INKUBIS: Jurnal Ekonomi dan Bisnis
Volume 8, Issue 2, 1570-1587
e_ISSN: 2775-3913
https://inkubis.polteksci.ac.id/index.php/ink/index
DOI: doi.org/10.59261/inkubis.v8i2.341

Examining the Influence of Employer Branding and Work-Life Balance on Employee Retention: The Mediating Role of Organizational Commitment

***Yollanda Salsabillah Wibowo**
Universitas Indonesia, Indonesia

Muthia Pramesti
Universitas Indonesia, Indonesia

***Corresponding author:**
Yollanda Salsabillah Wibowo, Universitas Indonesia, Indonesia.
✉muthia.pramesti@ui.ac.id

Article Info:
***Article history*:**
Received: June 05, 2026
Revised: July 02, 2026
Accepted: July 14, 2026
Available Online: August 24, 2026

***Keywords*:**
Automotive Financing; Employee Retention; Employer Branding; Organizational Commitment; Work-Life Balance

Abstract

Background: The automotive finance industry in Indonesia faces the challenge of high employee turnover, which negatively affects workforce stability and the achievement of organizational objectives. This situation highlights the need to implement human resource management strategies that enhance employee retention.
Objective: This study aims to examine how work-life balance and employer branding influence employee retention in an automotive finance company in Pekanbaru. Organizational commitment is examined as a mediating variable.
Methods: A quantitative research design was employed, involving 167 employees who completed questionnaires. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS).
Results: The results indicate that work-life balance and employer branding have positive and significant effects on employee retention and organizational commitment. Furthermore, organizational commitment was found to mediate the relationship between work-life balance and employer branding with employee retention. These findings suggest that a supportive work-life balance and a strong corporate image can strengthen organizational commitment and encourage employees to remain with the company.
Conclusion: To sustainably improve employee retention, this study highlights the importance for organizations to strengthen work-life balance initiatives and employer branding strategies.

To cite this article: Wibowo, Y. S., & Pramesti, M. (2026). Examining the influence of employer branding and work-life balance on employee retention: The mediating role of organizational commitment. INKUBIS: Jurnal Ekonomi dan Bisnis, 8(3), 1570-1587. https://doi.org/10.59261/inkubis.v7i3.341

INTRODUCTION

Increasingly dynamic global competition requires companies to maintain competent human resources as strategic organizational assets. Changes in the business environment, technological advancements, and increasing labor mobility have caused companies to face significant challenges in maintaining employee stability. The phenomenon of high employee turnover occurs not only in the manufacturing and technology sectors but also in the financial services and financing industries, which are characterized by high work pressure and competitive operational targets. a company's ability to retain employees, or employee retention, is an essential factor in maintaining organizational sustainability and achieving corporate objectives.

In addition, Robbins and Judge explain that organizations capable of retaining high-quality employees tend to demonstrate greater work effectiveness than organizations experiencing high turnover rates. In the global context, employee retention challenges are increasing as the modern workforce considers not only financial compensation but also the work environment, work-life balance, and the company's reputation as an employer of choice (Dessler, 2017; Robbins & Judge, 2019).

The problem of low employee retention is influenced by various factors related to human resource management practices. One of the primary factors is weak employer branding within the company. According to Ambler & Barrow (1996), employer branding refers to a company's strategy for developing a positive perception of itself as an attractive workplace for current employees and prospective talent. Companies that fail to establish a strong employer brand often experience difficulties in retaining employees because workers may feel less proud of and emotionally connected to the organization. Another factor affecting retention is inadequate work-life balance. Greenhaus & Allen (2011) explain that work-life balance represents an individual's ability to effectively manage the demands of work and personal life. Excessive workloads, inflexible working schedules, and high performance targets may contribute to stress and emotional exhaustion (burnout), which can encourage employees to leave the organization. In the automotive finance sector, pressure to achieve sales and financing targets represents a potential driver of employee turnover when companies fail to create a supportive work environment that prioritizes employee well-being.

These factors have significant implications for organizational sustainability. High employee turnover can disrupt operational stability, increase recruitment and training expenses, and reduce workforce productivity. According to Harte et al. (2002), low employee retention can also negatively affect service quality because organizations lose experienced employees who understand corporate culture, operational procedures, and organizational systems. Furthermore, frequent employee entry and exit cycles may hinder the achievement of business objectives. At the Pekanbaru branch of an automotive finance company, internal data indicate fluctuations in employee numbers during the 2020–2024 period, accompanied by instability in achieving financing targets. This condition demonstrates that low employee retention is not merely a human resource issue but also directly influences overall organizational performance. Research by Otoo (2019) further confirms that effective human resource management practices significantly influence an organization's ability to develop competitive advantages and improve performance.

Within the context of contemporary human resource management, employer branding and work-life balance are recognized as two strategic variables that can enhance employee retention. Employer branding not only functions as a strategy for attracting talented employees but also strengthens employees' sense of pride, identification, and emotional attachment to the organization. Tanwar & Prasad (2016) explained that positive perceptions of employer branding can increase employee loyalty and willingness to remain with the company. Meanwhile, Hadi & Ahmed (2018) stated that organizations with a strong employer image tend to achieve higher employee retention because employees feel valued and perceive clearer opportunities for career development. In addition to employer branding, work-life balance is an important determinant of workforce retention. Haar et al. (2014) found that work-life balance positively influences job satisfaction and organizational commitment. Employees who successfully maintain balance between professional and personal responsibilities generally experience lower stress levels and stronger motivation, reducing their intention to leave the organization. Therefore, these two variables represent essential components of human resource management practices oriented toward employee well-being and engagement.

