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# Career Management and Employees Retention in Professional Service Organizations: An Empirical Study from Indonesia

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## Abstract

The purpose of this study is to see how career management affects employee retention in professional service businesses (PSOs). The role of knowledge and skills as moderating variables in the relationship between career management and intention to stay is also investigated. A review of the literature on career management, which includes promotion, training, mentorship, starting salary, and the laxity-stringency of organizational entry-exit rules, leads to the hypothesis that career management positively affects employees' intentions to stay. Such a positive impact may differ between knowledgeable and skilled employees and their less knowledgeable and skilled counterparts. Cross-sectional data is obtained from 200 professionals working for various PSOs. Stepwise regression is employed to analyze the data. The research found that career management positively affects the intention to stay. The impact of promotion, training and mentorship on the intention to stay is moderated by knowledge and skills. Conversely, knowledge and skills do not moderate the effect of starting salary and the laxity-stringency of organizational entry-exit on intention to stay. The study's findings imply that by implementing effective career management, talented professionals can be retained. However, the level of knowledge and skills should be carefully considered. These findings offer significant insights into human capital management, particularly in PSOs.

**Keywords:** Career Management, Knowledge, Skills, Employee Retention

**JEL Classification Code:** D23, J24, J53, J63

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## 1. Introduction

One of the most important aspects of human resource management is keeping track of voluntary employee turnover. According to the human capital approach (Benson et al., 2004; Bryant & Allen, 2013), losing employees disadvantages organizations for a variety of reasons, including decreased productivity, loss of significant knowledge within the organization, increased costs for employee replacement, and potential loss caused

by interference with the organization's image as a positive workplace. As a result, it is necessary to identify factors influencing voluntary turnover. One of these critical factors is employee career management (Sturges et al., 2005).

Most career management research has been conducted in the context of nonprofessional services or manufacturing organizations (Malos & Campion, 1995; Wiernik & Kostal, 2019). These are typically large-scale and hierarchical organizations in which employees are likely given the opportunity to continuously develop through work experience and learning opportunities—via vertical or horizontal mobility. Internal career options are more diverse, and opportunities are more plentiful in such organizations.

In professional services organizations (PSOs), such as management consulting firms, tax consulting firms, business consulting offices, law firms, and architecture firms, employees may not have many mobility options, let alone vertical mobility, due to the organization's limited hierarchy and scale (Malos & Campion, 1995; von Nordenflycht, 2010). Such obvious attributes are not being adequately addressed by necessary research (Wiernik & Kostal, 2019). Such scarcity may lead to career

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management practices that are misguided, ineffective, and deceptive. On the other hand, relatively high economic growth over the last three decades (IMF, 2020; WB, 2020, 2022) has increased the demand for PSOs. As a result, PSO businesses, including in Indonesia, have grown at a rapid pace (Malhotra et al., 2010; Rizki, 2019).

In PSOs, career opportunities are relatively limited for a variety of reasons. First, there is a flat organizational hierarchy, which results in limited vertical mobility. Second, the number and variation of equal positions are limited, making horizontal mobility difficult. Third, professional organizations, in general, have a limited product mix as well as a limited and specific job mix, which makes it difficult to create development opportunities through different assignments.

Studies conducted in the context of professional services organizations will help in avoiding unnecessary gaps in our understanding or practices of career management, particularly in relation to employees' intentions to remain in PSOs. Employees are more likely to stay if they believe they have a chance to advance and develop (Salleh et al., 2020). The longer they stay in the organization, the more knowledge and skills they acquire, and the greater their desire to advance and develop. As a result, the positive effects of career management aspects on organizational retention are reinforced. Conversely, low knowledge and skills reduce aspiration to advance and develop, weakening the positive effects that career management aspects have on the intention to stay. Such a psychological mechanism is extremely logical. Existing research, however, has so far ignored the significant role of employee knowledge and skills. Nonetheless, empirical validation is required.

## 2. Literature Review

Most of the research on the subject of career management is based on transactional theories between individuals and organizations (Zeytinoglu et al., 2012), specifically social exchange theory (Cropanzano et al., 2017). Organizational career management practices are viewed as a transaction medium between the interests of employees and organizations (Alsafadi & Altahat, 2021; Malhotra et al., 2010; Zeytinoglu et al., 2012).

Employee knowledge and skills serve as a foundation for determining the amount of economic value (von Nordenflycht, 2010) and also operate as a bargaining position when it comes to negotiating their future career with the organization. Employees' bargaining power increases as their level of knowledge and skills increases.

PSOs carry out career management options using the analogy of make-or-buy decision/transaction cost economies (Malos & Campion, 2000). Transaction cost economies imply the most rewarding decision-making between developing

internal (in-house) partners or recruiting (purchasing) external partners (outside the organization).

