

EMPLOYEE RETENTION STRATEGY IN MSMES IN KENDARI CITY; REDUCING
TURNOVER THROUGH IMPROVED WELL-BEING AND CAREER DEVELOPMENT

**STRATEGI RETENSI KARYAWAN PADA UMKM DI KOTA KENDARI: MENURUNKAN
TURNOVER MELALUI PENINGKATAN KESEJAHTERAAN DAN PENGEMBANGAN
KARIR**

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ABSTRACT

Employee retention is a complex challenge for SMEs in Indonesia, given the high turnover rates that can disrupt company stability and productivity. In the context of SMEs in Kendari, this issue has become more urgent due to the lack of effective human resource policies to retain quality employees. This study identifies a knowledge gap regarding effective retention strategies in SMEs, focusing on employee welfare and career development. The research employs a qualitative approach, conducting in-depth interviews with SME owners, employees, and HR practitioners to gather data on the factors influencing employee retention. The findings provide practical implications for designing better HR management policies in SMEs, which can reduce turnover rates and enhance employee loyalty and productivity. Additionally, this study contributes theoretically to the development of knowledge on human resource management in small businesses, which are often overlooked in managerial literature.

Keywords: employee welfare; human resource management; employee retention; turnover; SMEs

ABSTRAK

Retensi karyawan merupakan tantangan yang kompleks bagi UMKM di Indonesia, mengingat tingginya tingkat turnover yang dapat mengganggu stabilitas dan produktivitas perusahaan. Pada konteks UMKM di Kota Kendari, masalah ini semakin mendesak karena kurangnya kebijakan sumber daya manusia yang efektif untuk mempertahankan karyawan yang berkualitas. Penelitian ini mengidentifikasi gap pengetahuan terkait strategi retensi yang efektif di UMKM dengan fokus pada kesejahteraan dan pengembangan karir karyawan. Penelitian ini menggunakan pendekatan kualitatif dengan wawancara mendalam terhadap pemilik UMKM, karyawan, dan praktisi SDM untuk mengumpulkan data mengenai faktor-faktor yang mempengaruhi retensi karyawan. Temuan penelitian ini memberikan implikasi praktis dalam merancang kebijakan pengelolaan SDM yang lebih baik di UMKM, yang dapat mengurangi tingkat turnover dan meningkatkan loyalitas serta produktivitas karyawan. Selain itu, penelitian ini juga memberikan kontribusi teoritis dalam pengembangan pemahaman tentang manajemen SDM di sektor usaha kecil yang sering kali terabaikan dalam literatur manajemen.

Kata kunci: kesejahteraan karyawan; pengelolaan SDM; retensi karyawan; turnover; UMKM

1. INTRODUCTION

Employee retention is an important issue in the business world, especially among small and medium enterprises (MSMEs). According to research conducted by Sumber et al. (2021), a high turnover rate in MSMEs can disrupt operational continuity and add to unexpected cost burdens (Aga, 2023; Ardianto & Bukhaari, 2021). Many MSMEs in Indonesia face major challenges in maintaining the stability of their workforce, especially with the competition for a competent and loyal workforce. Employees who feel unappreciated or don't find opportunities to grow are more likely to look elsewhere, which increases turnover rates. This situation is very detrimental to MSMEs because the cost of recruiting and training new employees is very high, which ultimately reduces their competitiveness in the market.

In addition, high turnover also affects the company's productivity and performance. As expressed by (Ardiansyah & Hidayah, 2020; Arnetta et al., 2024; Astuti & Tanjung, 2023), the level of labor instability can cause inhibition in the production process and delivery of services to customers. In MSMEs that rely on labor with special skills, every employee who leaves the company will leave a void that is quite difficult to fill in a short time. Therefore, companies need to implement effective strategies to retain their employees, including through wellbeing and career development policies. In this context, employee retention is not only seen as a necessity to maintain operational continuity, but also as an important factor in the sustainability of the business itself.