Beyond the direct relationships among employer branding, work-life balance, and employee retention, this study examines organizational commitment as a mediating variable. Organizational commitment refers to an employee's psychological attachment to an organization, reflected through a sense of belonging, loyalty, and a long-term intention to remain with the company (Klein et al., 2012). Previous studies have demonstrated that organizational commitment can strengthen the relationship between human resource management practices and employee retention behavior. Weng et al. (2010) found that organizational commitment serves as a significant mediator between working conditions and employees' intention to remain with an organization. Furthermore, Hendriana et al. (2023) demonstrated that employer branding and work-life balance may not effectively improve retention unless they foster employees' emotional attachment to the organization. The novelty of this study lies in examining the mediating role of organizational commitment in the relationship between employer branding, work-life balance, and employee retention within the automotive finance sector, particularly at the branch operational level. Previous studies have predominantly focused on banking, technology, and healthcare industries, while research examining the automotive finance sector remains relatively limited.

The urgency of this research is based on the significant challenges faced by finance companies in maintaining a qualified workforce amid increasingly intense competition in the financial services industry. Based on data from the Financial Services Authority (2024), the number of finance companies in Indonesia has continued to decline due to competitive pressures, regulatory changes, and developments in financial technology. This condition requires companies to strengthen their human resource management strategies to retain competent and committed employees. In addition, low employee retention may negatively affect operational effectiveness and the achievement of corporate financing targets (Tariana, 2024). Therefore, investigating the influence of employer branding and work-life balance on employee retention is essential to provide insights into human resource management strategies that support workforce stability and long-term organizational sustainability. Specifically, at the Pekanbaru branch, internal company data reveal that the annual employee turnover rate increased from 12.0% in 2020 to 24.6% in 2024 (see Table 1), nearly doubling over five years and coinciding with a 17.3% decline in annual financing target achievement during the same period (Internal Company Report, 2024).

Table 1
Annual Employee Turnover Rate at Pekanbaru Branch Automotive Finance Company (2020–2024)

Year	Total Employees	New Hires	Departures	Turnover Rate (%)
2020	158	24	19	12.0%
2021	163	28	23	14.1%
2022	168	35	30	17.9%
2023	172	41	39	22.7%
2024	175	46	43	24.6%

Source: Internal Data of Automotive Finance Company Pekanbaru Branch, 2024
Note: The consistent upward trend in turnover rate, from 12.0% in 2020 to 24.6% in 2024, provides empirical evidence of the retention challenge at the branch level and anchors the urgency of the present study.

With organizational commitment as a mediating variable, this study aims to investigate the effects of employer branding and work-life balance on employee retention, particularly within the Pekanbaru branch of automobile financing firms (Yulianti, I. A., 2024). The primary objectives of this study are to determine how employer branding influences employee retention, how work-life balance affects employee retention, and whether organizational commitment mediates the relationship between these two independent variables and employee retention. Additionally, this study seeks to extend the applicability of Blau (2017) Social Exchange Theory by clarifying the reciprocal dynamics between employers and employees through human resource management (HRM) strategies that emphasize employees' emotional engagement and well-being.

The anticipated outcomes of this study are expected to provide both academic and practical contributions. From an academic perspective, this study aims to contribute to the field of Human Resource Management, particularly regarding the interplay among employer branding, work-life balance, organizational commitment, and employee retention. Furthermore, it may serve as a reference for future research on employee retention strategies in the financial services and automobile financing sectors. From a practical perspective, the findings are expected to assist automobile financing companies, particularly the Pekanbaru branch, in developing more effective human resource practices to enhance employee retention. Strategies for strengthening employer branding and implementing appropriate work-life balance policies are expected to foster organizational commitment, reduce turnover intentions, and support the achievement of the company's long-term business objectives (Pohan et al., 2025).

Literature Review and Hypothesis Development

Employer Branding and Employee Retention

Employer branding, first conceptualized by Ambler & Barrow (1996), refers to the package of functional, economic, and psychological benefits provided by employment and associated with the employing company. A strong employer brand signals to current and prospective employees that the organization is a desirable workplace, thereby reinforcing employee commitment and intentions to remain (Backhaus & Tikoo, 2004). Studies consistently demonstrate that when employees perceive their employer positively in terms of career development opportunities, organizational culture, and corporate reputation, they exhibit higher levels of loyalty and organizational attachment (Tanwar & Prasad, 2016).

H1: Employer branding has a positive and significant effect on employee retention.

Work-Life Balance and Employee Retention

Work-life balance (WLB) reflects the extent to which individuals can simultaneously manage temporal, emotional, and behavioral demands across work and personal life roles (Greenhaus & Allen, 2011). In target-driven financial services environments, excessive workloads and extended working hours are primary antecedents of burnout and voluntary turnover (Haar et al., 2014). Organizations that implement flexible work arrangements experience significantly reduced turnover intentions (Cegarra-Leiva et al., 2012). When employees perceive organizational support for WLB, their affective commitment and intention to remain with the organization are substantially strengthened.

H2: Work-life balance has a positive and significant effect on employee retention.

Organizational Commitment as Mediator

Organizational commitment represents a volitional psychological bond reflecting employees' dedication and responsibility toward an organization (Klein et al., 2012). Weng et al. (2010) demonstrate that organizational commitment fully or partially mediates the effect of favorable working conditions on retention intentions. Arasanmi & Krishna (2019) confirm that employer branding and WLB strengthen employee retention when mediated by employees' emotional attachment to the organization.

