the research questions and objectives. Revisions were made based on expert feedback to improve the clarity, appropriateness, and content validity of the survey tool. The revised questionnaire was then subjected to further scrutiny by selected microfinance managers for contextual accuracy, practical relevance, and organizational appropriateness before being finalized for distribution.

Upon obtaining the necessary approvals, the researchers implemented ethical protocols by securing informed consent from all prospective respondents. Participants were briefed about the nature and purpose of the study, the voluntary nature of their involvement, and their right to withdraw at any stage without repercussions. Furthermore, assurances regarding the confidentiality and anonymity of their responses were emphasized to protect participant privacy and foster honest and uninfluenced participation.

The distribution and administration of the questionnaires were executed with logistical coordination and ethical diligence. The researchers coordinated with microfinance institutions in the municipality of Kapalong to gain official permission to administer the surveys during pre-agreed schedules. Surveys were distributed in person to eligible participants during their available work breaks or idle periods to avoid disrupting operational workflows. Clear and concise instructions were provided alongside the questionnaires to ensure proper understanding and accurate responses. Respondents were encouraged to answer all items honestly and were given sufficient time to complete the survey. The researchers remained present to address any clarifications while ensuring non-interference with the respondents' answers.

Upon collection, the completed questionnaires were reviewed for completeness and consistency before proceeding to data processing. The researchers systematically encoded the responses and used statistical software for data entry, cleaning, and preliminary analysis. Descriptive and inferential statistical techniques were applied to explore the relationships among the study variables, following a structured data analysis plan. Frequencies, means, and standard deviations were computed for descriptive analysis, while correlation and regression analyses were performed to determine the strength and direction of associations.

The tabulated and analyzed results were then interpreted and incorporated into the study's findings. This rigorous and ethically sound data collection process ensured that the data gathered were both methodologically robust and reflective of the lived experiences of microfinance employees, thereby contributing meaningfully to the understanding of organizational dynamics and employee retention in the context of Kapalong, Davao del Norte.

Statistical Tools

To analyze the data gathered in this study, several statistical tools were employed using a significance level set at 0.05 to determine the strength, direction, and significance of the relationships and influences among the study variables. These tools were selected based on the nature of the variables and the specific objectives of the research.

The mean was used as a descriptive statistical tool to measure the central tendency of responses pertaining to the levels of organizational culture, work-life balance, and employee retention as perceived by the microfinance employees. By computing the average responses across multiple indicators, the mean provided a general overview of how respondents rated each domain and subdomain of the study variables.

Pearson Product-Moment Correlation Coefficient (Pearson r) was applied to examine the presence and degree of linear relationships between the independent variables—organizational culture and work-life balance—and the dependent variable—employee retention. This inferential statistic allowed the researcher to assess whether statistically significant correlations existed between the variables and, if so, whether the relationships were positive or negative, weak or strong.

Lastly, multiple linear regression analysis was utilized to determine the predictive influence of the independent variables—specifically, the subdimensions of work-life balance and organizational culture—on employee retention. This multivariate technique was instrumental in identifying which among the independent variables significantly contribute to explaining the variation in the dependent variable, thereby offering insights into the most impactful domains influencing employee retention.

RESULTS AND DISCUSSION

Descriptive Statistics of the Variables

The results of the descriptive analysis reveal that the overall perception of organizational culture among microfinance employees is high (M = 4.15, SD = 0.522), indicating that the core values and practices are frequently manifested in their institutions. As shown in Table 2, organizational supportiveness emerged as the most strongly observed domain (M = 4.27, SD

= 0.619), which corresponds to a "very high" level. This reflects the extent to which employees experience fair treatment, resource availability, mentoring, and recognition for their contributions. Such findings reinforce longstanding literature linking perceived organizational support with increased employee engagement, job satisfaction, and affective commitment (Eisenberger et al., 2002; Caesens & Stinglhamber, 2019). More recent studies have further supported this relationship, highlighting that supportive environments buffer against stress and burnout while increasing organizational loyalty (Rasool et al., 2021; Chen & Eyoun, 2021).

Table 2. *Descriptive statistics of organizational culture indicators*

Organizational Culture Indicator	M	SD	Interpretation
organizational supportiveness	4.27	0.619	very high
emphasis on rewards	4.01	0.615	high
performance-oriented	4.17	0.618	high
innovation	4.23	0.582	very high
stability and communication	4.06	0.586	high
job satisfaction	4.18	0.610	high
Overall Organizational Culture	4.15	0.522	high

Innovation was also rated very highly (M = 4.23, SD = 0.582), suggesting that employees perceive their organization as one that encourages creative thinking, responsiveness to market changes, and interdepartmental collaboration. These findings support the view that innovative cultures are essential in fostering adaptive behaviors and sustainable performance, especially in fast-evolving sectors such as finance (Martins & Terblanche, 2003; Grisold et al., 2021).