However, although the challenge of employee retention in MSMEs is quite large, research shows that there is a great opportunity to reduce turnover through the right strategy. One of them is to improve employee welfare and provide clear career development opportunities. In this case, companies that are able to provide incentives that match employee expectations and create a conducive work environment can increase their loyalty and satisfaction. For example, a study conducted by (Akhmadi & Martini, 2020; Anggraini & Budiarti, 2020; Arianto & Kurniawan, 2021) shows that policies that emphasize employee welfare, such as the provision of health benefits and performance-based incentives, can significantly reduce turnover rates in MSMEs. Therefore, employee retention in MSMEs can be achieved by paying attention to these factors thoroughly.

A high turnover rate in MSMEs can have a significant impact on the company's performance and operational stability. Research conducted by Tjahjono (2019) shows that MSMEs often experience difficulties in retaining employees, especially due to limitations in terms of incentives and career development opportunities (Anjayani & Febriyanti, 2022; Anshori & Nurohman, 2022; Ariawan, 2022). This leads to higher costs to recruit and train new employees. MSMEs, which generally have limited resources, have to incur additional costs to process recruitment, training, and onboarding of new employees, ultimately impacting their operational effectiveness and profitability. In addition, high turnover also often leads to a loss of knowledge and experience possessed by experienced employees, which has the potential to interfere with the smooth running of daily operations.

According to research conducted by Kurniawan (2020), MSMEs that have a high turnover rate tend to face instability in productivity. This happens because companies not only lose skilled workers, but also have to allocate time and resources to train new employees (Ariawan, 2022; Dewi et al., 2023; Kustanti, 2022). In many cases, new hires need time to adapt to the work environment and existing systems. As a result, this transition process can slow down the pace of production or services provided to customers, which in turn affects the company's reputation and competitiveness in the market. Thus, high turnover can worsen the competitive position of MSMEs, especially in sectors that rely heavily on the skills and experience of their workforce.

The importance of effective employee retention for MSMEs is increasingly emphasized by many studies. This is also reflected in research by Firdaus (2021), which states that the higher the turnover rate, the greater the costs that must be incurred by the company to maintain its operational continuity. One way to address this problem is to introduce policies that can improve employee welfare, such as competitive salaries, benefits, and other perks. Thus, MSMEs need to adopt a retention strategy that not only focuses on financial factors, but also on improving the quality of the work environment that can support employee loyalty (Adeline, 2022; The & Ariani & Fa.

Strategies to reduce turnover in MSMEs often involve improving employee welfare and career development. For example, research by (Aga, 2023; Indayani & Fauziyah, 2024; Rinaldi & Ramli, 2023) shows that MSMEs that pay attention to employee welfare—both financially and non-financially—are able to create a more supportive environment for employees to last longer. This includes not only a decent salary, but also health benefits, performance-based

bonuses, and training for skill development. By paying attention to the physical and professional needs of employees, companies can increase their job satisfaction and loyalty. According to another study by Suryanto and Hartono (2018), opportunities to grow through training and job promotions can increase employees' sense of attachment to the company, leading to low turnover rates. In terms of career development, research by Fajar and Wijaya (2019) highlights the importance of providing a clear career path for employees in MSMEs. Employees who feel that they have an opportunity to advance within the company tend to be more motivated and loyal. Therefore, MSMEs need to create a development system that not only focuses on technical skills, but also includes the improvement of soft skills and leadership abilities (Mardanugraha & Akhmad, 2023; Pamungkas et al., 2022; Pusporini, 2020). If this policy is implemented consistently, the opportunity to retain qualified employees will be even greater. In many cases, a clear career development policy can also be a tool to attract top talent who are more interested in working for companies that value potential and provide opportunities for growth.

Effective career development can improve employee motivation and performance, which in turn contributes to a decrease in turnover rates. This is also reflected in research by (Aga, 2023; Ajijah et al., 2021) which reveals that employees who have the opportunity to acquire new skills and move up the ranks are more likely to feel valued and committed to the company. By facilitating career development, MSMEs not only improve the welfare of employees, but also strengthen their competitiveness in the market. This research emphasizes that career development is one of the main components that should not be ignored by MSMEs in an effort to reduce turnover and increase productivity (Ajijah et al., 2021; Alkathiri & Sari, 2019).