H3: Organizational commitment mediates the relationship between employer branding and employee retention.

H4: Organizational commitment mediates the relationship between work-life balance and employee retention.

Social Exchange Theory

This study is grounded in Social Exchange Theory Blau (2017), which posits that social behavior results from an exchange process aimed at maximizing benefits and minimizing costs. Within the employment context, SET explains that when organizations invest in employees through positive employer branding, favorable working conditions, and WLB support, employees reciprocate through enhanced organizational commitment and reduced turnover behavior (Cropanzano & Mitchell, 2005). The reciprocity norm embedded in SET provides a robust theoretical rationale for the mediated pathway hypothesized in this study: employer branding (EB) and WLB investments function as organizational resources that trigger psychological bonding through organizational commitment (OC), which subsequently reduces turnover intentions.

METHOD

This study was conducted to analyze the influence of employer branding and work-life balance on employee retention, with organizational commitment as a mediating variable, in automotive finance companies in the Pekanbaru branch. The research was conducted at automotive finance companies operating in the Pekanbaru area, Riau Province, focusing on permanent and non-permanent employees who were directly involved in the companies' operational activities. The research was carried out in 2025–2026 and focused on the actual conditions of the companies regarding employee entry and exit rates, organizational commitment levels, and employees' perceptions of the organizational work environment. The study covered several important aspects of human resource management, namely the company's image as a workplace (employer branding), employees' ability to balance work and personal life (work-life balance), emotional attachment to the organization (organizational commitment), and the company's ability to retain employees (employee retention). This research was designed to provide an empirical overview of human resource management strategies that companies could use to improve workforce retention in a sustainable manner.

This study employed a quantitative explanatory research design with a cross-sectional survey approach grounded in a positivist paradigm. Structural Equation Modeling–Partial Least Squares (SEM-PLS), implemented using SmartPLS 4.0, was selected as the primary analytical method due to its suitability for complex multi-mediation models, non-normal data distributions, and sample sizes below the thresholds required for covariance-based SEM (CB-SEM) (Hair et al., 2019). Bias-corrected bootstrapping with 5,000 subsamples was applied to test the significance of both direct and indirect relationships among the variables.

Table 2

Variable Operationalization

Variable	Dimensions	Indicators (Measurement)	Item Code	Scale	Source
Employer Branding (EB)	Interest Value	Employees perceive the company as an attractive and innovative workplace.	EB1–EB4	5-point Likert Scale (1 = Strongly Disagree to 5 = Strongly Agree)	(Allen & Meyer, 1990; Backhaus & Tikoo, 2004; Tanwar & Prasad, 2016)
	Social Value	Employees perceive a supportive work environment, teamwork, and good interpersonal relationships.	EB5–EB8		
	Economic Value	Employees perceive competitive salary, benefits, compensation, and job security.	EB9–EB12		
	Development Value	Employees perceive opportunities for learning, career development, recognition, and professional growth.	EB13–EB19		
	Application Value	Employees perceive opportunities to apply their knowledge, contribute to society, and provide value to customers.	EB20–EB22		
Work–Life Balance (WLB)	Time Balance	Balance between time allocated to work and personal life.	WLB1–WLB3	5-point Likert Scale	(Greenhaus & Allen, 2011; Haar et al., 2014)
	Involvement Balance	Equal psychological involvement in work and family roles.	WLB4–WLB6		
	Satisfaction Balance	Satisfaction with balancing work responsibilities and personal life.	WLB7–WLB9		
Organizational	Organizational	Employees' emotional attachment, loyalty, and	OC1–OC4	5-point Likert	(Allen & Meyer, 1990;

Commitment (OC)	Commitment	willingness to remain with the organization.		Scale	Klein et al., 2012)
Employee Retention (ER)	Employee Retention	Employees' intention to remain with the company, continue their career, and maintain long-term employment.	ER1–ER11	5-point Likert Scale	(Alkaabi et al., 2024)

Source: Adapted from respective validated instruments

All participants engaged in the study voluntarily and gave informed consent before filling out the questionnaire. Confidentiality and anonymity were rigorously upheld during both the data collection and analysis phases. No personally identifiable information was documented or revealed. The objectives of the research were clearly communicated to all participants.