When compared to other non-PSO business organizations (manufacturing and nonprofessional), PSOs have distinct characteristics. Its level organizational structure results in very few opportunities to advance vertically. The limited number of positions must be mitigated by a specific career strategy so that employees do not experience career stagnation, which can lead to dissatisfaction and increased turnover intention. Unfortunately, a lack of knowledge has resulted in PSOs being managed in a corporate-like or business-like manner in terms of organizational system and structure (Malhotra et al., 2010), i.e., non-PSO management. The application of human resource management practices and theories based on the non-PSO system is incorrect.

### 2.1. Careers and Career Management of Employees

Career refers to the horizontal and vertical mobility of employees affected by career management practices both internally and externally from within and outside the organization (SHRM, 2022). Employees' internal and external mobility occurs to achieve advancement and a successful career. Opportunities to acquire new or more advanced knowledge and skills may serve as one of the indicators of a person's career success. Employee knowledge and skills are economic commodities that can be used as an employee's asset when pursuing a career.

Organizations provide opportunities for advancement and development in the complex career system. Employees choose whether to take advantage of available opportunities, develop the knowledge and skills they desire at the time of their choosing, and so on. Moreover, employees may select internal development within their current organization or external development in other organizations that offer better opportunities by changing jobs (Hall, 2002; Sullivan & Baruch, 2009).

### 2.2. Promotion

Employees are motivated to stay if they are satisfied with their jobs (Chang et al., 2003). Social exchange occurs between employees and PSOs in the context of labor relation dynamics, where employees gain promotion and PSOs gain improved employee competence/knowledge and skills. Promotion becomes a rewarding personal experience, instilling in employees the confidence to remain in their current PSO.

### 2.3. Employee Training

PSOs provide formal training to employees so they to gain useful knowledge and skills that will help them perform

better at work (Wolor et al., 2020). Knowledge and skills are a person's advantages that can support an employee's intention to stay. Employees' knowledge and skills improve their self-efficacy in completing tasks, allowing them to feel more at ease and work under less pressure. Individuals intend to stay in PSOs because they are comfortable at work (Maltarich et al., 2010).

## 2.4. Employee Mentorship

Employee mentoring can improve knowledge and skills, as well as self-efficacy (Jyoti & Sharma, 2015; Swap, Leonard, Shields & Abrams, 2001). Mentorship is more than just completing tasks and gaining knowledge and skills. Mentorship can provide psychological support/persuasion, social persuasion, and social persuasion so that employees can complete their tasks (Jyoti & Sharma, 2015). When an employee believes they are incapable of completing a task, the mentor can persuade them by demonstrating high confidence in the employee and stating that if they put forth the effort, they will be able to take proper responsibility. This type of persuasion is a type of Pygmalion effect (Eden, 1990), in which the employee's self-confidence that she/he has potential abilities that can be used to complete the job is elicited. Completing tasks and receiving psychological support become positive individual experiences that will persuade employees to stay with their PSO.

## 2.5. Starting Salary

March and Simon (1958) demonstrated that the greater the amount of remuneration (e.g., money, status) given to employees, the lower the conflict between the company and the employees. Higher compensation motivates employees to stay (Nguyen, 2021; Vizano et al., 2021). A lower level of conflict makes it more comfortable for individuals to work, increasing their intention to stay. Salary is thus an attractive factor in employee career management since it is the primary motivator for people to work (Dulebohn & Werling, 2007).

## 2.6. Laxity-Stringency of Organizational Entry-Exit

The laxity or stringency of regulation to enter (in the selection or recruitment process) or exit affects employees' self-efficacy to stay or leave the organization. The stringency of a PSO's entry regulation, such as a high job requirement and a strict selection process, requires (future) employees to have a high level of competency and to exert greater effort to be accepted for the job. Such conditions may be reinforced by significant benefits and salary, resulting in an increased possibility of higher expenses that must be borne by employees when deciding to quit (Lee et al., 2004). Employees must find a new job that provides better

benefits and pay than their current one. The more stringent an organization's entry-exit regulation, the greater the employee's confidence that staying is more advantageous than leaving, thereby reinforcing the employee's intention to stay.

## 2.7. Knowledge and Skills

Employee retention is influenced by their knowledge and skills (Pettijohn et al., 2007). Technical activities and work procedures in the PSO are examples of employee knowledge. Employee competencies that are primarily in the form of tacit knowledge in dealing with a variety of situations are referred to as skills (clients, associates, competition). One's expertise is determined by their level of knowledge and skills, as well as their experience working in their field (Swap et al., 2001). As a result, the better employees are in their field of expertise, the higher their bargaining power becomes, and this, in turn, drives the employee's intention to move to other organizations that offer better career opportunities.

## 3. Hypotheses Development

### 3.1. The Effect of Promotion on Intention to Stay

Promotion has several dimensions, including promotion opportunity (Johari et al., 2012), future career (Koh & Goh, 1995), actual promotion (Saporta & Farjoun, 2003), and promotion satisfaction (Igharia & Guimaraes, 1999). Greater promotion opportunities allow employees to pursue their careers for a better future. Such a situation not only improves job satisfaction (Vizano et al., 2021) but also encourages employees to stay in their PSO for a longer period. Employee promotion opportunities in the context of PSO manifest as the advancement of status from a business analyst or associate to the next tier, until one becomes a partner. The opportunity to become a partner is a key and significant incentive for PSO employees, influencing their intention to stay.