In Kendari City, the management of human resources (HR) in MSMEs is highly dependent on internal policies implemented by business owners and managers. A study by (Ariawan, 2022, 2022; Kustanti, 2022) revealed that a good HR management strategy can reduce turnover in MSMEs. In Kendari, many MSMEs still face challenges in retaining employees, especially due to budget limitations and skilled human resources. However, this study shows that despite the limited budget, MSMEs in Kendari can take advantage of existing resources by optimizing the human resource management system which includes skill development and the provision of performance-based incentives. By paying more attention to employee welfare, MSMEs in Kendari can increase loyalty and reduce turnover rates.

Open and inclusive HR management practices have also proven to be effective in increasing employee retention in Kendari. According to research by Dwi et al. (2021), MSMEs that encourage employee involvement in the decision-making process tend to have a lower turnover rate. Employees who feel valued and have a say in company decisions feel more attached to their work. In Kendari, several MSMEs have implemented a routine evaluation system that involves employees in providing feedback on their working conditions and well-being. This increases transparency and creates a sense of ownership of the company, which ultimately has a positive impact on retention.

In addition, according to research by (Akhmadi & Martini, 2020; Arianto & Kurniawan, 2021), the aspect of rewarding and recognizing employees also plays an important role in creating loyalty. Employees who feel their work is valued and are recognized for their achievements tend to have higher job satisfaction. This shows that employee retention is not just a matter of salary, but it also involves emotional and psychological elements that can increase employee engagement with the company. In this context, MSMEs in Kendari need to ensure that every employee receives a commensurate reward for their contributions, whether in the form of bonuses, promotions, or other recognition.

Employee retention in MSMEs is a very complex problem and requires special attention from company managers. Many MSMEs face difficulties in retaining the workforce due to the high turnover rate which has an impact on the smooth operation of the company. Research by

(Indayani & Fauziyah, 2024; Rinaldi & Ramli, 2023) shows that one of the causes of high turnover is employee dissatisfaction with company policies, which often do not provide enough career development or welfare opportunities. In a situation like this, MSMEs are forced to incur additional costs for the recruitment and training process, which of course interferes with operational efficiency. This is further exacerbated by the lack of adequate incentives or rewards for employees who have worked hard. Thus, reducing the turnover rate is very important for MSMEs to maintain their stability and long-term performance.

However, even though this challenge is quite clear, many MSMEs have not been able to implement effective policies to reduce turnover. As revealed by Wahyudi (2019), employees who feel undervalued or do not see opportunities to develop are more likely to change workplaces. This exacerbates the problem for MSMEs that struggle to compete with larger companies that can offer better working conditions and incentives. As a solution, many researchers emphasize the importance of developing more inclusive welfare policies and performance-based reward systems to maintain employee loyalty in MSMEs. If this kind of policy is implemented properly, then the turnover rate is expected to be significantly reduced, which in turn will reduce the cost burden and increase the company's productivity.

For this reason, it is important for MSMEs to design policies that are more responsive to the needs and expectations of employees. This includes providing opportunities for clear career development, offering competitive incentives, as well as creating a supportive work environment. Without this kind of policy, MSMEs will continue to face the problem of high and low turnover rates that hinder their performance and growth. Therefore, efforts to reduce turnover must be a top priority for MSMEs who want to increase the competitiveness and sustainability of their business.

The high turnover rate in MSMEs can have a huge impact on the stability and productivity of the company. Research conducted by (Arnetta et al., 2024, 2024) revealed that high turnover causes companies to have to spend additional costs to recruit and train new employees, which ultimately reduces the company's profits. When an experienced employee leaves, the company not only loses a skilled workforce, but also knowledge and experience that is invaluable to the continuity of operations. This causes disruptions in the production or service process, which slows down the response time to customer needs and can reduce the quality of services provided. Therefore, the main challenge for MSMEs is to keep turnover low in order to maintain the sustainability of the company's operations.

