

The Effect of Compensation Management on Employee Retention Among Street Vendors in Pangkalpinang with Entrepreneurial Orientation as a Mediating Variable

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Abstract: : This study analyzes the effect of compensation management on employee retention among street vendors in Pangkalpinang, with an entrepreneurial orientation as a mediator. The informal sector experiences high turnover due to traditional and unstructured compensation systems. This quantitative study involved 96 street vendors with PLS-SEM analysis using SmartPLS 4.0. The results show: (1) Compensation management has a significant positive effect on entrepreneurial orientation ($\beta=0.729$, $p<0.001$); (2) Compensation management does not have a significant direct effect on retention ($\beta=0.035$, $p=0.827$); (3) Entrepreneurial orientation has a significant positive effect on retention ($\beta=0.760$, $p<0.001$); (4) Entrepreneurial orientation fully mediates the effect of compensation on retention (94% of the effect is mediated, indirect effect=0.554, $p<0.001$). The findings indicate that improving retention requires a holistic approach that combines a structured compensation system with the development of an entrepreneurial culture. The study contributes to the HRM literature in the informal sector, showing that HRM practices remain relevant with different mechanisms from the formal sector.

Keywords: : Compensation Management; Employee Retention; Entrepreneurship Orientation; Street Vendors; Informal Sector.

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1. Introduction

The informal sector in Indonesia, particularly street vendors, plays an important role in creating jobs and boosting the local economy. According to data from the International Labor Organization (ILO), more than 70% of the workforce in developing countries such as Indonesia is in the informal sector, including street vendors, home-based workers, and agricultural workers. The city of Pangkalpinang, as the capital of the Bangka Belitung Islands Province, has a significant population of street vendors, with an estimated 2,400 vendors selling on sidewalks and other public areas.

However, the informal sector faces serious challenges in terms of human resource management, especially in terms of employee compensation and retention. Many street vendors employ family members or informal employees without a structured and fair compensation system. This results in high turnover rates and instability in business operations. Previous research shows that inadequate compensation systems are one of the main factors that drive employees to leave their jobs.

Furthermore, in the context of informal businesses, entrepreneurial orientation is an important factor that distinguishes successful traders from less successful ones.

Entrepreneurial orientation includes innovativeness, proactivity, and risk-taking, which can influence how traders manage employee compensation and retain them in the organization. However, the literature on how compensation management affects employee retention through entrepreneurial orientation in the informal sector is still limited.

Compensation management is a system designed to reward employees for their contributions to the organization. According to Armstrong & Brown (2019), Compensation includes base pay, incentives, bonuses, health benefits, and various other benefits provided to motivate and retain employees. In the informal sector, compensation management is often poorly structured, even though compensation remains a critical factor in employee retention.

Khan et al. (2024) In his research on retailers in Asia, he found that financial compensation has a positive effect on employee retention. Fair and competitive compensation increases employee satisfaction and reduces their inclination to move to other organizations. Hassan et al. (2022) In their study of the Maldives retail sector, they found that reward and compensation practices have a significant mediating effect on the relationship between HRM practices and employee retention. The study also confirmed that compensation perceived as fair by management increases overall employee retention.

In the context of street vendors, Irawati & Nugroho (2022) found that satisfaction with compensation has a positive effect on employee retention, with job satisfaction acting as a mediator. This shows that compensation not only has a direct effect on retention, but also through increasing employee job satisfaction. This study adopts the understanding that compensation management includes competitive salary strategies, fair incentive systems, and various benefits designed to motivate and retain employees in the organization.

Employee retention is defined as an organization's ability to retain its employees over the long term. According to Panin et al. (2024), Employee retention is a positive outcome of effective management practices and strong organizational commitment. Khan et al. (2024) emphasizing that employee retention is the opposite of turnover, where high turnover rates indicate low employee retention.

