



Employee Retention Strategies in Informal MSMEs: The Role of Compensation, Work Flexibility, and the Work Environment

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ABSTRACT

Employee retention is an important issue for the sustainability of informal MSMEs because job characteristics, compensation systems, time flexibility, and work environment conditions can affect businesses' ability to retain their workforce. This study aims to analyze employee retention strategies in informal MSMEs by focusing on compensation, work flexibility, and work environment. The research uses a descriptive qualitative approach through re-analysis of previous research data on wage and employee turnover policies in broiler chicken trader MSMEs in Sumber Bendo Hamlet, Pule Village, Kandat District, Kediri Regency. Previous research data was obtained through in-depth interviews, direct observations, and document analysis, which were then re-analyzed with the perspective of employee retention. The results of the analysis show that the ability to retain workers in informal MSMEs is not only determined by compensation, but also by work flexibility, work environment, and sustainability of workforce skills. Production-based compensation systems provide opportunities for increased revenue as the volume of work increases, while bonuses can be an additional reward strategy. The flexibility of work that arises from the night work pattern provides value for some workers because it allows for other activities during the day, although these conditions also have the potential to cause fatigue. The work environment can be strengthened through clearer division of tasks and mentoring new workers, while workers' multitasking skills are an asset that needs to be maintained through skill transfer. Based on these findings, employee retention strategies in informal MSMEs need to be built through a combination of adaptive compensation, work flexibility, a supportive work environment, and the sustainability of workforce skills

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in providing employment opportunities and driving economic activity in communities. One type of MSME that is thriving at the local level is the broiler chicken trade. The prospects for this business are supported by high public demand for broiler chicken meat. Data from the Ministry of Agriculture show that household consumption of broiler chicken meat in Indonesia reached 7.46 kg per capita in 2023 and is projected to increase to 7.76 kg per capita by 2025 (Secretariat General, 2025). This consumption is projected to continue rising to 8.16 kg per capita in 2026 and 8.58 kg per capita in 2027, indicating that demand for broiler chicken meat continues to trend upward. These conditions demonstrate that the broiler chicken trade has significant market potential while also creating opportunities for the public to start businesses and generate employment. In fact, previous projections by the Ministry of Agriculture indicate that consumption of broiler chicken—which includes both household and non-household consumption—is expected to reach 11.46 kg per capita by 2025, further highlighting the importance of broiler chicken in meeting the food needs of the Indonesian people. In this context, the sustainability of MSMEs depends not only on their ability to maintain market share but also on their ability to retain and manage the human resources involved in operational activities. Effective human resource management—including attention to employee well-being, competency development, and retention—can support the performance and sustainability of MSMEs (Education & Indonesia, 2019).

Human resources play a vital role in the sustainability of MSMEs because most business activities still rely on the direct involvement of owners and workers. This situation is evident among broiler chicken traders in Sumber Bendo Hamlet, Pule Village, Kandat Subdistrict, Kediri Regency. Many residents in this area operate broiler chicken trading businesses and engage in chicken slaughtering activities. Previous research noted that there are 25 broiler chicken vendors and 32 chicken slaughterers serving markets in Kediri Regency and City. Slaughtering is carried out using traditional methods and takes place at night, from approximately 12:00 a.m. to 3:00 a.m. WIB (Hariyanti & Churiyah, 2024). The nature of this work makes the availability and retention of workers a critical issue for the operational sustainability of MSMEs.

In the informal MSME sector, retaining workers is not always easy. Previous research shows that workers at broiler chicken SMEs often change jobs because they find other employment opportunities that offer better conditions or compensation. This issue becomes even more complex because the work is done at night, while the number of workers willing to work at that time is relatively limited. Thus, human resource issues in SMEs are not only about how to recruit workers, but also how to create conditions that encourage workers to stay and contribute sustainably.