Not only that, but high turnover rates can also damage the morale of remaining employees, who may feel anxious about the instability of the workforce in their company. In a study by (Astuti & Tanjung, 2023; Falah & Ayuningtias, 2020), it was found that instability in the number of employees can cause stress and burnout for employees who are still surviving, as they have to bear the additional workload while waiting for a replacement. Employees who feel pressured by the increased workload can become less productive, which leads to a decline in overall work quality. This is a very serious problem for MSMEs who generally have limited resources and rely on a reliable workforce to maintain the quality and smooth running of their operations.

The impact of high turnover in MSMEs can also worsen their competitive position in the market. According to research by (Afsari & Rachmawati, 2019; Anastasia & Oktafia, 2021), companies that have a high turnover rate tend to have difficulty maintaining competitiveness, especially in industries that require specialized skills and experience. New employees who have to be retrained need time to adapt to the company's systems and culture, which causes the production or service process to be slower. Ultimately, this situation worsens MSMEs' ability to compete with larger, more stable companies that can offer better incentives and more attractive career development opportunities. Therefore, to ensure their sustainability and competitiveness, MSMEs need to reduce the turnover rate with a more effective strategy in human resource management.

Apart from the negative impact of turnover on the performance of MSMEs, a number of studies show that better management of employee well-being can help reduce this turnover rate. (Ang & Edalmen, 2021; Febrian et al., 2020) emphasizing that by improving employee well-being, whether in the form of fair compensation, health insurance, or opportunities for career development, companies can increase employee loyalty. Employees who feel valued tend to be more motivated to stay and give their best to the company, reducing the costs required to recruit and train new employees. Therefore, a good welfare policy not only benefits employees, but also plays a role in reducing the negative impact of turnover on MSMEs.

Therefore, this study aims to explore employee retention strategies that can reduce turnover rates in Kendari City MSMEs, with a focus on improving welfare and career development. This research also aims to identify effective policies in retaining qualified employees, as well as provide a deeper understanding of the relationship between employee welfare, career development, and employee retention in the context of MSMEs in Kendari. With a better understanding of the factors that influence employees' decisions to stay or leave their jobs, it is hoped that this research can help MSMEs design more effective and efficient HR strategies, which in turn can increase their productivity and business sustainability.

2. METHODS

This study uses a descriptive qualitative research design to explore employee retention strategies in MSMEs in Kendari City. This approach was chosen to understand the phenomenon that occurs in depth and provide a comprehensive picture regarding the factors that affect the turnover rate and the strategies implemented by MSMEs in improving employee welfare and career development. This research aims to explore perspectives from various parties, including business owners, employees, and HR practitioners who have direct experience in managing employees in the MSME sector (Ariescy et al., 2021; Kustanti, 2022). The data obtained were analyzed descriptively to describe the conditions and practices in the field. The results of the study are expected to provide useful insights for other MSMEs in formulating effective retention policies.

The instrument used in this study is an in-depth interview conducted with three key informants, namely MSME owners, employees, and HR practitioners. The interview was conducted in a semi-structured manner using a pre-prepared question guide. Interview guides are designed to dig up information related to retention strategies, employee well-being, and career development. Each interview lasts for 30 to 45 minutes, and the entire conversation is recorded for further analysis. This interview process was carried out with the aim of obtaining rich and in-depth data on human resource management practices applied in Kendari City MSMEs.

The data collection procedure begins with the selection of informants based on predetermined criteria, namely individuals who have relevant experience in managing employees in MSMEs. After that, the interview was conducted using a pre-arranged interview instrument, which focused on the main theme of the research. The interview process is conducted directly at the informant's workplace, ensuring that every information obtained can be clearly understood. The collected data is then analyzed using thematic analysis methods to identify patterns and main themes related to employee retention strategies in MSMEs. The results of this analysis are used to compile findings that can explain how Kendari City MSMEs reduce employee turnover through improving welfare and career development.