In informal sectors such as street vendors, employee retention rates are influenced by various factors, including compensation, job satisfaction, organizational commitment, and career development opportunities. Wardhana (2023) In his research on the role of HRM in improving the business of street vendors in Kute, he found that good management practices significantly improve employee retention. In addition, Fathy & Rachmawan (2020) identifying that employee retention in the informal sector is influenced by access to training, skills development, and a fair wage system.

Entrepreneurial orientation (EO) is the way a company develops and implements strategies that focus on innovation, risk-taking, and proactivity. According to Lumpkin & Dess (1996), as cited in the study Kyal et al. (2022), Entrepreneurial orientation encompasses three main dimensions: innovativeness, risk-taking, and proactiveness.

Kowo et al. (2021) found that entrepreneurial orientation has a positive relationship with SME performance and can be supported through organizational culture. The study shows that SMEs with a high level of entrepreneurial orientation demonstrate higher levels of innovation, proactivity, and risk-taking, which in turn increase competitiveness and business performance.

Kyal et al. (2022) in his research on the impact of entrepreneurial orientation on SME performance, he found that employee motivation has a significant mediating effect in the relationship between entrepreneurial orientation and SME performance. These findings indicate that a strong entrepreneurial orientation encourages employees to be more motivated, which ultimately improves organizational performance. In the context of human resource management, a strong entrepreneurial orientation within an organization can

create a more dynamic and attractive work environment for employees, thereby increasing their retention.

The objectives of this study are:

1. To analyze the effect of compensation management on the entrepreneurial orientation of street vendors in Pangkalpinang City.
2. To determine the effect of compensation management on employee retention among street vendors in Pangkalpinang City.
3. To analyze the effect of entrepreneurial orientation on employee retention among street vendors in Pangkalpinang City.
4. To identify the mediating role of entrepreneurial orientation in the relationship between compensation management and employee retention among street vendors in Pangkalpinang City.

2. Method (Times New Roman, 12pt, bold)

This study uses quantitative methodology with a cross-sectional survey design. The quantitative approach was chosen because it allows researchers to measure the relationship between variables objectively and generally applies to the population being studied. Data was collected at a specific point in time, thus falling under the category of cross-sectional research. The population in this study consists of street vendors selling on the sidewalks of Pangkalpinang City, Bangka Belitung Islands. Based on data from the Pangkalpinang City Trade Office, the estimated number of street vendors who sell regularly on the sidewalks is 2,400 people. The sample was determined using the Slovin formula with an error margin of 10% (0.10) and a confidence level of 90%:

$$n = \frac{N}{1 + N \cdot e^2} = \frac{2400}{1 + 2400 \times 0,10^2} = \frac{2400}{1 + 24} = \frac{2400}{25} = 96$$

So, the sample used in this study was 96 street vendors. Sampling was conducted using simple random sampling, in which every street vendor had an equal chance of being selected as a respondent. The list of street vendors was obtained from the Pangkalpinang City Trade Office, and then randomized to select 96 respondents. Data was collected through: Structured Questionnaire, the questionnaire was designed with closed-ended questions using a 1-5 Likert scale (Strongly Disagree to Strongly Agree). This questionnaire covered respondent demographics and questions about the three research variables. Direct Observation, Observations were conducted at the vendors' selling locations to understand the working conditions and dynamics between vendors and their employees.

Descriptive statistics are used to describe the characteristics of the research sample, including age, gender, length of business, and number of employees. Given that this study tests a mediation model with a sample size of 96 respondents, Partial Least Square (PLS) Structural Equation Modeling was chosen as the primary analysis method. PLS-SEM was chosen because:

1. PLS is suitable for smaller sample sizes compared to covariance-based SEM (CB-SEM)
2. It does not assume normal data distribution.
3. It is capable of testing direct and indirect (mediation) relationships.