*H1: The greater the opportunity for promotion, the greater the desire to remain with PSO.*

### 3.2. The Moderating Effect of Knowledge and Skills on the Relationship between Promotion and Intention to Stay

PSO's reward for employee performance is symbolized by promotion. The promotion also fosters the belief that one's knowledge and skills are important and valuable. Knowledge and skills, in such circumstances, reinforce the effect of promotion on the intention to stay. If knowledge and skills are progressively acquired in the PSO, from a relatively low

level to a higher level, the intention to stay will be stronger. Junior employees with relatively high levels of knowledge and skills, on the other hand, have a bargaining position that is highly valued not only at their current workplace but also in other organizations. As a result, knowledge and skills can play a dual role: they can either reinforce the positive effect of promotion on the intention to stay, or they can weaken the power of such a positive influence. The promotional effect on the intention to stay is moderated by knowledge and skills.

**H2:** *Knowledge and skills moderate the effect of promotion on the intention to stay in PSO. The effect of promotion on intention to stay diminishes in employees with advanced skills and knowledge.*

### 3.3. The Impact of Training on Intention to Stay

Training and career management are inextricably linked. Training is an interactive variable that either unites or divides junior employees' and PSO's goals (Johari et al., 2012). Training allows junior employees to gain the knowledge and skills they need to be more competitive both internally and externally. The greater the opportunity for training, the greater the opportunity for career advancement because PSOs value higher levels of knowledge and skills. PSOs, on the other hand, require the knowledge and skills of associates to facilitate the completion of various tasks. The ease with which tasks can be completed indicates that the work is classified as low cognitive demand. Employees in PSOs prefer jobs with low cognitive demands because they provide a higher level of work comfort (Maltarich et al., 2010). Working conditions that promote comfort and ease in completing tasks foster high self-confidence in employees when confronted with work dynamics and challenges. Such circumstances encourage PSOs to provide positive feedback, indicating the PSO's recognition of employees' performance and, therefore, greater career opportunities in the future. As a result, increased training opportunities encourage associates to stay with PSO because the knowledge and skills gained through training provide comfort and ease in completing tasks, as well as higher career opportunities (Noor et al., 2020).

**H3:** *Training positively affects the intention to stay in PSO.*

### 3.4. The Moderating Effect on Knowledge and Skills on the Relationship between Training and Intention to Stay

Employees and PSOs, commonly have the perception that job training can strengthen knowledge and skills, so

employees can accordingly finish their job more easily. The impact of comfort concerning the condition employees experience in terms of knowledge and skills makes them intend to stay in PSO. Nevertheless, the accumulation of an exceedingly high level of knowledge and skills may lead to employees becoming more marketable internally as well as externally. Furthermore, employees who already have advanced knowledge and skills perceive training in PSO being less optimal in complementing their knowledge and skills. A move to another PSO is a better option to acquire new skills and knowledge that positively influence the future of their career. Therefore, the relationship between training and employee intention to stay will weaken when knowledge and skills become progressively higher.

**H4:** *knowledge and skills moderate the effect of training on the intention to stay. The effect of training influence on intention to stay diminishes in employee groups with advanced levels of knowledge and skills.*

### 3.5. The Effect of Mentorship on Intention to Stay

Mentorship is a process of knowledge transmission, social capital, and psychosocial support provided informally by experienced individuals to junior employees regarding the job, career, and professional development issues (Craig et al., 2013). Mentorship not only increases junior staff's learning opportunities, (new) skills, and knowledge acquisition, but it also helps them position themselves in the organization, develop networks, and take on more effective roles and behaviors.

The social exchange theory is evident in junior employees who intend to stay at PSO to gain knowledge and skills. PSOs and their employees demonstrate an exchange of interests, in which PSOs retain their employees through mentorship, and employees stay to gain knowledge and skills from their mentor. Mentors assist them in pursuing their desired careers (Craig et al., 2013; Noe, 1988; Park et al., 2016). Additionally, knowledge and skills are transferred from mentors to employees. Employee obligation or normative commitment (Meyer, Stanley, Herscovitch & Topolnytsky, 2002) to remain loyal to the organization will be created by good relationships fostered with mentors (Kim et al., 2016; Sturges et al., 2005). The longer the mentorship, the greater the knowledge and skills obtained through interactions between the mentor and protégé. This may give the impression that pursuing a career in the current PSO is more advantageous than seeking opportunities in other PSOs. Based on this argument, hypothesis 3 is developed.