Job satisfaction (M = 4.18, SD = 0.610) and performance orientation (M = 4.17, SD = 0.618) both received high ratings. These results imply that while employees generally report favorable work experiences and maintain goal-driven mindsets, there is still some variability in perceptions across the workforce. A high level of job satisfaction typically suggests the presence of positive work environments that emphasize recognition, mutual respect, and task alignment—factors previously linked to improved organizational citizenship behavior and lower turnover (Judge et al., 2001; Riyanto et al., 2021). Similarly, performance-oriented cultures have been associated with higher productivity, accountability, and competitiveness (Sawaean & Ali, 2020; Dissanayake & Velananda, 2020).

The dimension of stability and communication (M = 4.06, SD = 0.586) also ranked high. This suggests that employees feel a sense of predictability in operations and are exposed to communication channels that allow for feedback and grievance handling, although some inconsistencies may still exist. Effective internal communication, especially when characterized

by openness and trust, is essential for creating an inclusive and responsive organizational climate (Lee & Kim, 2020).

Lastly, the emphasis on rewards recorded the lowest mean among all domains, albeit still within the "high" category (M = 4.01, SD = 0.615). This indicates that although employees receive recognition and incentives, there may be gaps in how rewards are perceived in terms of fairness or alignment with individual contributions. This supports the theoretical concerns raised by Ryan and Deci (2000) on the undermining effects of inconsistent or extrinsically focused reward systems, as well as more contemporary findings that emphasize the need for strategic and equitable compensation frameworks (Sinambela et al., 2022).

As shown in Table 3, the overall level of work-life balance among microfinance employees was rated as high (M = 3.89, SD = 0.601), indicating that employees frequently experience institutional support in managing both work and personal life responsibilities. Among the four measured indicators, leave policy obtained the highest mean score (M = 4.25, SD = 0.565), categorized as very high. This finding suggests that paid time off, including sick and parental leave, is consistently accessible and well-implemented across the organizations. These provisions appear to contribute positively to employees' well-being and are consistent with the findings of de Bloom, Kinnunen, and Korpela (2014), who emphasize that comprehensive leave entitlements improve job satisfaction and alleviate burnout. More recent research further supports this, noting that effective leave policies significantly enhance employee engagement and retention by offering space for self-care and recovery (George, 2024; Wahjono et al., 2020).

Table 3. *Descriptive statistics of work-life balance indicators*

Work-Life Balance Indicator	M	SD	Interpretation
leave policy	4.25	0.565	Very High
flexible work arrangement	3.67	0.629	High
welfare policies	3.74	0.612	High
family responsibilities	3.63	0.598	High
Overall Work-Life Balance	3.89	0.601	High

The domain of welfare policies also received a high rating (M = 3.74, SD = 0.612), suggesting that employees generally perceive that their organizations provide essential welfare services, such as healthcare, childcare support, and psychological counseling. This perception aligns with the findings of Wei et al. (2020), who stressed the strategic role of employee welfare in boosting morale and corporate value. Similarly, Oude Nijhuis (2020) emphasized that welfare reforms are only sustainable when both business viability and worker contributions are

balanced, making well-being initiatives critical for long-term employee satisfaction.

Flexible work arrangements were likewise rated as high (M = 3.67, SD = 0.629), implying that employees experience some level of autonomy in scheduling their work or participating in non-standard arrangements such as compressed workweeks or partial remote setups. This resonates with Naqshband et al. (2023), who observed that flexible scheduling enhances perceived control and work engagement. However, the relatively lower score suggests that while some options exist, they may not be uniformly or equitably implemented—a common organizational challenge previously identified by Allen et al. (2012).

Family responsibilities, while still rated high (M = 3.63, SD = 0.598), had the lowest mean among all domains. This points to the ongoing challenge of reconciling household and caregiving obligations with work demands—especially for employees in high-stress sectors like microfinance. This aligns with the findings of Gragnano et al. (2020), who found that when family demands outpace organizational support, employees face increased stress and reduced productivity. Skinner and Chapman (2013) likewise emphasized that supportive policies addressing caregiving roles are essential for achieving holistic work-life balance.

As seen in Table 4, the study found that the overall level of employee retention among microfinance employees was rated as high (M = 4.04, SD = 0.576), indicating that retention practices within these institutions are generally effective and consistently experienced across the workforce. This high perception of retention reflects a workforce that is not only engaged and satisfied but also inclined to remain in their respective organizations over time. Such a finding underscores the importance of a stable and responsive organizational environment in mitigating turnover and sustaining human capital.