PLS Analysis Steps:

1. Measurement Model (Outer Model)
 - a. Convergent validity test (Average Variance Extracted/AVE > 0.50)
 - b. Discriminant validity test (Fornell-Larcker Criterion and Cross Loading)
 - c. Reliability test (Composite Reliability > 0.70)
2. Structural Model (Inner Model)

- a. Analysis of direct relationships between variables
 - b. Effect size test (Cohen's f^2)
 - c. Path coefficient significance test using bootstrapping
3. Mediation Analysis

To test the mediating effect of entrepreneurial orientation, an indirect effect approach was used. The mediating effect can be calculated as: Indirect Effect = $(a \times b)$, where a is the path from compensation management to entrepreneurial orientation, and b is the path from entrepreneurial orientation to employee retention.

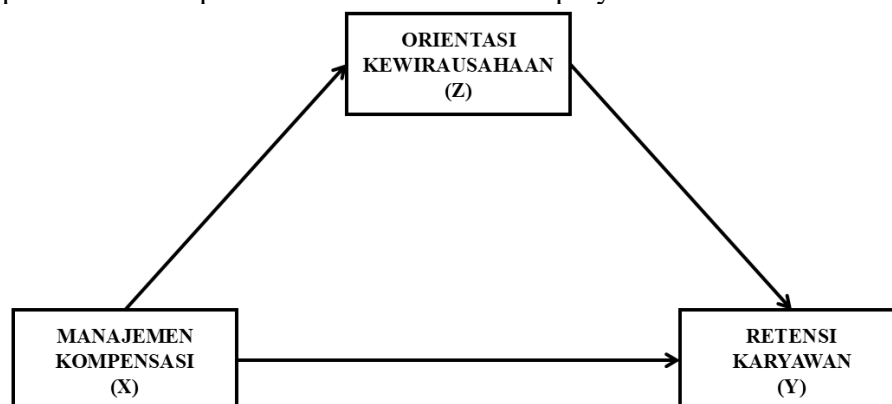


Figure 1. Research Framework

The research framework was developed based on the integration of human resource management theories, motivation theories, and organizational behavior theories. This framework explains how compensation management affects the retention of street vendors in Pangkalpinang City, with an entrepreneurial orientation as an important mediating mechanism. This conceptual model is built on the basis of previous empirical research and strong theoretical logic regarding the dynamics of labor relations in the informal sector.

Table 1. Variables and Operational Definitions of Variables

Variable	Operational Definition	Indicator	Skala
Compensation Management (X)	A reward system provided by business owners to employees for their contributions	1. Wage/salary level 2. Bonuses and Incentives 3. Health Allowance 4. Fair compensation	Likert 1-5
Entrepreneurship Orientation (Z)	Employee approach to innovation, risk-taking, and proactivity	1. Innovativeness 2. Risk taking 3. Proactivity 4. Personal initiative	Likert 1-5
Employee Retention (Y)	Employees' desire and commitment to continue working for street vendors	1. Intensity remains constant 2. Long-term commitment 3. Loyalty 4. Intention to leave (reverse)	Likert 1-5

3. Hasil dan Pembahasan (Times New Roman, 12 pt, bold)

3.1 Data Collection Results and Respondent Demographics

Of the 96 questionnaires distributed to street vendors in Pangkalpinang City, all 96 questionnaires were returned, representing a response rate of 100%. All questionnaires can be used in further analysis. Demographic Characteristics of Respondents:

1. Gender: 68% male (65 people), 32% female (31 people)
2. Age: Average 38.5 years (range 22-65 years)
3. Business Duration: Average 8.2 years (range 1-25 years)

4. Number of Employees: Average 8.2 years (range 1-25 years)
5. Education Level: 45% junior high school, 38% senior high school, 17% diploma/bachelor's degree