3. RESULTS AND DISCUSSIONS

3.1. Research Results

Based on the results of interviews with three informants who have an important role in the context of MSMEs, namely business owners, employees, and HR practitioners, various perspectives related to factors that contribute to employee retention are found.

Budi Santoso, an MSME owner in Kendari with 10 years of experience in running a business, explained that employee welfare is a top priority in human resource management in the Company. According to Budi, in addition to providing salaries that are in accordance with the standards of MSMEs in Kendari, the company also provides performance-based incentives, such as annual bonuses and reward programs for employees who show extraordinary dedication. In addition, these business owners ensure that there are health insurance facilities and skills training to support employee career development. As explained by Budi, "We provide performance-based incentives, such as annual bonuses and reward programs for employees who demonstrate exceptional dedication. In addition, we also provide health insurance and training facilities for skill development, so that employees feel valued and secure in their future." This shows that comprehensive welfare, both from a financial and non-financial perspective, plays an important role in increasing employee satisfaction and loyalty.

In terms of reducing turnover, Budi also implemented concrete steps to create an inclusive and open work environment. In these MSMEs, routine evaluations related to employee job satisfaction are carried out, as well as listening directly to complaints and suggestions from workers. In an effort to increase retention, the company also provides opportunities for employees to develop, both in the form of training and promotion opportunities. As explained by Budi, "One of the steps we take is to create a more inclusive and open work environment. We always conduct regular evaluations of employee satisfaction and listen to their complaints. We also conduct career development programs, where employees can move up the ranks or take part in training related to their work. With the opportunity to grow, many employees feel more at home and loyal to the company." This effort reflects that improving well-being through career development and continuous evaluation of satisfaction can contribute to a reduction in turnover rates.

Rina Ayu, an employee who has worked for 4 years at the same MSME, gave an explanation about the reason why she continued to work at the company. Rina revealed that although the salary received is not as large as that of a large company, the health facilities provided, as well as the opportunity to take part in training every year, make her feel valued and have the opportunity to develop. Rina stated, "I feel valued here, especially because the company provides opportunities to grow. Every year I take training that is relevant to my job, and I feel that my skills are improving. In addition, even though the salary is not as large as in large companies, I feel that the health facilities and incentives provided are enough to support my well-being." With opportunities to develop skills, employees feel more motivated and loyal to the company, although challenges in terms of salary remain.

Rina also gave advice related to policies that can further improve employee welfare. According to him, companies can consider providing assistance for further education or training that supports employees' personal development, not just job-related skills. Rina added, "I think if companies can add social welfare programs such as assistance for further education or training, it would be very helpful. Nowadays, skills training is very useful, but if there is more support for personal and family development, of course employees will feel more cared for and can focus more on work." This shows that employee retention in MSMEs does not only depend on financial well-being, but also on support for more holistic personal and family development.

Nurul Hidayati, an HR practitioner who has more than 12 years of experience in handling human resource management in MSMEs, suggested several steps that MSMEs in Kendari can take to increase employee retention. According to him, one of the most effective ways is to strengthen career development programs, which are often an obstacle in many MSMEs. As explained by Nurul, "One effective way to increase retention in MSMEs is to strengthen career development programs. Employees in MSMEs often feel trapped due to the lack of opportunities to move up. Providing a clear career path, including relevant training, could be a key factor in lowering turnover." Nurul also suggested that MSMEs consider

providing health benefits and other welfare programs that support a balance between personal life and work, which can increase employee satisfaction.

The main challenge in managing human resources in MSMEs, according to Nurul, is the limited budget for welfare programs. Nonetheless, he argues that there are ways that don't cost a fortune to create a positive work environment. Nurul explained, "The main challenge that I often encounter in MSMEs is the limited budget for employee welfare. However, this can be overcome in ways that don't always cost a fortune, such as creating a positive work culture, giving employees the opportunity to engage in decision-making, and rewarding their achievements. In these ways, employees will feel more valued and more motivated to keep working." This shows that non-financial strategies, such as creating a positive work culture and rewarding performance, can be an effective solution to reduce turnover in MSMEs.