Employee retention is a relevant perspective for understanding this issue. Employee retention is not solely related to the level of wages but is also influenced by various work conditions that provide value to employees. Work flexibility and non-financial compensation have been shown to play a role in

improving employee retention (Anggun Rahmawati & Wendra, 2025). In the context of MSMEs, material incentives such as salaries, bonuses, and commissions, as well as non-material incentives like recognition, feedback, and working relationships with supervisors, have also been found to have a positive effect on employee retention (Calvin Susanto & Andani, 2025). Previous research on SMEs in the broiler chicken trade has shown that certain job characteristics have the potential to either support or hinder workforce retention. On the positive side, workers have experience performing a variety of tasks, ranging from slaughtering, plucking, and cleaning the chicken's internal organs to cutting the chicken according to customer requests. Workers also possess multitasking skills that allow them to perform several types of tasks within a single operational activity.

Work flexibility is one aspect that can support employee retention, as it allows employees to adjust their work arrangements to suit their personal and professional needs. Research by Rahmawati and Wendra (2025) shows that work flexibility has a positive and significant effect on employee retention (Anggun Rahmawati & Wendra, 2025). Work activities that take place at night allow some workers to continue other activities during the day. Previous research found that workers in these MSMEs are partly homemakers and partly junior high or high school graduates in need of employment opportunities. This flexibility in working hours can be a valuable aspect for workers because it allows them to balance their jobs with other activities outside their primary employment. Thus, in the context of the informal MSME sector, worker retention must be viewed not only from a financial perspective but also in terms of job characteristics that provide flexibility for workers.

The findings indicate that employee retention in informal MSMEs is a multidimensional issue. While compensation is indeed an important aspect, the ability to retain workers is also related to work flexibility, job characteristics, worker capabilities, work environment conditions, opportunities for skill development, and human resource management practices. Previous research has identified various internal and external factors related to turnover through SWOT analysis. Internal factors identified include worker experience, work schedule flexibility, multitasking ability, lack of training, uncertainty regarding workload, limitations in human resource management, night shifts, and limited compensation. Meanwhile, external factors include competition from other businesses offering higher wages and a shortage of workers willing to work under such conditions.

Nevertheless, these findings can still be examined from a different perspective. Previous research has primarily focused on identifying the strengths, weaknesses, opportunities, and threats of wage policies and formulating strategies to reduce employee turnover. While this perspective provides an important foundation for understanding labor issues in MSMEs, it has not specifically prioritized employee retention as the main focus. Therefore, this follow-up study re-examines the same field findings to understand employee retention strategies in informal MSMEs by focusing on three key aspects: compensation, work flexibility, and the work environment.

Based on this overview, this study aims to analyze employee retention strategies in informal MSMEs by identifying compensation, work flexibility, and the work environment as the primary factors shaping MSMEs' ability to retain their workers. This study examines the context of broiler chicken vendors in Sumber Bendo Hamlet, Pule Village, Kandat Subdistrict, Kediri Regency, whose work is characterized by informality, night shifts, a production-based compensation system, and worker involvement in various operational activities. By reanalyzing previously collected field research data, this study is expected to provide new insights into how informal MSMEs can develop workforce retention strategies that align with their business characteristics and workers' needs.

METHOD

This study employs a descriptive qualitative approach by reanalyzing field data obtained from a previous study on wage policies and employee turnover among broiler chicken retailers operating as MSMEs. The qualitative approach was chosen because the study aims to understand the conditions, experiences, and dynamics of workforce management within the natural context of MSMEs. In qualitative research, interviews, observations, and documentation are techniques that can be used to gain an in-depth understanding of the perspectives, experiences, behaviors, and social conditions of research subjects (Lexy J. Moleong, 2018). The data analyzed were drawn from a previous study conducted among broiler chicken traders in Sumber Bendo Hamlet, Pule Village, Kandat Subdistrict, Kediri Regency, which included 25 broiler chicken traders and 32 chicken slaughterhouse workers (Hariyanti & Churiyah, 2024). The previous study collected data through in-depth interviews, direct observation, and document analysis to understand the context, processes, and factors influencing wage policies and employee turnover.