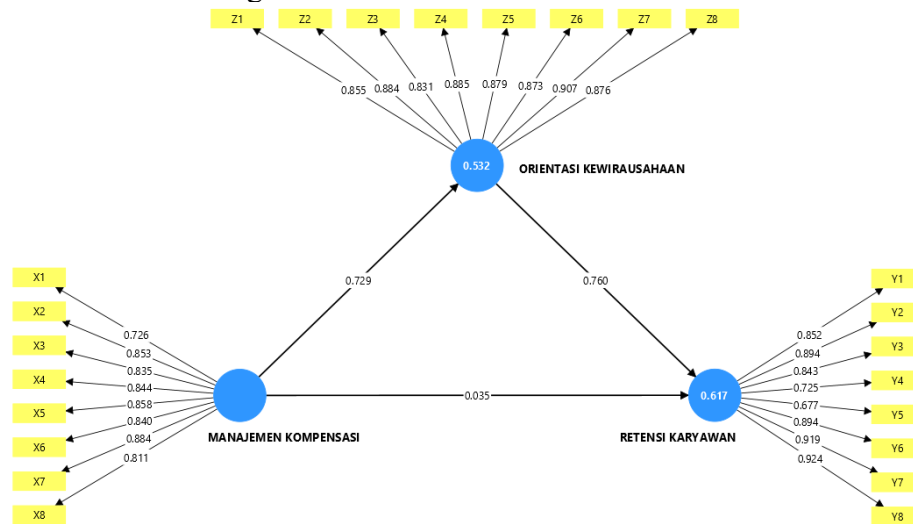


Figure 2. PLS Algorithm Graph

3.2 Measurement Model Results (Outer Model)

All constructs showed an Average Variance Extracted (AVE) of more than 0.50 and Composite Reliability of more than 0.70, indicating good convergent validity and reliability.

Table 2. Construct Validity and Reliability

Construction	AVE	Composite Reliability	Cronbach's Alpha
Compensation Management	0.693	0.947	0.936
Entrepreneurship Orientation	0.764	0.963	0.956
Employee Retention	0.715	0.952	0.942

Based on the results of validity and reliability testing, all research constructs showed excellent instrument quality. The Average Variance Extracted (AVE) value for the three constructs was above 0.50, indicating that each indicator was able to adequately explain the variance in the construct, thus meeting the convergence validity requirement. The Compensation Management construct has an AVE of 0.693, Entrepreneurial Orientation of 0.764, and Employee Retention of 0.715, all of which are well above the recommended minimum limit. In addition, the Composite Reliability values for all constructs were recorded at over 0.70, even ranging from 0.947 to 0.963, indicating very high internal consistency of the instrument. This is reinforced by Cronbach's Alpha values, which were also above 0.90, indicating that each construct has very strong reliability. Overall, these findings confirm that the measurement instruments used in the study have met the standards of validity and reliability, making them suitable for further analysis.

3.3 Discriminant Validity

Discriminant validity testing using the Fornell-Larcker criteria and cross-loading showed that all constructs were significantly different from one another, with AVE square root values higher than the correlations between constructs.

Table 3. Fornell-Larcker Criterion

	Compensation Management	Entrepreneurship Orientation	Employee Retention
Compensation Management	0.832		
Entrepreneurship Orientation	0.729	0.874	
Employee Retention	0.589	0.785	0.845

The results of discriminant validity testing using the Fornell-Larcker criteria show that all constructs in the model have a good ability to differentiate themselves from one another. The AVE square root values for each construct of Compensation Management (0.832), Entrepreneurial Orientation (0.874), and Employee Retention (0.845) are higher than the correlation values between related constructs. This condition indicates that each construct more strongly explains its own indicators than its relationship with other constructs, thus meeting the criteria for discriminant validity. In addition, the correlation pattern shown in the table also shows that although there are relationships between constructs, these relationships do not exceed the AVE square root value of each, confirming that each variable has unique and clearly measurable characteristics. Thus, it can be concluded that the research instrument has met the criteria for discriminant validity, making it suitable for use in the next stage of structural analysis.