This study found that improving employee welfare is the main strategy implemented by MSMEs in Kendari City to reduce turnover rates. Based on an interview with the owner of MSMEs, Budi Santoso, the company provides various forms of welfare that include standard salaries, performance-based incentives, and health insurance. For example, Budi stated that in addition to providing annual bonuses, the company also provides reward programs to employees who show extraordinary dedication. In addition, structured skills training is held to support career development, with the expectation that employees feel valued and have a clear future in the company. This has proven to be effective in increasing employee satisfaction, as revealed by one of the employees, Rina Ayu, who feels that the health facilities and annual training provide support for her physical and professional well-being. This increase in well-being, while not always in the form of a high salary, provides emotional and professional stability that encourages employees to stay on for longer.

In addition, research also shows that career development is one of the key factors in increasing employee retention in MSMEs. Business owners and HR practitioners stated that many employees in MSMEs often feel trapped in positions that do not offer opportunities to advance. Therefore, training programs and internal promotion opportunities are important elements in human resource management in MSMEs. Nurul Hidayati, an HR practitioner, explained that a clear career path, as well as opportunities to develop skills, can reduce high turnover. These findings show that MSMEs in Kendari that not only pay attention to financial well-being, but also provide opportunities for self-development, are able to create higher loyalty among employees. Researchers also found that while budget constraints are a challenge, the creation of a positive work culture and a reward for individual achievement can have a significant impact on retention. The table below presents a comparison between the welfare policies implemented in several MSMEs in Kendari, as well as the employees' responses to the policies.

Table 1 results of informant interviews

Welfare Policy	Employee Response	Effect on Retention
Salary according to MSME standards	Employees feel more valued	Increase long-term loyalty
Performance-based incentives	Employees are motivated to work better	Reduce turnover
Health insurance	Employees feel financially and healthily secure	Improves well-being and satisfaction
Annual skills training	Employees feel professionally developed	Maintain morale and reduce the desire to move
Annual awards program	Employees feel their accomplishments are valued	Make employees more loyal and productive

Source : 2024 data processing results

In the table, it can be seen that policies related to employee welfare, such as performance-based incentives, health insurance, and skills training, have a significant impact on employee loyalty and low turnover rates. This confirms that a retention strategy that focuses not only on the financial aspect, but also on career development and physical well-being, is able to produce more committed and productive employees in the long run. Researchers also found unique findings related to the importance of creating a positive work culture. Despite limited budgets, implementing an inclusive, open, and rewarding culture of individual achievement has proven effective in creating a work environment that can retain employees longer in the company.

3.2. Discussion

This research was successful dig several important strategies in overcoming the high turnover rate of employees in Kendari City MSMEs. These findings make a significant contribution to the understanding of the importance of employee well-being as a key factor in maintaining a quality workforce. One of the gaps found is the lack of welfare policies implemented by most MSMEs, which leads to a high turnover rate. The study shows that comprehensive wellbeing policies, which include decent salaries, performance-based incentives, and health insurance, are proven to reduce turnover and increase employee loyalty. As explained by Budi Santoso, the owner of MSMEs in Kendari, performance-based incentives and health insurance have an important role in increasing employee satisfaction. This is in accordance with the theory (Ang & Edalmen, 2021; Arisanti et al., 2019) which explains that motivational factors, such as rewards for performance and social security, can increase job satisfaction and reduce the desire to leave a job.

In addition, an inclusive and open work environment is an important factor discussed in this study as a solution to reduce turnover rates. The second gap found in this study is the lack of career development opportunities for employees in many MSMEs. The findings of the study show that opportunities for growth, both in the form of skills training and job promotion opportunities, contribute greatly to increased employee retention. As explained by Nurul Hidayati, HR practitioner, A clear career development program can give employees a sense of confidence and commitment to the company. This is in line with the view (Afiani & Mulyana, 2022; Millena & Mon, 2022; Rony et al., 2023) in his theory of hierarchical needs, which emphasizes the importance of self-actualization as the peak of human needs. In the context of MSMEs, providing a clear career path can motivate employees to stay longer because they feel they have the opportunity to grow within the company.