The reanalysis in this study was conducted by shifting the focus of data interpretation from wage policies and turnover to employee retention, specifically on three main aspects: compensation, work flexibility, and the work environment. Data from interviews, observations, and relevant documentation pertaining to these three aspects were identified, categorized, and interpreted to uncover patterns that explain the conditions that may support or hinder the ability of MSMEs to retain workers. The analysis also examined findings regarding workers' experience and multitasking abilities, work schedule flexibility, limited training opportunities, uncertainty regarding work volume, night shifts, production-based compensation systems, and competition with other businesses for labor. Thus, this study did not collect new primary data but provided a different analytical perspective on data from previous research to generate insights into employee retention strategies in the informal SME sector.

RESULTS AND DISCUSSION

Compensation as a Retention Factor

Compensation is one of the important aspects in retaining workers in informal MSMEs. The results of the analysis of the research data show that the compensation system for MSMEs broiler chicken traders in Sumber Bendo Hamlet, Pule Village, Kandat District, Kediri Regency is still very related to the volume of work completed by workers. The wage system implemented is in the form of payment based on production or *piece rate*, where workers get wages based on the number of chickens worked. In previous research, it was stated that the wage received by workers for each chicken was around Rp1,200, while the amount of income received by workers would increase when market demand was high and decrease when market conditions were quiet. Thus, the compensation that workers receive is not completely fixed, but depends on demand conditions and the volume of work.

This condition shows that there are two sides to compensation in the context of worker retention. On the one hand, production-based systems provide workers with the opportunity to earn more income when the volume of work increases. This means that there is a direct relationship between the contribution of the worker and the reward received. On the other hand, the dependence of income on the amount of production creates uncertainty for workers when market demand declines. This uncertainty is an important issue because workers may consider other job alternatives that offer higher compensation or more stable incomes. Previous research found that one of the threats to the sustainability of the MSME workforce is the existence of other businesses, both MSMEs and larger industries, that are able to offer higher wages to workers.

From the perspective of employee retention, this situation indicates that compensation cannot be understood solely in terms of the nominal wage amount. Compensation is also related to employees' perceptions of the alignment between the work they perform and the rewards they receive. Chicken-processing work is quite physically demanding because it is performed in the middle of the night and requires skills across several stages of the process. Workers perform activities ranging from slaughtering, plucking feathers, and cleaning the chicken's internal organs to cutting the chicken according to customer requests. This ability to multitask indicates that workers contribute to multiple activities simultaneously, making the compensation system a crucial factor in maintaining the job's appeal.

The issue of compensation becomes even more apparent because previous research found that workers do not receive any meaningful additional compensation beyond beverages such as coffee or tea. These conditions indicate that the reward system in place remains rudimentary. While workers do earn higher income through a production-based system when workloads increase due to high market demand, there are currently no additional forms of recognition specifically provided to acknowledge this increased workload. Previous research has also recommended offering bonuses when order volumes rise as one strategy to reduce employee turnover.

The findings can be interpreted as saying that retention strategies in informal MSMEs need to be directed towards a compensation system that is more responsive to worker contributions and business conditions. Bonuses when demand increases can be a relatively simple form of reward and in accordance with the characteristics of MSMEs because they do not have to be a fixed cost that must be incurred every period. The strategy can also link the success of the business to the benefits that workers receive. When demand increases and MSMEs earn additional income, part of the increase can be allocated as rewards for workers. Thus, compensation can serve not only as payment for work, but also as an instrument to retain workers who already have experience and skills.

However, compensation is not the only aspect that can explain the ability of MSMEs to retain workers. Previous research data showed that there was another characteristic that could actually be an attraction of work, namely the flexibility of working hours. This is important because the characteristics of the workforce in MSMEs are not entirely the same as workers in formal organizations. Some workers are housewives, while others are junior high or high school graduates who need job opportunities. Therefore, the value of a job for workers is not always determined by the amount of wages, but also by its suitability with the needs and other activities they have.