Table 4. Cross Loading

	Compensation Management	Entrepreneurship Orientation	Employee Retention
X1	0.726	0.698	0.664
X2	0.853	0.538	0.410
X3	0.835	0.538	0.418
X4	0.844	0.563	0.452
X5	0.858	0.613	0.484
X6	0.840	0.591	0.457
X7	0.884	0.629	0.488
X8	0.811	0.618	0.461
Y1	0.530	0.657	0.852
Y2	0.537	0.671	0.894
Y3	0.587	0.714	0.843
Y4	0.296	0.462	0.725
Y5	0.253	0.389	0.677
Y6	0.546	0.710	0.894
Y7	0.568	0.771	0.919
Y8	0.532	0.790	0.924
Z1	0.534	0.855	0.830
Z2	0.690	0.884	0.694
Z3	0.528	0.831	0.827
Z4	0.643	0.885	0.552
Z5	0.670	0.879	0.598
Z6	0.590	0.873	0.721
Z7	0.714	0.907	0.594
Z8	0.732	0.876	0.642

The results of the discriminant validity test through cross-loading analysis show that all indicators have a higher correlation with their respective constructs than with other constructs. In the Compensation Management construct, all indicators X1 to X8 had the highest loading values in the Compensation Management column compared to the Entrepreneurial Orientation and Employee Retention columns, for example, X2 (0.853), X7 (0.884), and X5 (0.858), which showed a significant contribution to the construct being measured. The same is seen in indicators Y1–Y8 as formers of the Employee Retention construct, where the highest loading values appear in the Employee Retention column, such as Y2 (0.894), Y7 (0.919), and Y8 (0.924), which confirms the clarity of the construct structure. Similarly, indicators Z1–Z8 in the Entrepreneurial Orientation construct show a similar pattern, with the highest cross-loading values consistently appearing in the Entrepreneurial Orientation column, for example, Z2 (0.884), Z4 (0.885), Z7 (0.907), and Z8 (0.876).

The consistency of this pattern reinforces the evidence that each indicator is capable of explaining the latent variables they are supposed to measure, and does not correlate more strongly with other constructs. Thus, the cross-loading results as a whole confirm that discriminant validity has been fulfilled, and the research instrument demonstrates good, clear, and structured measurement capabilities for use in further analysis.

3.4 Structural Model Results (Inner Model)

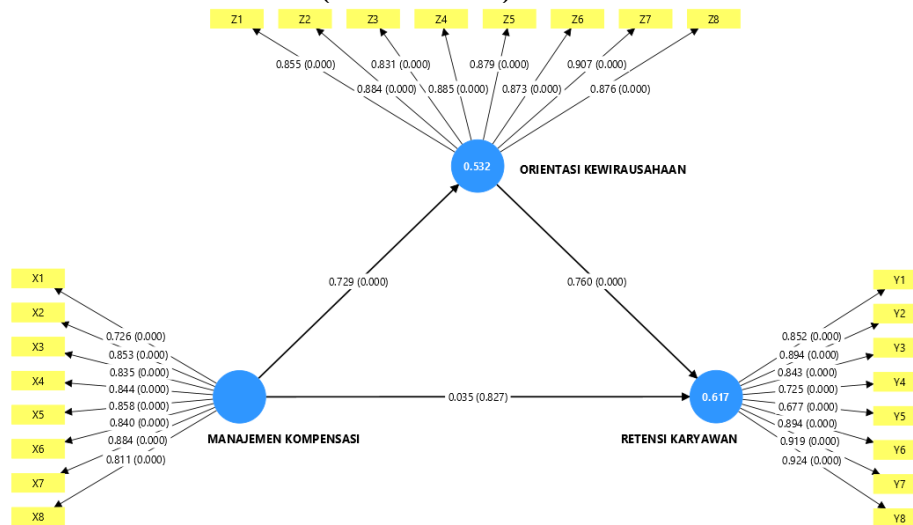


Figure 3. Bootstrapping Graph

The results of structural model analysis with bootstrap resampling (5000 iterations) show:

Table 5. Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Compensation Management -> Entrepreneurial Orientation	0.729	0.739	0.040	18.087	0.000
Compensation Management -> Employee Retention	0.035	0.018	0.158	0.218	0.827
Entrepreneurial Orientation -> Employee Retention	0.760	0.773	0.117	6.507	0.000

