

# The Impact of Organizational Culture on Employee Retention and Performance in the Technology Industry: A Comparative Study

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## Abstract

This study aims to analyze the impact of organizational culture on employee retention and performance in the technology industry, which has a high level of competition and a dynamic work environment. Using a quantitative approach, this study adopted a correlational study design and involved 300 respondents working in various technology companies in Indonesia. Data were obtained through a survey and analyzed using multiple linear regression techniques. The study results indicate that an organizational culture that supports collaboration, innovation, and personal development has a significant positive impact on employee job satisfaction and loyalty, increasing retention rates. In addition, a culture that encourages creativity and adaptation to technological changes also contributes to increased employee performance. Cultural dimensions such as managerial support and communication transparency were found to positively influence retention, while innovation and career development were shown to improve individual performance. The study also found that companies with a strong organizational culture, which emphasizes providing space for creativity and autonomous decisions, show higher retention rates, especially among young professionals. These findings underscore the importance of building and maintaining a positive organizational culture to improve employee retention and drive optimal performance in technology companies. The results of this study are expected to provide valuable insights for company leaders in designing effective organizational culture strategies to increase competitiveness in a highly competitive market.

## Keywords:

Organizational culture; employee retention; employee performance; technology industry; comparative study.

## 1. INTRODUCTION

A strong organizational culture significantly influences employee retention and performance, especially in the dynamic and competitive technology industry. Organizational culture consists of a set of values, norms, and operational practices implemented within a company. These elements influence employee behavior and directly impact motivation, engagement, and productivity. Several studies have shown that a positive organizational culture improves employee performance and strengthens retention, especially in sectors with high turnover rates, such as the technology industry. A supportive work environment is one important aspect of organizational culture. (Salam, & Imilda, 2024). Revealed that a conducive work environment and high work motivation can significantly increase employee retention, especially in the service sector. These results align with research by Mayasari et al. (2018), which emphasized that social factors in the workplace, such as harmonious relationships between employees and superiors and the provision of competitive financial rewards, play an important role in retaining employees. In the technology

industry, the existence of a supportive work environment not only facilitates innovation but is also an important means of building effective collaboration. A good work environment in the technology industry encourages continuous skill development. Employees in this sector are faced with the demands of always keeping up with the latest technological developments, so companies need to create an environment that facilitates collaboration and provides space for learning and competency improvement. A supportive environment encourages employees to feel comfortable working and make maximum contributions, ultimately increasing the company's productivity and competitiveness. A strong organizational culture also fosters employee loyalty, which is very important in the face of fierce competition. When employees feel appreciated and supported by the company, they are more motivated to continue contributing and stay longer in the organization. Therefore, implementing a positive and consistent organizational culture is an important strategy in facing the challenges of the technology industry, ensuring that companies can not only retain talented talent but also compete and develop sustainably.

Organizational culture is closely related to leadership and career development, which are important factors in retaining and improving employee performance. (Iqbal, & Ahmad, 2024)) Emphasized that the company's attention to employee career development plays a significant role in increasing retention. When employees see opportunities to grow and advance in the organization, they are more likely to feel motivated to contribute optimally and stay longer. This is especially important in industries with high turnover rates, such as technology. Research (Sri et al., 2024)) also emphasized that a positive organizational culture, combined with ongoing training and consistent motivation, strongly impacts employee performance. Relevant training helps employees update their skills to stay competitive amidst rapid technological change. Demand for rapid change characterizes the technology industry, so companies must provide access to ongoing competency development programs. In addition to improving performance, this step strengthens employee engagement and loyalty. Leadership also plays an important role in creating an organizational culture conducive to career development. Transformational leaders can encourage innovation, provide clear direction, and support employee professional growth. By providing the proper support and direction, leaders can strengthen employees' motivation to grow, which ultimately positively impacts the company's productivity. In the technology industry, where talent competition is fierce, companies must ensure that employees feel valued and have clear career opportunities. An organizational culture that focuses on employee development can also improve a company's ability to attract new talent, as a reputation as an organization that supports professional growth is attractive to potential employees. By creating a work environment that supports career development and implementing effective leadership, companies can ensure that employees remain motivated and committed to achieving common goals. A strong organizational culture, career development opportunities, and good leadership are key to a company's success in retaining quality employees and achieving optimal performance amidst rapid industry change.