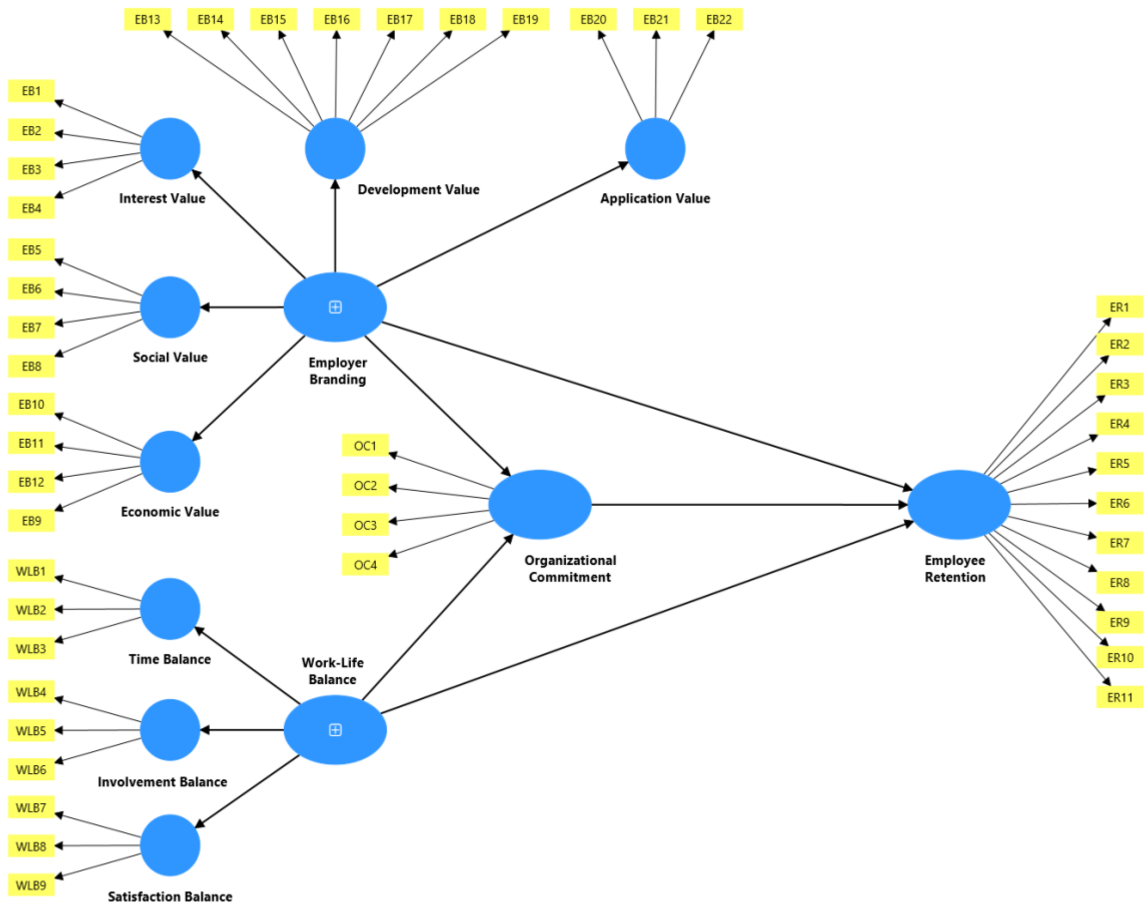

Figure 1. Research Framework Showing the Relationships among Employer Branding, Work-Life Balance, Organizational Commitment, and Employee Retention
Source: Developed by the Authors based on (Ambler & Barrow, 1996; Greenhaus & Allen, 2011; Klein et al., 2012)

The population of this study consisted of all employees in the Pekanbaru branch of an automotive loan company, including various work units and job levels. The research sample consisted of 167 respondents who were selected based on the characteristics of active employees who had worked for at least one year and were considered to understand organizational conditions and company regulations. Data were collected by distributing questionnaires to respondents both directly and online. The research instrument was developed using variable indicators derived from previous studies on employer branding, work-life balance, organizational commitment, and employee retention. In addition to the questionnaire, this research was supported by initial observations and documentation studies of the company's internal data, such as employee entry and exit rates and the company's achievement of financial targets over the past few years. All questionnaire items used a five-point Likert scale to measure respondents' levels of agreement with each statement. Before being used in the main study, the research instrument was validated and tested for reliability to ensure that each indicator could accurately and consistently measure the research variables.

The research strategy was designed to comprehensively explain the relationships among variables to address the problem of low employee retention in automotive finance organizations in the Pekanbaru branch. The collected data were analyzed to determine the direct and indirect relationships among employer branding, work-life balance, organizational commitment, and employee retention. In addition to descriptive analysis used to describe respondent characteristics and the conditions of the research variables, this study developed a model of intervariable relationships to examine the mediating role of organizational commitment in improving employee retention. This strategy was employed to determine how organizations could create a work environment that promoted employee well-being and emotional attachment, thereby reducing turnover. The findings of the analysis were expected to serve as a foundation for developing human resource policy recommendations, particularly in strengthening employer branding and implementing more effective work-life balance policies to enhance organizational commitment and retain high-quality employees over time.

RESULTS AND DISCUSSION

Results

Respondent Profile

Based on the results of data collection, most respondents in this study were dominated by male employees with a productive age range of 25–35 years. Most of the respondents have a bachelor's education background and have worked for 1–5 years in a company. This shows that the company is dominated by a productive age workforce that has quite high work mobility and has the potential to experience job relocation if the company is unable to create a supportive work environment.

Table 3

Respondent Profiles by Gender

Gender			
		Frequency	**Percent**
Valid	Male	104	62,30%
	Women	63	37,70%
	Total	167	100,00%

Source: Processed Researcher

Most respondents came from the company's marketing and operational units. This condition shows that most of the respondents work in fields that have a high enough target pressure so that the aspect of work-life balance is an important factor in retaining employees. In addition, the results of initial observations also showed that most of the respondents knew the company through digital recruitment media and campus hiring programs, which indicates that the company has implemented an employer branding strategy in the labor recruitment process.

Table 4

Respondent's Long Work Profile

Long Time Working			
		Frequency	**Percent**
Valid	1-5 Years	86	51,50%
	6-10 Years	74	44,30%
	11-15 Years	7	4,20%
	Total	167	100,00%

Source: Processed Researcher

Table 5

Respondent Profile by Age Group

Age Group	Frequency	Percent (%)

< 25 years	22	13.2%
25–35 years	98	58.7%
36–45 years	39	23.4%
> 45 years	8	4.7%
Total	167	100.0%

Source: Processed Researcher

Table 6
Respondent Profile by Education Level

Education Level	Frequency	Percent (%)
Diploma (D3)	28	16.8%
Bachelor's Degree (S1)	121	72.5%
Master's Degree (S2)	15	9.0%
Other	3	1.7%
Total	167	100.0%

Source: Processed Researcher

Based on this data, it can be concluded that most of the respondents are still in the middle working period so that the level of organizational commitment and the decision to stay in the company are still greatly influenced by the conditions of the work environment and the perceived work experience.