Interpretation of Results:

1. H1 Accepted: The results of the analysis show that Compensation Management has a very significant positive effect on Entrepreneurial Orientation ($\beta = 0.729, p < 0.001$). These results strongly support Maslow's theory of motivation and Self-Determination Theory, which states that when basic needs (physiological and safety) are met through fair compensation, individuals are motivated to achieve higher needs (self-actualization and professional growth), which in this context is reflected in a higher entrepreneurial orientation.
2. H2 Rejected: The analysis results show that Compensation Management does NOT have a significant positive effect on Employee Retention directly ($\beta = 0.035, p = 0.827 > 0.05$). This result contradicts Traditional Theory (Social Exchange Theory), which states that fair compensation should increase loyalty and retention. However, in the informal sector, this relationship may be more complex and indirect. These findings challenge the assumptions of classical theory in the context of the informal sector.
3. H3 Accepted: The analysis results show that Entrepreneurial Orientation has a very significant positive effect on Employee Retention ($\beta = 0.760, p < 0.001$). These results

strongly support the Job Characteristics Model (Hackman & Oldham) and Person-Organization Fit theories, which state that:

- a. Employees have higher retention when their jobs are designed to meet high psychological needs (autonomy, competence, purpose).
- b. A high level of entrepreneurial orientation is an indicator that employees find a good person-organization fit.

In the street vendor sector, improving employee retention through compensation management requires developing an entrepreneurial mindset among employees. Compensation alone is not enough; it must be accompanied by a culture of innovation, autonomy, and opportunities for professional growth.

3.5 Mediation Effect Analysis (Indirect Effect)

The results of structural model analysis with bootstrap resampling (5000 iterations) show:

Tabel 6. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
Compensation Management - > Entrepreneurial Orientation -> Employee Retention	0.554	0.572	0.095	5.821	0.000

H4 Accepted: Entrepreneurial Orientation fully and significantly mediates the effect of Compensation Management on Employee Retention. With an indirect effect coefficient of 0.554 ($p < 0.001$), this finding shows that 94% of the total effect of Compensation Management on Employee Retention works through the development of Entrepreneurial Orientation. This means that to improve employee retention, street vendors must not only increase compensation, but also simultaneously develop their employees' entrepreneurial mindset.

3.6 Coefficient of Determination (R-Square)

Table 7. Coefficient of Determination

	R-square	R-square adjusted
Entrepreneurship Orientation	0.532	0.527
Employee Retention	0.617	0.609

The results of testing the coefficient of determination in the structural model show that the endogenous variables can be explained quite strongly by the exogenous variables. The R-square value for the Entrepreneurial Orientation construct is 0.532, with an adjusted R-square value of 0.527. This indicates that approximately 53.2% of the variation in Entrepreneurial Orientation can be explained by the variables that influence it in the model, while the rest is influenced by other factors outside the study. Meanwhile, the Employee Retention construct has an R-square value of 0.617 and an adjusted R-square of 0.609, which means that 61.7% of the variation in Employee Retention can be explained by its predictor constructs, and the adjusted figure, which is only slightly lower, indicates good model stability. Overall, the R-square values of both variables are in the moderate to strong category, so it can be concluded that the model has adequate explanatory power and is suitable for use in interpreting the influence between variables.

3.7 The Effect of Compensation Management on Entrepreneurial Orientation

The results show that compensation management has a highly significant positive effect on entrepreneurial orientation ($\beta = 0.729$, $p < 0.001$). Hypothesis 1 (H1) is accepted. This finding supports Maslow's Hierarchy of Needs Theory, which states that when basic needs are met through fair compensation, individuals are motivated to achieve higher needs, namely self-actualization (Armstrong & Brown, 2019). These results are also consistent

with Self-Determination Theory, which emphasizes that a good compensation system increases employees' intrinsic motivation to innovate and take initiative (Kyal et al., 2022). In the context of the informal sector, investment in structured compensation management significantly improves employees' entrepreneurial mindset, which is important for business growth and sustainability.