Work Flexibility as a Retention Factor

Work flexibility is an important finding in the context of *employee retention* in MSMEs of broiler chicken traders. Chicken slaughtering activities are carried out at night, around 24.00-03.00 WIB, while trading activities take place in the morning. While night work hours can be a drawback as they have the potential to reduce workers' stamina, previous research has also shown that the time pattern provides a certain flexibility for workers as they can still perform other activities during the day. This flexibility is a characteristic of the job that distinguishes it from work with regular working hours.

This flexibility becomes increasingly relevant when viewed from the characteristics of workers. Previous research has shown that some workers are housewives who do not have other jobs at any given time, while others are junior high or high school graduates. With a nighttime work pattern, chicken slaughtering jobs allow workers to allocate daylight hours for household or other activities. This means that even though work has consequences in the form of unusual working hours, this pattern can provide a form of flexibility that is valuable for some workers.

From a retention perspective, work flexibility can be understood as one of the *job values* offered by informal MSMEs to workers. Workers not only consider the amount of income, but also how the job can be adapted to life outside of work. In the context of MSMEs studied, this flexibility arises not through formal policies regarding *flexible working arrangements*, but naturally from the characteristics of business operational time. This shows that retention practices in informal MSMEs can be formed through simple work arrangements and are not always outlined in formal policies.

Nonetheless, the flexibility of working time has an ambivalent character. Night working hours can be an advantage in terms of flexibility, but at the same

time it can be a factor that reduces the attractiveness of the job. Previous research has found that workers have to work at midnight to get the chicken ready to market in the morning. This condition can cause workers' stamina to decrease and potentially affect their ability to carry out activities during the day. In addition, the limited workforce willing to work at night is one of the threats to business sustainability.

Thus, work flexibility cannot be viewed simply as a condition that always increases retention. The value of flexibility depends on how workers interpret the time pattern. For workers who need time during the day for other activities, night work can provide benefits. Conversely, for workers who are uncomfortable with night work or experiencing burnout, the pattern can be a reason to look for another job. Therefore, *employee retention strategies* in informal MSMEs need to maintain the positive side of flexibility while reducing the negative consequences of night working hours.

Based on these two findings, it can be seen that retention strategies in informal MSMEs are not enough just to increase wages. Compensation needs to be made more adaptive to the volume of work, for example through the provision of bonuses when demand increases, while work flexibility needs to be maintained as one of the characteristics that provide value to workers. At the same time, MSMEs need to pay attention to night working conditions so that flexibility does not turn into a burden that encourages workers to leave work. Previous research findings regarding the opportunities to use technology that can make work faster and lighter also reinforce the need to combine compensation strategies with improved working conditions.

Thus, *employee retention* in the context of informal MSMEs can be understood as a result of a balance between the rewards received by workers and the characteristics of the jobs offered. Compensation provides an economic boost, while flexibility provides non-financial value that can be a reason workers stay put. Both need to be managed simultaneously according to business characteristics, market conditions, and labor needs. This perspective expands on the results of previous research that originally focused on strategies to reduce *turnover* through wage policies into a broader understanding of how informal MSMEs can build conditions that support the sustainability of the workforce.

Work Environment as a Retention Factor

The work environment is an important aspect in maintaining the workforce in informal MSMEs because the working conditions faced by workers can directly affect their sustainability in carrying out their work. Based on the analysis of the research data, the work environment in MSMEs of broiler chicken traders has different characteristics from the work environment in formal organizations. The main activity of chicken slaughter is carried out at night, around 24.00-03.00 WIB, so that the product is ready to be marketed in the morning. This condition makes working time one of the main characteristics of the work environment that workers must face. Previous research has shown that working in the middle of the night can cause workers' stamina to decrease and potentially make workers unable to carry out activities optimally during the day.

These characteristics show that the work environment has two sides in the context of retention. On the one hand, working at night provides a certain flexibility because workers still have time during the day to do other activities. However, on the other hand, work at that time requires sufficient physical condition and stamina because workers have to carry out activities in a span of time when most economic activities take place during the day. Thus, time flexibility, which was previously one of the potential attractions of work, can also be a source of burden if it is not balanced with supportive working conditions.