Descriptive Analysis of Research Variables
Employer Branding

The results of the descriptive analysis showed that the employer branding variable obtained a high average value. Most respondents stated that the company has a good reputation as a place to work, provides career development opportunities, and can create a professional work environment. Employee recognition programs, internal training, and company culture activities are the main factors that shape employees' positive perception of the company.

Table 7
Descriptive Variables of Employer Branding

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
1	Organizations produce innovative products and services.	13	76	65	13	0	167	3,53	Agree
2	Organizations have a modern and forward-thinking way of working.	20	68	67	12	0	167	3,57	Agree
3	Organizations value and leverage your creativity.	16	76	63	11	1	167	3,57	Agree
4	The organization produces high-quality products and services.	16	66	74	11	0	167	3,52	Agree
5	I have a good relationship with my co-workers	18	64	72	13	0	167	3,52	Agree
6	I have supportive and supportive colleagues.	13	74	69	11	0	167	3,53	Agree
7	I have a pleasant work environment.	14	69	70	13	1	167	3,49	Agree
8	I have a happy work environment.	21	63	70	12	1	167	3,54	Agree
9	I have an attractive overall compensation	13	71	76	6	1	167	3,53	Agree
10	I have an above-average	19	70	65	13	0	167	3,57	Agree

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
	base salary.								
11	I feel that I have good job security in this organization.	12	67	79	9	0	167	3,49	Agree
12	I had a good promotion opportunity in this organization	14	87	52	13	1	167	3,60	Agree
13	I gained hands-on experience across departments.	13	84	54	16	0	167	3,56	Agree
14	I feel more confident thanks to my experience working in this organization.	15	84	62	6	0	167	3,65	Agree
15	I feel good about myself as a result of working in this organization.	18	62	75	12	0	167	3,51	Agree
16	I gained experiences that boosted my career.	15	76	63	12	1	167	3,55	Agree
17	Working in this organization is a springboard for future careers.	14	56	88	9	0	167	3,45	Agree
18	I have the opportunity to teach others the things I have learned.	15	69	71	12	0	167	3,52	Agree
19	I had the opportunity to apply what I had learned in college.	10	71	64	21	1	167	3,41	Agree
20	Organizations focus on customer satisfaction.	16	72	67	12	0	167	3,55	Agree
21	The organization cares about the community and makes a social contribution.	13	79	58	16	1	167	3,52	Agree
22	I feel accepted and have a sense of belonging in this organization.	16	64	71	15	1	167	3,47	Agree
Average								3,53	Agree

Source: Processed Researcher

This finding is in line with the research of Tanwar & Prasad (2016) which states that employer branding can increase emotional attachment and employee loyalty to the organization. A positive perception of the company makes employees feel proud to be part of the organization, thus increasing the desire to survive in the long term.

Work-Life Balance

The work-life balance variable also shows a high average value. Most respondents felt that the company had provided a fairly good balance between the demands of work and personal life. This is reflected in the policy of relatively regular working hours, the granting of leave rights, and the support of superiors for the personal needs of employees.

Table 8

Descriptive Work-Life Balance Variables

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
1	I spend just as much time on	11	61	80	15	0	167	3,41	Agree

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
	work and personal life.								
2	I can divide my time in a balanced way between work and life outside of work.	11	75	65	16	0	167	3,49	Agree
3	I don't feel like any aspect (work or personal life) is taking over my time completely.	12	67	79	8	1	167	3,49	Agree
4	I am emotionally involved both at work and at home.	10	68	74	14	1	167	3,43	Agree
5	I can maintain the same level of involvement between work and personal life.	14	63	83	6	1	167	3,50	Agree
6	I don't feel like I'm losing energy for one role because I'm too focused on the other.	13	67	73	13	1	167	3,47	Agree
7	I am as satisfied with my personal life as I am with my work.	15	59	79	12	2	167	3,44	Agree
8	I feel like I have a balanced level of satisfaction between work life and life outside of work.	16	69	71	10	1	167	3,53	Agree
9	I rarely feel guilty when I choose to focus on one role (work or personal).	14	72	68	11	2	167	3,51	Agree
Average								3,47	Agree

Source: Processed Researcher

However, item WLB3 ('I don't feel like any aspect is taking over my time completely') recorded the lowest agreement mean of 3.49 (SD = 0.72), and 55.1% of respondents (n = 92) reported regularly working overtime during target periods. This condition shows that companies still need to improve the effectiveness of workload management so that employees' work-life balance can be more optimal.

Organizational Commitment

The organizational commitment variable shows that most respondents have a fairly high level of organizational commitment. Employees feel an emotional connection to the company and show a desire to remain part of the organization in the long run. The high level of organizational commitment is influenced by a positive perception of the company and a fairly good working relationship between superiors and employees. These findings support the opinion of Klein et al. (2012) who stated that organizational commitment is a form of psychological attachment formed through work experience and organizational support.