**H5:** *Mentorship positively affects the intention to stay in PSO.*



### 3.6. The Moderating Effect of Knowledge and Skills on the Relationship between Mentorship and Intention to Stay

Personal relationships with mentors are generally rather specific in the mentorship process, so they are not easily replaced. Not all employees have equal access to mentorship in the talent management system. Employees with more prominent potential are given special treatment throughout their careers in the majority of organizations, such as law firms (Costa, 2018), one of which is more intensive mentorship. Employees with advanced knowledge and skills will benefit from mentorship and expanded career opportunities because of this. Such conditions will impede employees' efforts to pursue career opportunities in other PSOs. As a result, the influence of mentorship on employee retention will tend to be reinforced in employees with high-level knowledge and skills.

*H6: The effect of mentorship on intention to stay is progressively stronger in individual employees with high-level skills and knowledge.*

### 3.7. The Effect of Starting Salary on Intention to Stay

The starting salary is an important job aspect that influences an employee's desire to join a PSO (Malos & Campion, 2000; Vizano et al., 2021). Starting salary policies and practices reflect PSO's "seriousness" in managing their HR, particularly in the process of recruiting the best talent on the market. The availability of high-quality talents who match the PSO's requirements will make it easier for the PSO to implement its business strategy. Employees and PSOs both benefit from a high starting salary. Furthermore, a high starting salary leaves employees with the hope of a better future during their time with the PSO. Employees will be compelled to stay in the PSO for an extended period if they have hope for a better future (Feldman & Ng, 2007).

*H7: High starting salary encourages employees to intend to stay longer in PSO.*

### 3.8. The Moderating Effect of Knowledge and Skills on the Relationship Between Starting Salary and Intention to Stay

The impact of starting salary on employees' intentions to stay with PSO may decrease dramatically, particularly when employees wish for a higher salary than the provided

amount. Such desire is based on their perception of their knowledge and skills, and other PSOs may be willing to pay a higher salary to compensate for this. Salary serves as an incentive for employees to stay; if it is deemed unsatisfactory, it will drive them to leave (Singh & Loncar, 2010). Employees with advanced skills and knowledge are less likely to stay because they believe there are better-paying opportunities elsewhere.

*H8: In individuals who perceive themselves to be highly knowledgeable and skilled, the effect of a high starting salary on employee retention gradually diminishes.*

### 3.9. The Effect of Organizational Entry-Exit Regulation on Intention to Stay

Employees' ability to pursue a career in another PSO is inhibited or facilitated by organizational entry-exit regulation. Employees would be more willing to transfer PSO if the risk of leaving the current PSO outweighed the offer made by other PSOs (Lee et al., 2004). However, if strict regulations for organizational entry-exit are in place, employees will find it difficult to leave their PSO. The difficulty in meeting the requirements for leaving the PSO serves as a reason for associates to stay.

*H9: Employees are encouraged to stay longer at PSO because of the organization's strict entry-exit regulations.*

### 3.10. The Moderating Effect of Knowledge and Skills on the Relationship between Stringent Organizational Entry-Exit Regulation and Employee's Intention to Stay

In knowledgeable and skilled employees, the relationship between the stringency of PSO's entry-exit regulation and employee intention to stay weakens. Individual employees will weigh their options by comparing their income if they leave to their income if they stay with the organization where they currently work (Lee et al., 2004). Knowledgeable and skilled employees will leave the PSO if they believe their sacrifice is valuable in terms of future earnings. This means that the benefits are greater than the sacrifices that employees must make if they receive a better job offer from another PSO. Knowledge and skills that are useful to the industry will be in high demand. The greater the knowledge and skills, the more sought after they are by the industry, and as a result, they provide enormous benefits to the employees. As a result, employees with increasingly advanced knowledge and skills have less desire to stay with the organization.

**H10:** *The impact of strict organizational entry-exit regulations on employee intention to stay lessens among highly knowledgeable and competent personnel.*

## 4. Research Methodology

### 4.1. Participants

The participants of this study were lawyers, consultants, and accountants who work with PSOs. The survey was conducted both online and offline. A total of 200 questionnaires were processed, with 83 percent of men and 17 percent of women. The respondents were between the ages of 27 and 64, with most of them being over 30 (83.50 percent). The participants had a master's degree (73%) and a bachelor's degree (27%), and at least two years of professional experience.

### 4.2. Measurements

The promotion was assessed using questions adapted from Ali and Baloch (2009). The Cronbach's Alpha coefficient for the three promotion-related questions was 0.82. Following Johari et al. (2012), the survey measurement for training was modified based on Delery and Doty (1996). The Cronbach's Alpha value for the three questions pertaining to training availability was 0.87. A Likert-type scale of 1 (strongly disagree) to 5 (strongly agree) was used for promotion and training.

The mentorship was also measured using a five-point scale; 1 (very restricting) to 5 (very unrestricted), wherein the questions used were modified from Noe (1988). For the six mentorship-related questions, Cronbach's Alpha value was 0.917. The measurement for starting salary was modified from Heneman and Schwab (1985) as also used by Singh and Loncar (2010). The measurement used a Likert-type scale of 1 (very dissatisfied) up to 5 (very satisfied). The Cronbach's Alpha value for the three questions pertaining to starting salary was 0.944.