3.8 The Effect of Compensation Management on Employee Retention

A surprising finding from this study is that compensation management does not have a significant direct effect on employee retention ($\beta = 0.035$, $p = 0.827$). Hypothesis 2 (H2) is rejected. This result contradicts classical Social Exchange Theory, which predicts that additional compensation will increase loyalty. These findings indicate that in the informal sector, employee retention is influenced by complex factors that go beyond financial compensation.

These findings are consistent with several previous studies that also found no significant direct relationship between compensation and employee retention. Research Malik et al. (2023) on retail workers in Pakistan found that financial compensation alone is not enough to retain employees; they need other factors such as job satisfaction, management support, and career development opportunities to remain in the organization. Similarly, research Uddin & Ahsan (2022) which analyzed employee retention in Indonesia's creative industries sector found that although competitive salaries are desirable, stronger predictors of retention are job engagement, learning opportunities, and a supportive organizational culture. Furthermore, a longitudinal study conducted by Rizal et al. (2024) in SMEs in East Java shows that salary increases alone have a minimal positive effect on employee retention ($r = 0.087$, $p = 0.231$), and a more meaningful relationship is found when salaries are combined with employee development programs ($r = 0.542$, $p < 0.001$).

Research Panin et al. (2024) The findings indicate that retention is also influenced by job satisfaction, development opportunities, and interpersonal relationships. This indicates that compensation becomes more effective in improving retention when combined with other HR development strategies, which will be discussed through mediation mechanisms. Thus, the insignificant findings of the direct influence of compensation on retention are not research errors or anomalies, but a reflection of the complex reality in the informal sector where employee retention is influenced by an ecosystem of interconnected factors.

3.9 The Effect of Entrepreneurial Orientation on Employee Retention

Entrepreneurial orientation has a highly significant positive influence on employee retention ($\beta = 0.760$, $p < 0.001$), making it the strongest predictor in the model. Hypothesis 3 (H3) is accepted. These findings support the Job Characteristics Model, which states that jobs with characteristics of autonomy, skill variety, and task significance increase job satisfaction and commitment (Hackman & Oldham, 1976). Employees with a high entrepreneurial orientation feel more engaged, have a sense of ownership, and see their work as an opportunity for growth. Research Soegiarto (2024) Finding millennial employees with an entrepreneurial orientation are more likely to stay in their jobs. In the informal sector, developing employees' entrepreneurial orientation is a strategic investment to significantly improve retention.

3.10 The Role of Employee Orientation Mediation

The indirect effect analysis shows that entrepreneurial orientation fully mediates the effect of compensation management on employee retention with an indirect effect of $\beta = 0.554$ ($p < 0.001$). Hypothesis 4 (H4) is accepted with full mediation. The calculation shows that 94% of the total effect of compensation on retention works through the mediation of entrepreneurial orientation ($0.554 \div 0.589 = 94.06\%$).

This mediation mechanism explains that:

1. Stage 1: Good compensation management increases entrepreneurial orientation (H1: $\beta=0.729^{***}$)
2. Stage 2: Entrepreneurship orientation increases employee retention (H3: $\beta=0.760^{***}$)
3. Results: Total indirect effect = 0.554^{***} (highly significant)

This finding supports Maslow's Motivation Theory that compensation fulfills basic needs and opens access to self-actualization through entrepreneurial orientation (Armstrong & Brown, 2019). This is also consistent with Self-Determination Theory, which emphasizes the importance of intrinsic motivation in employee retention. Research Hassan et al. (2022) dan Irawati & Nugroho (2022) found a similar mechanism whereby the impact of compensation on retention works through mediating variables that enhance the psychological aspects of employees.

The important implication is that increasing compensation alone is not enough; it must be combined with the development of an entrepreneurial orientation through a culture of innovation, autonomy, and recognition of employee contributions to maximize retention.