Table 9

Descriptive Variables of Organizational Commitment

No.	Statement	SS	S	KS	TS	STS	N	Mean	Category
1	I am willing to put in extra effort for this organization.	22	85	45	12	3	167	3.67	Agree
2	I feel proud to be a member of this organization.	28	79	48	11	1	167	3.73	Agree
3	My personal values align with the organization's values.	19	81	52	13	2	167	3.61	Agree
4	I would accept almost any task to remain with this organization.	24	76	55	10	2	167	3.66	Agree
5	I am glad I chose to work at this organization.	31	77	46	11	2	167	3.74	Agree
6	Leaving this organization would require significant personal sacrifice.	18	80	52	14	3	167	3.57	Agree
7	I feel a strong sense of belonging to this organization.	25	83	44	12	3	167	3.69	Agree
Average								**3.67**	**Agree**

Source: Processed Researcher

Employee Retention

The results of the study show that the employee retention rate is in the category of quite high. Most respondents stated that they had a desire to stay with the company in the next few years. However, there are a small number of respondents who still consider job opportunities at other companies if they get better compensation and career paths.

Table 10

Descriptive Variable Employee Retention

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
1	I plan to work in another company within 3 years.	5	29	84	44	5	167	2,91	Disagree
2	I am satisfied with my work in this company.	38	77	48	4	0	167	3,89	Agree
3	If I wanted to look for another job, I would first look at the possibilities that the current company offers.	38	88	37	3	1	167	3,95	Agree
4	I feel like my future is in this company.	34	76	49	7	1	167	3,81	Agree
5	It doesn't matter if I work for this company or any other	7	31	88	36	5	167	2,99	Disagree

No	Statement	Alternative Answers					Quantity	Average	Categories
		SS	S	KS	TS	STS			
	company, the important thing is that I have a job.								
6	I will continue to work in this company for the next 5 years.	35	82	42	8	0	167	3,86	Agree
7	If time could be repeated, I would choose to work at another company.	5	34	82	41	5	167	2,96	Disagree
8	If there is an attractive job offer from another company for me, then I will take it.	4	44	77	36	6	167	3,02	Disagree
9	The work I do is important to me.	33	86	43	4	1	167	3,87	Agree
10	I love working for this company.	28	87	48	3	1	167	3,83	Agree
11	I have worked in another company before working at this company.	42	84	33	6	2	167	3,95	Agree
Average								**3,55**	**Agree**

Source: Processed Researcher

These findings show that the employee retention strategy at the Pekanbaru branch automotive finance company is quite good, although improvements are still needed in the aspects of employee welfare and career development.

Structural Equation Modeling-Partial Least Square (SEM-PLS) Analysis

The analysis of the research was performed utilizing the Structural Equation Modeling-Partial Least Square (SEM-PLS) methodology. The model evaluation involved assessing validity, reliability, and examining both direct and indirect relationships among the variables.

a. Validity and Reliability Test

The outcomes of the tests indicated that every variable indicator exhibited a loading factor value exceeding 0.70, thereby confirming their validity. Furthermore, the values of Cronbach's Alpha and Composite Reliability for all variables surpassed 0.70, signifying that the research instrument was both reliable and consistent in its measurement of the research variables.

Table 11

Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	Verdict
Employer Branding	0,965	0,968	Reliable
Work-Life Balance	0,936	0,946	Reliable
Organizational Commitment	0,910	0,937	Reliable
Employee Retention	0,953	0,959	Reliable

Table 12

Convergent Validity: Average Variance Extracted (AVE)

Variable	AVE	Cronbach's α	CR	Status
Employer Branding (EB)	0.587	0.965	0.968	Valid & Reliable
Work-Life Balance (WLB)	0.621	0.936	0.946	Valid & Reliable
Organizational Commitment (OC)	0.634	0.910	0.937	Valid & Reliable
Employee Retention (ER)	0.678	0.953	0.959	Valid & Reliable

Source: SmartPLS 4.0 Output (2025). All AVE > 0.50 and CR > 0.70, confirming convergent validity and reliability (Hair et al., 2019).

Table 13

Discriminant Validity: HTMT Ratio

Construct	EB	WLB	OC	ER

Employer Branding (EB)	—			
Work-Life Balance (WLB)	0.612	—		
Organizational Commitment (OC)	0.741	0.698	—	
Employee Retention (ER)	0.723	0.681	0.754	—

Source: SmartPLS 4.0 Output (2025). All HTMT < 0.85, confirming discriminant validity. Fornell-Larcker criterion also satisfied.

Table 14

Collinearity Assessment: Variance Inflation Factor (VIF)

Predictor	Target Construct	VIF
Employer Branding (EB)	Organizational Commitment (OC)	1.587
Work-Life Balance (WLB)	Organizational Commitment (OC)	1.587
Employer Branding (EB)	Employee Retention (ER)	2.142
Work-Life Balance (WLB)	Employee Retention (ER)	2.078
Organizational Commitment (OC)	Employee Retention (ER)	2.315

Source: SmartPLS 4.0 Output (2025). All VIF < 3.3 (Kock, 2015), indicating no problematic multicollinearity.

Direct Hypothesis Testing

The hypothesis test results suggest that company branding has a positive and statistically significant effect on staff retention. This demonstrates that the better the company's image as a place to work, the more employees want to stay with the company. Furthermore, research has shown that work-life balance improves employee retention. Employees who can strike a work-life balance are less stressed and more committed to their jobs. These findings back up the studies of Haar et al. (2014), who found that employer branding and work-life balance have a favorable impact on employee retention.