In addition to working hours, the work environment in MSMEs studied is also characterized by limited human resource management. Previous research has found that there is no clear division of labor yet. Workers carry out various activities together, ranging from slaughtering, feather removal, cleaning the inside of chickens, to cutting meat. In addition, the recruitment system also does not use a special selection mechanism; A person who is willing to work can be accepted as a worker. This condition shows that the work environment is built informally and is highly dependent on the ability of workers to adjust to business operational needs.

From *the perspective of employee retention*, this condition has important implications. A flexible and less bureaucratic work environment can be an attraction for workers who need easy job opportunities. However, when there is no clear division of duties and work standards, workers can face uncertainty about responsibilities and workloads. What's more, new workers are directly involved in the job without going through a special training program. Previous research has found that these conditions can cause the quality of work of new workers to not be the same as those of experienced workers.

Thus, a retention-supportive work environment does not necessarily mean a fully formal work environment. In the context of informal MSMEs, a supportive work environment can be built through simple arrangements, such as clearer division of labor, mentoring for new workers, attention to the stamina of night workers, and the provision of working conditions that make workers feel capable of carrying out work sustainably. Previous research findings have even shown that the use of more modern technology can be an opportunity to make work faster and lighter for workers.

Multitasking Skills and Workforce Sustainability

Worker skills are another important aspect in understanding *employee retention* in informal MSMEs. Research data shows that workers in MSMEs broiler chicken traders have the ability to carry out various activities in the work process. They do not only do one type of work, but can be involved in slaughtering chickens, feather removal, cleaning the inside of chickens, and slaughtering chickens according to customer requests. This ability shows the existence of multitasking skills that develop through work experience.

Multitasking skills provide strategic value for the sustainability of MSMEs because businesses can run their operations with a relatively limited number of workers. A worker who is able to do several types of work provides flexibility for business owners to allocate labor according to the volume of work. This becomes even more important when the number of demands changes.

Previous research found that the volume of work in MSMEs is highly dependent on market conditions. When demand increases, the volume of work also increases, while when the market is quiet, the volume of work becomes smaller and has an impact on workers' income.

From a retention perspective, multitasking skills have an interesting relationship with labor sustainability. Workers who have experience and are able to perform various stages of work have a higher operational value for MSMEs than workers who have just entered and do not have skills. Therefore, retaining experienced workers can help MSMEs maintain smooth business activities. On the other hand, when experienced workers leave the business, MSMEs must return to find and adjust new workers to various job demands.

However, previous research has also shown that there are problems in skill development. There are no specific training programs for new workers. New workers are immediately employed and paid like old workers, although the skills are not necessarily the same. These conditions suggest that multitasking skills are formed more through experience and on-the-job learning processes than through formal training systems.

These findings indicate that the sustainability of the workforce in informal MSMEs can be strengthened through the process of skill transfer. Experienced workers not only function as job implementers, but indirectly have practical knowledge that can be transmitted to new workers. Therefore, mentoring new workers by experienced workers can be one of the simple mechanisms to maintain knowledge and skills in MSMEs. This strategy is relevant to the condition of MSMEs that do not yet have formal training programs.

The ability to multitask also shows that workers have the capacity to adapt to changing operational needs. When demand increases, workers can carry out various stages of work as needed. This is an internal strength that has been identified in previous research. Thus, worker skills are not only an operational resource, but also an asset that needs to be maintained through better workforce management.

Employee Retention Strategy in Informal MSMEs

Based on the analysis of the overall findings, *the employee retention strategy* in MSMEs broiler chicken traders needs to be understood as a combination of financial and non-financial factors. Previous research has focused on strategies to reduce turnover through wage policies, but the same data shows a number of other factors related to the ability of MSMEs to retain workers. These factors include the flexibility of working hours, worker experience and skills, working environment conditions, training, work volume, and competition with other businesses that offer higher compensation.

The first strategy is to improve the reward system according to business conditions. The production-based wage system has actually provided a direct relationship between the number of jobs and the income of workers. However, when the volume of work increases, MSMEs can provide additional bonuses as a form of reward for increasing worker contributions. Recommendations for providing bonuses when orders increase have appeared in previous research.