Laxity-stringency of PSO's entry-exit regulation was measured using a questionnaire modified from the model given by Cantor et al. (2011). The Cronbach's Alpha value for the three questions pertaining to PSO's entry-exit regulation was 0.874. Questions to measure knowledge and skills were developed based on the concepts presented by various sources, including Chen and Huang (2009), Choudhury and Sharma (2019), and OECD (2016), regarding the employees' opportunities to apply knowledge and skills. The Cronbach's Alpha value for the three questions pertaining to employee knowledge and skills was 0.919. The measurement for Laxity-stringency of PSO's entry-exit regulation and knowledge and skills also used a Likert-type scale of 1 (strongly disagree) up to 5 (strongly agree).

Employee intention to stay was adopted and modified by Kyndt et al. (2009). A Likert-type scale of 1 (strongly disagree) up to 5 (strongly agree) was applied. The Cronbach's Alpha value for the three questions on employee intention to stay was 0.878.

### 4.3. Data Analysis

Stepwise regression (Baron & Kenny, 1986) was used to analyze the data. Stage I Regression was applied to test the impact of career management, specifically promotion, training, mentorship, starting salary, and the stringency of PSO's entry-exit regulation, on employee retention (hypotheses 1, 2, 3, 4, and 5). Stage II Regression examined the effects of predictive variables, such as career management, combined with moderating variables (knowledge and skills), on intention to stay. Stage III regression investigated the effect of knowledge and skills on the relationship between career management and employees' intention to stay (hypotheses 6, 7, 8, 9, and 10).

Hypotheses 6, 7, 8, 9, and 10 were tested using the significance of the regression coefficient and the graph depicting the interaction slope between knowledge skills and predictive variables (Fairchild & MacKinnon, 2009), as shown in Graphs 1, 2, and 3 for cases with significant moderation. Moderating variables were created statistically by multiplying the score for knowledge and skills by the scores for predicting variables, which included promotion, training, mentorship, starting salary, and the stringency of organizational entry-exit regulation, when the calculated probability value is less than 0.05 ( $p < 0.05$ ), the effect of predicting variables or moderation is considered significant.

## 5. Results and Discussion

### 5.1. Results

Table 1 shows that the highest response pertains to job training, with a mean of 4.09. Meanwhile, the starting salary has the lowest mean (2.96). Correlations between predictive variables are significant but relatively low. This indicates that there is relatively low multicollinearity among predictive variables, as well as between predictive and moderating variables (Daoud, 2017). Low multicollinearity is critical for increasing predictor and moderator predictive capacity (Fairchild & MacKinnon, 2009).

The results of the stage I regression analysis, as shown in Table 2, present that promotion ( $\beta = 0.14$ ;  $p < 0.05$ ), training ( $\beta = 0.16$ ;  $p < 0.01$ ), mentorship ( $\beta = 0.21$ ;  $p < 0.01$ ), starting salary ( $\beta = 0.38$ ;  $p < 0.01$ ), and the stringency of the PSO's entry-exit regulation ( $\beta = 0.14$ ;  $p < 0.05$ ), are significant predictors of employee intention to stay. H1, H2, H3, H4, and H5 are supported. The moderating variables, namely

**Table 1:** Mean, Standard Deviation, and Correlation

	Mean	SD	1	2	3	4	5	6
Promotion	3.82	0.69						
Training	4.09	0.57	0.373(***)					
Mentorship	3.77	0.66	0.388(***)	0.396(***)				
Starting Salary	2.96	1.02	0.537(***)	0.456(***)	0.464(***)			
Laxity Stringency of Regulation	3.85	0.65	0.376(***)	0.287(***)	0.315(***)	0.419(***)		
Knowledge and Skills	3.51	0.92	0.396(***)	0.290(***)	0.352(***)	0.423(***)	0.267(***)	
Employee Intention to Stay	3.85	0.68	0.540(***)	0.507(***)	0.551(***)	0.687(***)	0.467(***)	0.580(***)

Note: \*\*\*,  $p$ -value < 0.001. Significant at 0.05 level.