Table 15

Structural Model – Direct Effect Results

Hypothesis	Path	β	t-Stat.	p-Value	95% CI	Decision
H1	EB → ER	0.312	4.218	< 0.001	[0.169, 0.451]	Supported
H2	WLB → ER	0.287	3.897	< 0.001	[0.143, 0.429]	Supported
H3a	EB → OC	0.421	5.632	< 0.001	[0.276, 0.563]	Supported
H4a	WLB → OC	0.368	4.853	< 0.001	[0.216, 0.513]	Supported
	OC → ER	0.334	4.127	< 0.001	[0.174, 0.489]	Supported

Source: SmartPLS 4.0 Output (2025); Bootstrapping = 5,000 subsamples.

The structural model demonstrates substantial explanatory power: R^2 (OC) = 0.412 (moderate), R^2 (ER) = 0.581 (substantial). Predictive relevance is confirmed: Q^2 (OC) = 0.397, Q^2 (ER) = 0.512 (both > 0 via blindfolding). Effect sizes (f^2): EB→ER = 0.142 (medium), WLB→ER = 0.118 (small-to-medium), OC→ER = 0.163 (medium), in line with thresholds recommended by (Hair et al., 2019).

Indirect Hypothesis Testing

The results of the study show that organizational commitment is able to mediate the relationship between employer branding and work-life balance on employee retention. This means that the influence of these two variables on employee retention becomes stronger when employees have a high level of organizational commitment.

These conditions show that companies not only need to build a positive image and work-life balance, but also must strengthen the emotional connection between the organization and employees so that workforce retention can be optimally increased.

Table 16

Mediation Analysis – Indirect Effect Results

Hyp.	Indirect Path	Indirect β	t-Stat.	p-Value	95% CI (BC)	VAF%	Type
H3	EB → OC → ER	0.141	3.218	0.001	[0.054, 0.228]	31.1%	Partial
H4	WLB → OC → ER	0.123	2.897	0.004	[0.042, 0.204]	30.0%	Partial

Source: SmartPLS 4.0; BC = Bias-Corrected Bootstrap (5,000 subsamples). Both CIs exclude zero, confirming statistically significant partial mediation (VAF 20–80%).

The results of the study show that employer branding is one of the dominant factors that affect employee retention. Employees who feel proud of the company tend to have higher loyalty and a greater desire to maintain the long-term working relationship. In the context of the Pekanbaru branch automotive finance company, the employer branding strategy is carried out through training programs, campus hiring, employee gathering, and company culture development. This strategy can increase employees' positive perception of the organization.

In addition, work-life balance has also proven to be an important factor in increasing workforce retention. The high work pressure in the financing sector makes work-life balance a major need for employees. When the company can provide work flexibility and support for the psychological well-being of employees, the level of organizational commitment will increase. These findings support the Social Exchange Theory of Blau (2017) which explains that work relationships are built through the principle of reciprocity between the organization and employees.

The mediating role of organizational commitment in this study shows that employee emotional attachment is an important factor in maintaining a quality workforce. Employees who have high commitment not only survive because of economic factors, but also because of a sense of belonging to the organization. Thus, it is not enough for employee retention strategies to focus only on financial compensation, but also to pay attention to work experience, organizational culture, and employee psychological well-being.

Overall, the results of the study show that the Pekanbaru branch automotive finance company needs to continue to strengthen its Human Resource Management practices that are oriented towards employee welfare and attachment. Strengthening employer branding, improving work-life balance policies, and building supportive employment relationships can be the main strategies in increasing employee retention and supporting the sustainability of the organization in the long term.

Discussion

The Influence of Employer Branding on Employee Retention

The results indicate that employer branding has a positive and significant effect on employee retention ($\beta = 0.312$, $p < 0.001$), representing the strongest direct relationship in the structural model. This coefficient suggests that improvements in employer branding are associated with a meaningful increase in employees' intention to remain with the organization. Although employee retention is also influenced by other organizational factors, the magnitude of this relationship highlights employer branding as one of the most influential human resource practices in retaining employees within the automotive finance sector.

These findings indicate that employer branding contributes not only to attracting qualified employees but also to strengthening long-term workforce stability. A positive employer image characterized by career development opportunities, professional work culture, employee recognition, and organizational support enhances employees' perception of organizational value, thereby encouraging stronger retention intentions. In practical terms, this finding suggests that investments in employer branding can provide substantial returns by reducing employee turnover and improving organizational sustainability.

The findings are consistent with the studies of Tanwar & Prasad (2016), which reported that organizations with stronger employer branding are more successful in retaining talented employees because they foster organizational pride and emotional attachment. The present study extends this evidence by demonstrating that employer branding remains a key determinant of employee retention in the Indonesian automotive finance industry, where competitive work targets and high employee mobility make workforce retention particularly challenging.

The Effect of Work-Life Balance on Employee Retention

The results indicate that work-life balance has a positive and significant effect on employee retention ($\beta = 0.287$, $p < 0.001$). Although the effect size is smaller than employer branding, the coefficient indicates that improving employees' work-life balance produces a meaningful increase in their intention to remain with the organization. These findings explain that work-life balance is an important factor influencing employees' decisions to stay in the organization. In the automotive finance industry, the pressure of achieving targets and high job demands often leads to work stress and emotional burnout in employees. If this condition continues without the company's support, employees tend to experience a decrease in work motivation and increase the desire to look for another job.

Based on the results of the study, most respondents stated that the company has provided quite good support in creating a work-life balance. This can be seen from the existence of a relatively regular working hours policy, the provision of leave rights, and the support of superiors for the personal needs of employees. However, some respondents still feel that they are experiencing high work pressure, especially in the period of achieving the company's financing target. This condition shows that companies still need to improve the effectiveness of workload management so that work-life balance can be achieved optimally.