Table 4. *Descriptive statistics of employee retention indicators*

Indicator	Mean	SD	Interpretation
organizational retention strategies	3.99	0.566	High
compensation-related retention strategies	4.15	0.592	High
personalized retention strategies	3.98	0.571	High
Overall Employee Retention	4.04	0.576	High

Among the three key indicators, compensation-related retention strategies obtained the highest mean score (M = 4.15, SD = 0.592), suggesting that employees place significant value on tangible rewards such as bonuses, paid holidays, insurance benefits, and salary reviews. This aligns with previous research emphasizing that competitive compensation packages serve as a primary motivator for employee loyalty and are effective in reducing turnover (Hausknecht, Rodda, & Howard, 2009). Moreover, the findings support the observations of Tumi et al. (2021),

who highlighted that well-structured compensation systems not only attract talent but also enhance satisfaction, thereby reinforcing commitment and organizational performance. Similarly, Sorn et al. (2023) noted that equitable compensation in service-driven sectors like hospitality has direct implications on both retention and performance.

Organizational retention strategies were also perceived as high (M = 3.99, SD = 0.566). These include team development, flexibility in work schedules, and job security. Such factors contribute to a psychologically safe environment where employees feel supported and trusted, which, as Allen and Shanock (2013) argue, is critical in fostering organizational commitment and reducing attrition. The importance of this domain is further supported by the work of Kurdi and Alshurideh (2020), who emphasized that when employees feel secure and see opportunities for growth, they are more likely to stay and contribute meaningfully to organizational goals.

Meanwhile, personalized retention strategies also garnered a high mean score (M = 3.98, SD = 0.571), highlighting the role of individualized approaches—such as professional development plans, coaching, and customized recognition—in influencing retention. While slightly lower than compensation-related strategies, this still suggests that microfinance employees respond positively to strategies that address their personal and professional growth. This result resonates with the findings of De Vos and Meganck (2009), who emphasized that personalized career management is an effective tool in cultivating long-term commitment and aligning individual aspirations with organizational objectives. Likewise, De Smet et al. (2020) stressed that retention efforts that are flexible and tailored to individual needs—particularly in terms of career pathways and work-life integration—lead to improved job satisfaction and reduced turnover.

Correlation Analysis of the Variables

Table 5 displays the Pearson correlation coefficients exploring the relationships between employee retention and two key organizational factors: organizational culture and work-life balance. The analysis revealed a moderate positive correlation between organizational culture and employee retention (r = .447, p < .001). This suggests that employees who perceive a supportive, innovative, and performance-oriented culture are more likely to remain within the organization. This finding reinforces the assertions of Hausknecht, Rodda, and Howard (2009), who indicated that supportive workplace cultures foster employee commitment. It also aligns with Allen and Shanock (2013), who emphasized the importance of perceived organizational support in reducing attrition.

A stronger correlation was observed between work-life balance and employee retention

(r = .709, p < .001), indicating that employees who are able to effectively manage their professional duties alongside personal responsibilities are significantly more inclined to stay with their employer. This supports the findings of Haar et al. (2014), who posited that work-life balance enhances employee satisfaction and reduces turnover intentions, and it echoes the conclusions of Greenhaus and Powell (2006) regarding the critical influence of work-family balance on organizational outcomes. Taken together, these results emphasize that enhancing organizational culture and institutionalizing effective work-life balance policies serve as critical levers in strengthening employee retention, particularly in labor-intensive service industries like microfinance.

Table 5. *Correlations between organizational culture, work-life balance, and employee retention*

Variable Pair	M_1	M_2	r	p	Interpretation
organizational culture and employee retention	4.15	4.04	.447	<.001	Moderate positive correlation
work-life balance and employee retention	3.89	4.04	.709	<.001	Strong positive correlation

Regression Analysis of the Variables

Organizational Culture as a Predictor of Employee Retention

As shown in Table 6, a multiple regression analysis was conducted to assess the predictive influence of six organizational culture domains on employee retention among microfinance employees. The model was statistically significant, $F(6, 393) = 5.974$, $p < .001$, with an R^2 of .323, indicating that 32.3% of the variance in employee retention could be explained by the collective influence of these organizational culture factors.

Table 6. *Multiple regression analysis of organizational culture dimensions predicting employee retention*

Predictor	B	SE	β	p
organizational supportiveness	0.128	0.122	0.992	.324
emphasis on rewards	0.250	0.305	2.667	.009*
performance-oriented	-0.025	0.027	-0.220	.827
innovation	0.102	0.107	0.696	.489
stability and communication	0.211	0.232	1.577	.119
job satisfaction	-0.069	0.132	-1.321	.190

Model Summary: R = .569, R^2 = .323, F(6, 393) = 5.974, p < .001
Note: *p < .05*

Among the six predictors, only emphasis on rewards emerged as a statistically significant

positive predictor of employee retention (β = 0.250, p = .009). This supports the findings of Syal et al. (2024), who emphasized that consistent and fair reward systems significantly influence motivation, morale, and long-term organizational commitment. The result further affirms Sinambela et al. (2022), who noted that incentives and recognition cultivate employee loyalty and reduce turnover.