**Table 2:** Regression Results for Hypotheses

Dependent Variable = Employee Intention to Stay			
	Stage I	Stage II	Stage III
Promotion	0.14**	0.09*	0.67***
Training	0.16***	0.14***	0.52***
Mentorship	0.21***	0.17***	-0.25
Starting Salary	0.38***	0.33***	0.53**
Laxity Stringency of Regulation	0.14***	0.13***	-0.06
$R^2$	0.60***	0.60***	0.60***
Knowledge and Skills		0.27***	1.12**
$\Delta R^2$		0.06***	0.06***
Promotion-Knowledge and Skills			-1.18**
Training-Knowledge and Skills			-0.95**
Mentorship-Knowledge and Skills			0.82**
Starting Salary-Knowledge and Skills			-0.28
Laxity-stringency of Regulation-Knowledge and Skills			0.38
$\Delta R^2$			0.02**
Adjusted $R^2$	0.59***	0.65***	0.66**
Total $R^2$	0.60***	0.66***	0.68**
F-Value	58.38***	61.38***	36.34***

Note: \*,  $p$ -value < 0.10; \*\*,  $p$ -value < 0.05; \*\*\*,  $p$ -value < 0.01. Significant at 0.05 level.

level of knowledge and skills, were included in Stage II Regression. The finding indicates that knowledge and skills have a significant impact on the intention to stay. Following that, Stage III Regression was used to test the moderating hypothesis. Hypotheses 6, 7, and 8 all yielded statistically significant results, with beta values of  $-1.18$  ( $p < 0.05$ ),  $-0.95$  ( $p < 0.05$ ), and  $0.82$  ( $p < 0.05$ ). This implies, first and foremost, that knowledge and skills moderate the effect of

promotion, training, and mentoring on the intention to stay. As a result, H6, H7, and H8 are supported.

Figure 1, which relates to H6, shows that the regression slope of promotion on intention to stay is flatter for highly skilled and knowledgeable employees than for employees with lower levels of skills and knowledge. The effectiveness of knowledge and skills diminishes for highly skilled and knowledgeable employees.

Figure 2, which corresponds to H7, depicts a situation like Figure 1. The effect of training on intention to stay weakens among highly knowledgeable and skilled employees, while it strengthens among less knowledgeable and skilled employees.

Figure 3, which associates with H8, depicts a different type of relationship. In this case, the slope indicating the effect of mentorship on employee retention is becoming increasingly steep for highly knowledgeable and skilled employees. This implies that moderation is strengthened. The slope demonstrating the effect of mentorship on intention to stay for less knowledgeable and skilled employees is

lower and flatter relative to the slope, indicating the effect of mentorship on intention to stay for more knowledgeable and skilled employees.

The effectiveness of moderation in the two groups differs. When compared to less knowledgeable and skilled employees, employees with higher knowledge and skills are subjected to increasingly stronger moderation influence. Hypotheses 9 and 10 are unsubstantiated. The regression results for the effect of interactions between starting salary and knowledge-skills ( $\beta = -0.28, p > 0.05$ ), as well as laxity-stringency of regulation and knowledge-skills ( $\beta = 0.38, p > 0.05$ ) are not statistically significant. The moderation

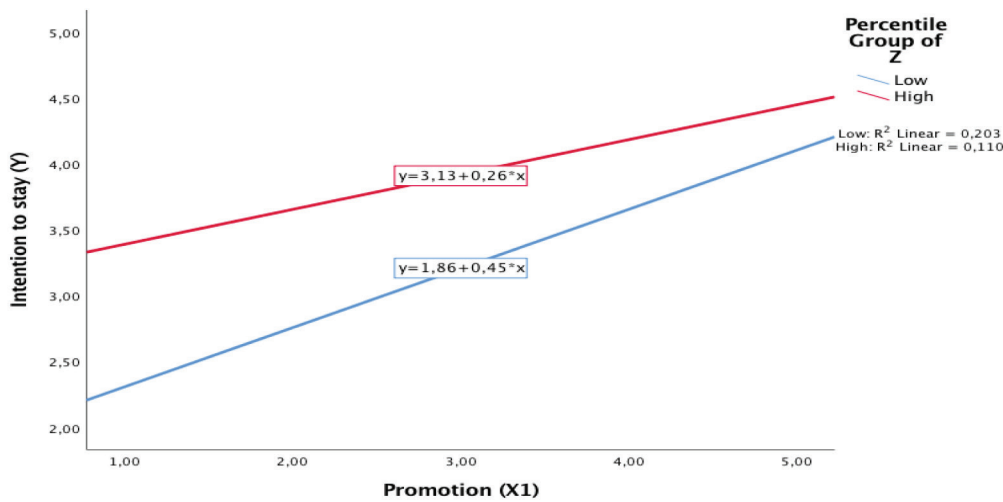


Figure 1: The Effect of Moderators (Knowledge and Skills) on the Relationship Between Promotion and Intention to Stay