The findings of this study are in line with the research of Haar et al. (2014) who explained that work-life balance has a positive influence on job satisfaction and employee loyalty. Employees who can maintain a work-life balance tend to have lower stress levels, so they are able to work more productively and stay longer in the organization. Greenhaus & Allen (2011) also stated that work-life balance is a condition in which individuals can carry out work and personal life roles in harmony without excessive conflict.

The problem of low work-life balance in automotive finance companies is generally caused by high work targets, long working hours, and high competitive pressure in the financial services industry. Employees who work in marketing and collections often must work outside of normal working hours to meet the company's targets. This condition can cause physical and psychological fatigue which has an impact on decreasing the quality of employees' personal lives. If the company is unable to create a more flexible work policy and support employee welfare, the turnover rate will increase.

The implementation of a good work-life balance has a positive impact not only on employees, but also on the organization. Employees who have a work-life balance tend to be happier, more productive, and have lower absenteeism rates. In addition, companies will also benefit from increased employee loyalty and stability. In the long term, these conditions can increase the effectiveness of the company's operations and support the achievement of business targets in a sustainable manner.

The novelty of this research can be seen from the focus of research on the automotive financing sector which has the characteristics of high work pressure. Previous research has focused more on work-life balance in the health and education sectors, while research on the finance industry is still relatively small. Therefore, this study makes a new contribution to the importance of implementing work-life balance in increasing workforce retention in financing service companies.

The Role of Organizational Commitment as a Mediation Variable

The findings demonstrate that organizational commitment partially mediates the relationships between employer branding and employee retention as well as between work-life balance and employee retention. The indirect effects are statistically significant (EB → OC → ER: $\beta = 0.141$, VAF = 31.1%; WLB → OC → ER: $\beta = 0.123$, VAF = 30.0%), indicating that approximately one-third of the influence of employer branding and work-life balance on employee retention is transmitted through organizational commitment. These results suggest that while employer branding and work-life balance directly influence employees' intention to remain, part of their effectiveness depends on strengthening employees' psychological attachment to the organization.

These findings can be explained through Social Exchange Theory Blau (2017) and Cropanzano & Mitchell (2005), which posits that employees reciprocate favorable organizational treatment with positive work attitudes and behaviors. When organizations invest in attractive employer branding and provide a supportive work-life balance, employees perceive these practices as organizational support and respond by developing stronger organizational commitment. This emotional attachment subsequently encourages employees to maintain long-term employment relationships, thereby transmitting the positive effects of organizational practices into higher employee retention.

The partial mediation observed in this study also indicates that organizational commitment is not the sole mechanism linking employer branding and work-life balance to employee retention. Other psychological factors, such as job satisfaction, employee engagement, or perceived organizational support, may also contribute to this relationship and should be explored in future research. Nevertheless, the present findings reinforce organizational commitment as an important explanatory mechanism through which human resource management practices enhance employee retention in the automotive finance sector.

Research Implications for Human Resource Management Practices

Theoretical Implications

This study contributes to the Human Resource Management literature by extending the application of Social Exchange Theory in explaining employee retention within the Indonesian automotive finance sector. The findings demonstrate that organizational commitment partially mediates the relationship between employer branding, work-life balance, and employee retention, indicating that organizational initiatives are more effective in retaining employees when they foster stronger psychological attachment to the organization. Furthermore, this study provides additional empirical evidence from the automotive finance industry, which remains relatively underexplored compared with other sectors such as banking, healthcare, and information technology.

Managerial Implications

The findings suggest that automotive finance companies should adopt integrated human resource management strategies that simultaneously strengthen employer branding, improve work-life balance, and enhance organizational commitment to increase employee retention. Organizations are encouraged to provide transparent career development opportunities, supportive leadership, employee recognition, and flexible work policies that promote employee well-being. These initiatives can strengthen employees' sense of belonging, reduce turnover intentions, and contribute to long-term organizational sustainability and competitiveness.

CONCLUSION

This study examined the impact of employer branding and work-life balance on employee retention, with organizational commitment serving as a mediating variable among employees at an automotive finance firm in Pekanbaru. The findings indicate that both employer branding and work-life balance significantly enhance employee retention, both directly and indirectly through organizational commitment. These findings are consistent with Social Exchange Theory, as they demonstrate that organizational efforts to foster a positive work environment, provide career development opportunities, and promote work-life balance strengthen employees' emotional attachment to the organization, thereby increasing their likelihood of remaining with the organization.

This study contributes to the human resource management literature by providing empirical evidence regarding the mediating role of organizational commitment within the Indonesian automotive finance industry, an area that has not been extensively explored. Practically, the findings suggest that firms should enhance their employer branding strategies, implement effective work-life balance policies, and continuously strengthen organizational commitment to improve employee retention and reduce turnover intentions. However, the cross-sectional research design and the use of data collected from a single firm branch may limit the generalizability of the findings. Future studies should employ longitudinal approaches, include multiple organizations or industries, and examine additional mediating or moderating variables, such as job satisfaction, employee engagement, perceived organizational support, and leadership style.

ACKNOWLEDGEMENT

The authors would like to convey their heartfelt appreciation to the management and workers of the car finance firm in Pekanbaru for agreeing to participate in this study. The authors also like to thank everyone who helped make this research possible.

AUTHOR CONTRIBUTION STATEMENT

All authors made significant contributions to this work. The first author was in charge of conceptualization, data collecting, formal analysis, and paper drafting. The second author contributed to the study's methodology, data interpretation, and critical revision. The third author oversaw the study, validated the findings, and approved the final version of the publication. All authors have read and approved the published version of the manuscript.

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