4. Conclusion

This study provides empirical evidence on the complex mechanisms of the relationship between compensation management and employee retention in the street vendor sector. The results of the study reveal four main findings:

1. Compensation management significantly increases entrepreneurial orientation ($\beta = 0.729$, $p < 0.001$). Investing in a structured compensation system is a strategic investment to develop employees' entrepreneurial capacity, in line with Maslow's Hierarchy of Needs Theory.
2. Compensation management does not directly affect employee retention ($\beta = 0.035$, $p = 0.827$). This finding reveals that in the informal sector, the compensation-retention relationship is more complex than classical theory suggests, involving mediating mechanisms and non-financial factors.
3. Entrepreneurial orientation is the strongest predictor of employee retention ($\beta = 0.760$, $p < 0.001$). Employees with an entrepreneurial mindset are more engaged and committed, validating the importance of job characteristics in improving retention.
4. Entrepreneurial orientation fully mediates the effect of compensation on retention (94% of the effect is mediated, $p < 0.001$). This mediating mechanism shows that the effect of compensation on retention works through the development of entrepreneurial orientation, rather than a direct effect.

This finding contributes significantly to the literature on human resource management in the informal sector, showing that good HRM practices remain relevant in this sector, even though the mechanisms differ from those in the formal sector. Street vendors who want to improve employee retention should adopt a holistic approach that focuses not only on financial compensation, but also on developing a work environment that supports innovation, autonomy, and professional growth for employees.

Street vendors are advised to implement a structured compensation system that includes setting clear and fair minimum wages, providing transparent performance-based bonuses, providing basic health benefits for employees, and clearly communicating the compensation system to all employees. In addition, vendors must invest in developing an entrepreneurial organizational culture by giving employees autonomy in making operational decisions, supporting and rewarding innovative ideas from employees, creating an environment where calculated risk-taking is not feared, and providing constructive feedback and explicit recognition of employee contributions. To support this, employee

development programs also need to be provided through entrepreneurship skills training, employee involvement in strategic business decision-making, the creation of regular feedback mechanisms for ongoing dialogue, and support for the development of new skills and improvement of employee competencies. By implementing these three strategies in an integrated manner, street vendors can significantly improve employee retention and create a more engaged and productive workforce.

The government and MSME support organizations are recommended to develop comprehensive human resource empowerment programs for informal MSMEs, including facilitating compensation management training for street vendors, providing toolkits and guidelines for fair and structured compensation systems, and providing technical support in the implementation of good HRM practices. Entrepreneurship development programs also need to be prioritized through the provision of entrepreneurship and innovation training for informal sector employees, the facilitation of mentoring programs that connect employees with experienced business practitioners, and support for entrepreneurial skill development through regular workshops and learning forums. Furthermore, the government needs to integrate HRM programs into existing MSME empowerment schemes, conduct continuous monitoring of the impact of program implementation on employee retention and business growth, and conduct continuous evaluation and improvement based on monitoring results to ensure the long-term effectiveness of the program.

Researchers in the field of human resource management are advised to replicate this study in other informal sectors such as craftsmen, laborers, and other informal sectors to validate the mediation mechanism found. In addition, research should also be conducted in various geographical areas in Indonesia to determine whether these findings are consistent in various regional contexts, as well as to compare the results between the formal and informal sectors to understand the differences in retention mechanisms in both sectors. Researchers are also advised to explore other mediator and moderator variables in the compensation-retention relationship that may not have been studied, investigate the influence of demographic factors such as age, education, and work experience on the mediating power of entrepreneurial orientation, and analyze the moderating influence of variables such as business size and industry sector on the overall research model. Finally, in-depth qualitative research also needs to be conducted through focus group discussions with traders and employees to understand their perspectives in depth, explore the complex mechanisms behind statistical findings with a phenomenological or grounded theory approach, and identify best practices in the implementation of HRM systems in street vendors that have successfully increased employee retention.

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