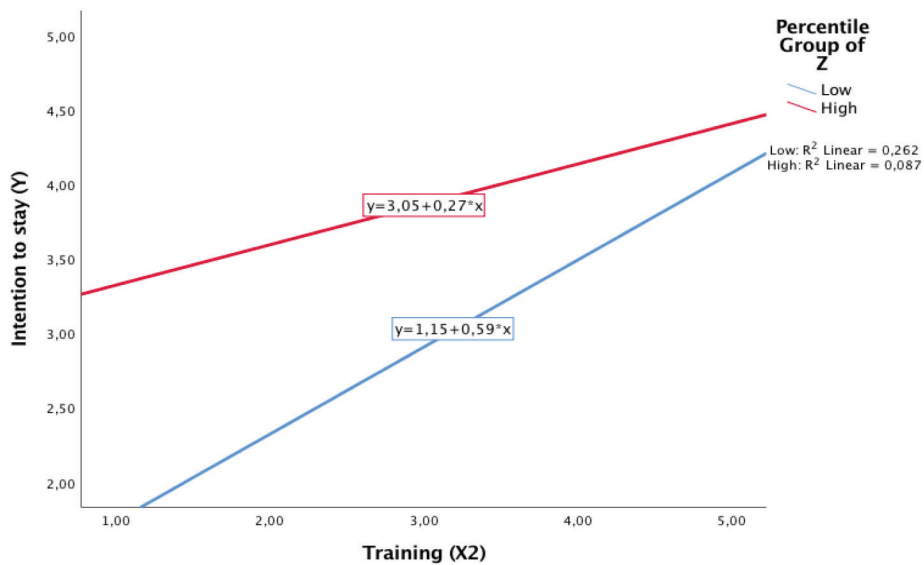
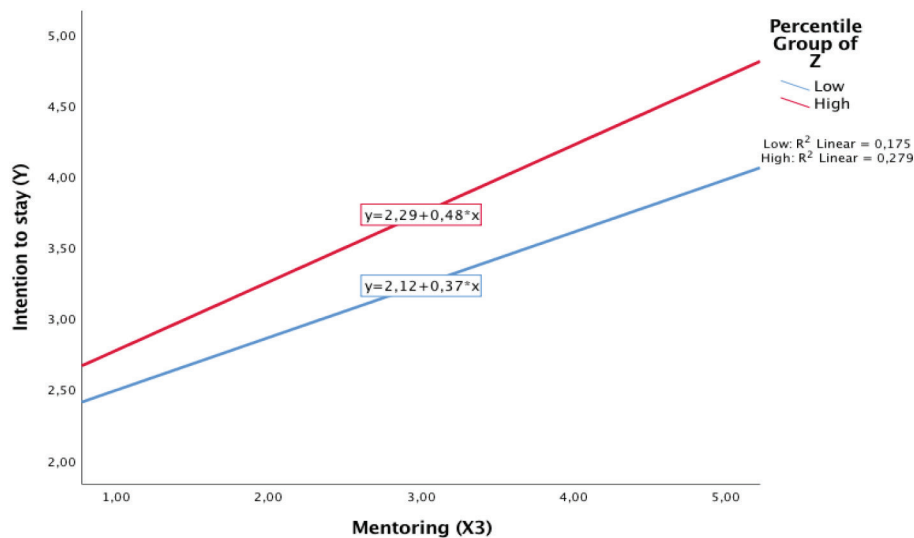


Figure 2: The Effect of Moderators (Knowledge and Skills) on the Relationship Between Training and Intention to Stay





**Figure 3:** The Effect of Moderators (Knowledge and Skills) on the Relationship Between Mentorship and Intention to Stay

effectiveness or incline of the slopes indicating the effect of starting salary and laxity-stringency of organizational entry-exit regulation for both groups is similar.

## 5.2. Discussion

This research found that career management is an important aspect of retaining talented employees. Effective implementation of career management aspects positively strengthened the willingness of employees to remain in PSOs for a longer period. In the case of promotion, this aspect can be a tool used by PSOs to deal with cat herding, a situation that often occurs in PSOs, in which employees are difficult to manage because, in addition to having great talent, they also have dual commitments: to their organization and their profession (Shafer et al., 2002). Promotion addresses the challenge faced by PSOs in retaining and allocating employees in their best interests in situations where employees have a stronger bargaining position, such as professionals in service firms (von Nordenflycht, 2010).

Training in PSOs is generally not conducted on a large scale, in contrast to non-PSO training with tens or even hundreds of participants. Employees receive support in the form of knowledge and skills, as well as employee comfort in completing their tasks. These benefits result in low-pressure and favourable working conditions (Maltarich et al., 2010). In line with a training program, employees benefit greatly from the presence of partners as sources of knowledge and skills, as employees gain valuable knowledge and skills for their careers in the mentoring process. Partners with extensive work experience will help

their protégés develop their careers in a variety of ways. Employees are motivated to stay with PSOs because of the benefits they receive.

Salary issues have been found to be negatively related to employee turnover in previous studies, such as the study by Bryant and Allen (2013). This finding suggests that the domain of starting salary has a positive effect on employee retention (Dulebohn & Werling, 2007; Tekleab et al., 2005). Salary has long been conceived of as having the potential to reduce conflict caused by work pressures that arise among employees (March & Simon, 1958). Work pressure may be perceived as an employee's sacrifice (input) that should be compensated by a salary (output). According to the equity theory (Cosier & Dalton, 1983), employee intention to stay is based on the equity of input and output employees receive, so a high starting salary may increase employee perception that PSO treats them fairly.