The remaining domains—organizational supportiveness, performance-oriented culture, innovation, stability and communication, and job satisfaction—did not significantly predict employee retention. Despite receiving high descriptive ratings in prior analyses, their p-values exceeded the .05 threshold, suggesting that these domains may contribute to retention more indirectly or synergistically rather than as standalone predictors. Notably, organizational supportiveness, while perceived as very high (M = 4.27), did not significantly predict retention (p = .324), echoing the nuance raised by Chen and Eyoun (2021): support is valuable but may require reinforcement through tangible outcomes like compensation or career advancement to significantly affect retention outcomes. Similarly, the negative beta values for performance orientation and job satisfaction, although non-significant, highlight possible tensions arising from performance pressures or unmet expectations—suggesting a need for further qualitative inquiry.

Work-Life Balance as a Predictor of Employee Retention

Table 7 presents the results of the multiple regression analysis exploring the predictive effect of four work-life balance domains on employee retention. The model was statistically significant, $F_{(4, 395)}$ = 21.674, p < .001, with an R^2 of .530, indicating that 53.0% of the variance in employee retention was explained by these predictors—marking a stronger explanatory power compared to the organizational culture model.

Table 7. *Multiple regression analysis of work-life balance dimensions predicting employee retention*

Predictor	B	SE	β	p
leave policy	0.213	0.284	3.463	.001*
flexible work arrangement	0.119	0.215	1.693	.094
welfare policies	0.252	0.466	3.694	.000*
family responsibilities	-0.194	0.151	-1.753	.084

Model Summary: R = .728, R^2 = .530, $F_{(4, 395)}$ = 21.674, p < .001
Note: *p < .05*

Two domains—leave policy (β = 0.213, p = .001) and welfare policies (β = 0.252, p < .001)—were significant predictors of employee retention. These findings are in line with George

(2024) and Wahjono et al. (2020), who highlighted that structured leave arrangements (including mental health leaves and paid time off) significantly boost employee well-being and loyalty. Similarly, the influence of welfare policies supports the findings of Wei et al. (2020) and Enamala and Reddy (2022), which noted that employee-centric benefits (e.g., health care, counseling, family assistance) promote higher commitment and job satisfaction.

While flexible work arrangements (β = 0.119, p = .094) approached significance, it did not meet the conventional threshold. Although highly rated in descriptive data, its marginal predictive power may reflect uneven implementation or limited applicability across certain operational roles—a limitation echoed by Naqshband et al. (2023) and Austin-Egole et al. (2020).

Interestingly, family responsibilities showed a negative (but non-significant) effect (β = −0.194, p = .084), suggesting that increased personal obligations may reduce employee attachment when institutional supports are insufficient—consistent with Gragnano et al. (2020), who noted the strain of family-work conflict in high-stress environments.

CONCLUSION

The results demonstrated that microfinance institutions foster a work environment characterized by a generally strong and supportive organizational culture. Employees frequently experience a workplace that promotes values such as collaboration, recognition through rewards, innovation, stability, open communication, and overall job satisfaction. These cultural elements contribute meaningfully to how employees perceive their roles and their continued engagement with the organization.

The study also found that employees enjoy a favorable level of work-life balance. Supportive practices such as accessible leave policies, flexible work arrangements, welfare initiatives, and policies that address family responsibilities have created a work environment where employees can manage their personal and professional lives more effectively. These practices not only contribute to employee well-being but also help reduce stress and increase satisfaction, which are essential factors in organizational commitment.

In terms of employee retention, the study concluded that microfinance institutions are generally successful in maintaining a stable workforce. This is largely attributed to three main strategies: organizational efforts to create a supportive and engaging work environment, compensation structures that employees perceive as competitive and fair, and personalized approaches to employee development and recognition. These combined efforts have strengthened employees' sense of loyalty and commitment to the organization.

Additionally, the study affirmed that both organizational culture and work-life balance

are meaningfully connected to employee retention. A workplace that cultivates strong internal values and support mechanisms, along with one that allows employees to harmonize their personal and work lives, contributes significantly to their decision to stay.

Among the different elements examined, it was evident that a culture that emphasizes fair and meaningful rewards has a particularly strong influence on employee retention. Likewise, policies that enable employees to take leave when needed and that provide welfare support are especially impactful in encouraging employees to remain in the organization.

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