Thus, compensation strategies can be designed flexibly without having to change the entire wage system that has been implemented.

The second strategy is to maintain work flexibility while reducing the workload at night. Flexibility is one of the characteristics of work that can provide value for workers, especially since some workers have other activities during the day. However, night work also has the potential to cause fatigue. Therefore, flexibility should not only be understood as working time that is different from formal work, but also as an effort to adjust the division of work to the ability and conditions of workers.

The third strategy is to strengthen the work environment through task sharing and mentoring. The absence of a clear division of labor and the lack of training for new workers are weaknesses in human resource management. MSMEs can retain workers by building a simple work system, such as providing job explanations from the beginning, placing new workers with experienced workers, and providing assistance during the adaptation process. This approach does not require a formal organizational structure, but can help create a more targeted work environment.

The fourth strategy is to maintain and develop workers' *multitasking* skills. Workers' experience in performing various stages of work is an important strength for MSMEs. Therefore, experienced workers need to be positioned as a source of practical knowledge for new workers. Skill transfer through hands-on practice can be an alternative training that suits the limitations of MSMEs. In this way, skills are not only attached to certain individuals, but can be passed on to the next worker so that the sustainability of business operations is more guaranteed.

The fifth strategy is to utilize technology to improve working conditions. Previous research identified technological developments as an opportunity for MSMEs to use more modern equipment so that work can be done faster and lighter. From a retention perspective, the use of technology is not only related to productivity, but can also reduce the physical burden on workers. Thus, technology can be part of the workforce retention strategy, especially in jobs that are done at night and require physical activity.

Overall, the results of the analysis show that *employee retention* in informal MSMEs cannot be built only through increased compensation. Retention is more accurately understood as a combination of appropriate compensation, work flexibility, a supportive work environment, and the sustainability of workforce skills. These four aspects are interrelated. Compensation provides economic incentives, flexibility provides non-financial value, work environment determines the comfort and sustainability of activities, while multitasking skills are assets that maintain the operational continuity of MSMEs.

Thus, *employee retention* strategies in informal MSMEs can be directed to a simple, flexible, and business-like approach. MSME owners do not have to adopt a complex HR management system, but can start by rewarding when workload increases, maintaining flexibility that is valuable to workers, clarifying the division of labor, assisting new workers, maintaining skill transfer, and using technology that can ease work. The strategy is an interpretive development of

previous research findings and provides a broader perspective on the issue of workforce sustainability in MSMEs of broiler chicken traders.

Employee Retention *Strategy Framework* in Informal MSMEs

Based on the results of the analysis of the research data, *the employee retention strategy* in informal MSMEs can be constructed as a framework that integrates compensation, work flexibility, work environment, and workforce skills. These four aspects do not stand alone, but complement each other in creating conditions that encourage workers to stay put. Compensation rewards workers' contributions, work flexibility provides added value in terms of time management, work environment determines work comfort and sustainability, while skills are important capital for the operational continuity of MSMEs. This framework is an interpretive development of previous research findings that identified worker experience, time flexibility, multitasking ability, training limitations, night working conditions, wage system, and labor competition as factors related to worker sustainability.

On the compensation dimension, the retention strategy is directed at providing rewards that are in accordance with the contribution and business conditions. *The piece rate system* that has been implemented provides opportunities for workers to earn higher income when the volume of work increases, but at times of low demand, workers' income also decreases. Therefore, the provision of bonuses when orders increase can be an additional reward mechanism that is more adaptive for MSMEs. This strategy does not have to change the wage system as a whole, but can complement the system that is already running. At the same time, work flexibility needs to be maintained because it is one of the characteristics of work that can provide value for workers, especially since work is done at night so that daytime can still be used for other activities. However, this flexibility needs to be balanced with attention to the stamina and workload of workers.