The stringency of PSO's entry-exit regulation demonstrates the numerous conditions that must be met before leaving the organization. To be able to leave PSO, significant sacrifice is required. The sacrifice serves as a motivator for employees to consider whether they want to stay or go. Employees will be more motivated to stay if the sacrifice required to leave the PSO is greater. Employees must make a significant amount of sacrifice when they leave their PSO, indicating a high level of commitment. In this regard, previous research discovered that great sacrifice results in a greater intention to stay (Lee et al., 2004).

However, highly knowledgeable and skilled employees presented different responses to several career management aspects. For employees with a higher level

of knowledge and skills, the effectiveness of promotion on influencing intention to stay diminishes. On the contrary, the opposite result was observed in the group of employees with limited knowledge and skills. A similar finding presents in the relationship between training and intention to stay. The impact of training on employee retention is also diminishing for highly knowledgeable and skilled employees. Meanwhile, the effectiveness of less knowledgeable and skilled employees improves. In the relationship between mentorship and intention to stay, a distinct moderation finding is observed. The influence of knowledge and skills as moderators on the relationship between mentorship and intention to stay is reinforced among highly knowledgeable and skilled employees.

Employee knowledge and skills instill confidence to leave their PSO, resulting in decreasing employee intention to stay in their PSO. This study is consistent with previous research in that knowledge and skills are one of the individual aspects considered when planning and carrying out career mobility (Malos & Campion, 1995).

Employee knowledge and skills moderate the relationship between promotion, training, mentorship, and employee intent to remain in PSO. Employees can gain competence through promotion, training, and mentorship. Employee knowledge and skills reduce the impact that promotion and training have on employee retention. Employees who have received promotions and training perceive themselves to be more knowledgeable and skillful, which reduces their desire to remain in the PSO. Employee intent to stay decreases as a result of their perception, specifically their ability to open doors to pursue a career in other PSOs.

Employee knowledge and skills reinforce the effect that mentorship has on employee retention. Employees benefit from mentorship programs by gaining knowledge and skills on a continuous and intense basis. Furthermore, the relationship between mentors and protégés is more than just a transactional one in terms of knowledge and skills acquisition. In the mentorship process, a psychological relationship is also fostered between mentors and protégés, for example, by providing a positive outlook on their future career, which reinforces the motivation for employees to stay in the PSO (Noe, 1988). Employees express a desire to remain with PSO because the knowledge, skills, and psychological relationships they gain through the mentorship process are well worth it.

Knowledge and skills have no significant effect on the relationship between starting salary, PSO's entry-exit regulation, and employee intention to stay. In this case, knowledge and skills are not moderating variables. This is not to say that employees do not engage in cognitive processes, or that knowledge and skills have no effect on employee retention. Although knowledge and skills have an

impact, they do not have a significant impact on the influence that starting salary and the PSO's entry-exit regulation have on employee retention.

## 6. Conclusion and Limitations

The primary objective of this study is to assess the impact of career management on employee retention in PSO, as moderated by employee knowledge and skills. The findings of this study support the social exchange theory, which states that career management serves to facilitate the interests of employees and the interests of PSOs, allowing employees to maintain their intention to stay. Nonetheless, the constant development of knowledge and skills, as well as serving as an economic commodity in PSOs, may change the effectiveness of the relationship between career management and employee retention.

The impact of promotion, training, and mentoring on employee retention is moderated by knowledge and skills. Organizations must respond to the significant moderating influence with specific and differentiated policy responses. For example, the strong moderation effect observed in the relationship between mentorship and intention to stay among knowledgeable and highly skilled employees should be addressed with an organizational policy that is more focused on talent management. Differentiated policies and career management for specific groups of employees will conserve resources and achieve better results.

This study also yielded an unexpected result. Knowledge and skills have no significant influence on the effect of starting salary and the laxity-stringency of organizational entry-exit regulation on intention to stay. In this case, a differentiated approach to career management that distinguishes knowledgeable and highly skilled employees from the less knowledgeable and less skilled group lacks empirical support. Policies governing starting salaries and organizational entry-exit regulations should be universal or apply to all employees.

This study has limitations related to the object of study: the respondents were overwhelmingly male. These constraints have an impact on the generalization level of the results. For example, regarding the composition of males and females, gender was found to moderate the impact of career development on the intention to stay in manufacturing companies (Chen et al., 2018). Therefore, caution should be exercised when making generalizations.

Another limitation of this study is that it does not differentiate the career management strategy used in PSOs. Essentially, career management in PSOs can be divided into two models: option-based and project-based. Vertical mobility (though limited) is still possible in organizations that use the option-based model because promotion is prioritized from within. Meanwhile, vertical mobility is

even more limited in professional services organizations that manage employee careers through a project-based approach (Malos & Campion, 2000). Project-based organizations require varying levels of human capital (knowledge, skills, and experience) regularly. The strategy for filling positions is becoming more reliant on external supply. Future research may consider career management strategies as a possible moderator.

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