The importance of career development as a factor in decreasing turnover is also supported by the findings of Rina Ayu, an employee who feels valued because the company provides opportunities to take part in training relevant to their work. These findings reinforce the argument that professional development through continuous training and learning greatly influences employees' decisions to stay in the company. Research by (Arnetta et al., 2024; Ihwanti & Gunawan, 2023) shows that employees who are given the opportunity to develop and improve their skills tend to be more loyal and motivated. Therefore, a sustainable career development policy is a strategic step that must be taken by MSMEs to reduce the turnover rate. This not only helps to improve the skills of employees, but also creates a more professional and long-term growth-oriented company culture.

However, although welfare and career development factors can reduce turnover, this study also identifies challenges in human resource management, especially budget constraints in MSMEs. However, HR practitioners such as Nurul Hidayati suggest that non-financial strategies, such as creating a positive work culture and rewarding achievements, can be an effective alternative. This is in line with the motivation theory of (Aban, 2019; Ginting &

Awakening, 2022), which states that the need for achievement and rewards also plays an important role in employee motivation. Policies that encourage employees to feel valued through recognition for their performance can increase loyalty without incurring huge costs. MSMEs in Kendari can take advantage of existing resources to create a more positive work environment, even though the budget is limited.

Finally, the findings of this study show that improving well-being not only has an impact on employee satisfaction, but also on the productivity and long-term performance of the company. Providing performance-based incentives and skills training, even with a limited budget, is proven to increase employee motivation to give their best. As stated by Budi Santoso, awarding and skills training can increase employee dedication, which in turn will reduce turnover and increase company productivity. This research also strengthens the findings expressed by (Ariescy et al., 2021; Mardanugraha & Akhmad, 2023), which shows that while cost challenges remain, implementing policies that prioritize well-being can reduce ongoing recruitment and training costs. Thus, MSMEs in Kendari need to focus on welfare policies and career development as the main strategy to reduce turnover and create stability in their operations.

4. CONCLUSION

This study concludes that employee retention strategies in Kendari City MSMEs can significantly reduce turnover rates through improved welfare and career development. Based on the results of interviews with business owners, employees, and HR practitioners, it was found that welfare policies, which include decent salaries, performance-based incentives, and health insurance, play an important role in increasing employee loyalty. In addition, clear career development opportunities, in the form of internal training and promotion, are also a factor that greatly influences employees' decisions to stay in the company. These findings emphasize the importance of a holistic approach to managing MSME human resources, which not only focuses on the financial aspect, but also on the personal and professional development of employees. Thus, policies that are responsive to employee needs can increase retention and productivity, which ultimately strengthens the operational sustainability of MSMEs.

Theoretically, the findings of this study contribute to the development of human resource management theory, especially in the context of MSMEs that have limited resources. This research expands the understanding of how employee well-being, both in financial and non-financial aspects, can affect employee turnover and productivity. In addition, clear career development, albeit on an MSME scale, has proven to be effective in increasing employee loyalty and long-term commitment. Practically, these findings provide guidance for MSME management in designing better human resource policies that are more responsive to employee needs. The implementation of this policy can provide a real solution for MSMEs in overcoming the challenge of labor retention which often hinders their development.

However, this study has several limitations, such as the limitation of the sample that only involves MSMEs in Kendari City and focuses on three groups of informants, namely business owners, employees, and HR practitioners. Further research can expand the scope of the sample to MSMEs in other regions or different industrial sectors to see if these findings can be applied more widely. In addition, further research can also examine more deeply other external factors that affect turnover in MSMEs, such as labor market conditions or government policies related to the small business sector. By expanding the reach and depth of research, it is hoped that new insights that are more comprehensive can be found to improve human resource management in MSMEs and other small business sectors.

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