The next dimension is the work environment and the sustainability of skills. A supportive work environment can be built through a clearer division of tasks, mentoring new workers, and efforts to reduce the workload that arises due to nighttime activities. This is relevant because previous research found that there is no special training program and the unclear division of labor in the MSMEs studied. Meanwhile, the ability to multitask workers is a strength that needs to be maintained because workers are able to carry out various stages of work, from slaughtering to slaughtering chickens. Skill development through experience and mentoring of new workers can help keep practical knowledge from being lost when there is a change in the workforce.

Thus, the employee retention strategy model in informal MSMEs can be described as a flow: Adaptive compensation + Work flexibility + Supportive work environment + Skill development → *Employee Retention* → Operational sustainability of MSMEs. These four strategies are strengthened by the use of technology that can make work faster and lighter, as has been found in previous research. This model emphasizes that labor retention in informal MSMEs does not only depend on the ability to pay higher wages, but on the ability of business owners to create a combination of valuable working conditions for workers. With

this approach, *employee retention* is a strategy that simultaneously supports the sustainability of the workforce and the continuity of MSME operations.

CONCLUSION

Based on a re-analysis of the research data, *employee retention* in informal MSMEs is not only determined by the amount of compensation, but is the result of a combination of several work conditions. Adaptive compensation, work flexibility, a supportive work environment, and worker skills are complementary aspects in maintaining the workforce. In the MSMEs of broiler chicken traders who were the object of the study, the production-based wage system provides opportunities to increase income when demand increases, while flexibility of working hours is a characteristic that can provide value for workers. On the other hand, night work, limited additional compensation, lack of formal training, and unclear division of labor are challenges in retaining workers.

The resulting strategy framework shows that *employee retention* in informal MSMEs can be built through adaptive compensation, work flexibility, a supportive work environment, and the sustainability of workforce skills. The strategy can be strengthened through the provision of bonuses when the volume of orders increases, mentoring new workers, utilizing workers' experience and *multitasking* skills, and the use of technology that can make work faster and lighter. Thus, retaining workers in informal MSMEs does not have to be done through a complex human resource management system, but can be through simple practices that suit the characteristics of the business and the needs of workers.

Practical Implications

The practical implication of this study is that MSME owners need to look at *employee retention* more broadly than simply retaining workers through wage payments. The *piece rate system* that has been implemented can be maintained because it adjusts income to the volume of work, but it can be supplemented with bonuses when demand increases as a form of appreciation for the additional contribution of workers. Owners also need to maintain the flexibility of working hours which is one of the characteristics of work, but at the same time pay attention to the stamina of workers because the main activities are carried out at midnight.

The next implication is related to workforce management. MSMEs can improve the work environment through clearer division of tasks and mentoring for new workers, especially since research has found that there is no special training program yet. Experienced workers who have *multitasking* skills can be involved in the process of transferring skills to new workers so that practical knowledge remains available in the business. In addition, the use of technology that can speed up and ease work can be considered as part of a retention strategy. With these simple steps, MSMEs not only retain workers, but also maintain skills and experience that are essential for the sustainability of business operations.

Limitations and Research Agenda

This study has limitations because it uses a reanalysis of previous research data, so the focus and depth of the initial data is more directed at wage and employee turnover policies, not specifically on *employee retention*. Previous research data was obtained through a qualitative descriptive approach with interviews, direct observations, and document analysis on MSMEs broiler chicken traders in Sumber Bendo Hamlet, Pule Village, Kandat District, Kediri Regency. Therefore, this study has not been able to explain in depth how each worker interprets compensation, flexibility, work environment, and skills in their decision to stay or leave their job.

The next research agenda can be directed to empirical research that specifically explores *employee retention* in informal MSMEs by involving more different locations and business characteristics. Future research can also explore the experiences of workers directly to understand the factors that most determine retention decisions, including compensation roles, time flexibility, working conditions, relationships with owners or colleagues, and skills development opportunities. In addition, future research can compare MSMEs that have relatively high labor retention rates with MSMEs that experience high turnover so that a more comprehensive retention strategy model can be obtained and can be applied to various contexts of informal MSMEs.

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