Job satisfaction is a crucial factor that is directly influenced by organizational culture. A positive and strong organizational culture is important in encouraging employees to feel motivated and satisfied with their work. Setyawaty and Nainggolan (2022) emphasized that a solid organizational culture can increase motivation and job satisfaction, which significantly impacts employee performance. With a supportive culture, employees feel more enthusiastic and focused on achieving company goals, increasing overall productivity. Kusuma and Purba (2021) emphasized that organizations that can set challenging employee goals can encourage their intrinsic motivation. Intrinsic motivation, which comes from internal satisfaction with the work, is important in ensuring sustainable long-term performance. Employees who feel that their tasks are relevant and meaningful will be more committed to working well and achieving optimal results. This is especially relevant in the modern work environment, especially in an ever-changing industry such as technology, where innovation and collaboration are needed. A supportive organizational culture can facilitate open communication and effective collaboration between employees and management. When employees feel heard and appreciated, their satisfaction levels tend to increase. This creates a positive work environment that is conducive to higher performance. High job satisfaction also impacts employee retention, as satisfied employees stay with the company longer and contribute more to achieving organizational goals. Companies that focus on improving job satisfaction through a good organizational culture retain talented employees and create a productive and sustainable work environment. Companies can keep employees consistently motivated and engaged by providing the right challenges and ensuring that achievements are rewarded. This is key to long-term success in any industry, including the highly competitive technology sector.

Talent management and employee engagement are strategic factors that influence a company's success in retaining employees. Talent management includes various efforts to identify, develop, and retain high-potential individuals who can contribute significantly to the organization. Azan et al. (2022) emphasized that effective talent management is important in increasing employee engagement, directly affecting retention. When employees feel their talents and contributions are appreciated and supported by the company, their emotional attachment to the organization strengthens. Srimulyani (2020) emphasized that a conducive work atmosphere is essential in supporting a retention culture, especially in retaining employees with valuable skills and experience. A positive and supportive work environment makes employees feel comfortable and fully involved in company activities. This helps reduce their intention to leave the company and increases long-term loyalty. Companies that create a good retention culture will have a competitive advantage in

attracting and retaining the best talent, especially in a competitive labor market like the technology industry. Effective talent management involves providing clear career development opportunities relevant to employees' professional goals. Continuous training and development programs improve employee competencies and strengthen their engagement with the company. In the technology industry, where skills need to be continuously updated as technology advances, talent management is key for companies to stay competitive and relevant. High employee engagement also positively impacts productivity and overall organizational performance. Employees emotionally attached to the company tend to be more committed and enthusiastic in achieving organizational targets. Therefore, companies must implement a comprehensive talent management strategy, regularly evaluating employee development needs and providing adequate incentives. By integrating talent management and retention culture, companies can ensure operational sustainability and increase competitiveness in the market. This strategy helps retain key employees and creates a productive and innovative work environment, which is the basis for the company's long-term growth.

A comparative study of the impact of organizational culture on employee retention and performance across sectors, including the technology industry, shows that a strong and positive organizational culture plays a significant role in improving employee job satisfaction, retention, and performance. A good organizational culture creates a supportive and productive work environment, encourages motivation, and strengthens employee engagement with the company. A conducive environment improves individual performance and strengthens employee loyalty and commitment to the organization. Suhardiman and Saragih (2022) identified technostress as a challenge often faced by employees in the digital era. Technostress, which arises from excessive use of technology or the complexity of new technologies, can affect work-life balance, reduce job satisfaction, and increase the risk of burnout. In the technology industry, where technology development and adoption are rapid, technostress must be appropriately managed so as not to hurt employee productivity and well-being. Suhardiman and Saragih (2022) also found that job satisfaction plays an important mediating variable in the relationship between technostress and work-life balance. Employees who are satisfied with their jobs can better manage technological stress, thus maintaining a balance between their professional and personal lives. Companies must prioritize creating an organizational culture supporting employee well-being by providing flexibility, training, and relevant support programs. Implementing a positive organizational culture can be an effective strategy to reduce the impact of technostress. By creating a supportive work environment and providing access to ongoing training, companies can help employees adapt to technological changes without feeling overwhelmed. A good organizational culture also encourages open communication and teamwork, which helps reduce isolation and increase social engagement in the workplace. In the technology industry, a strong organizational culture focusing on employee well-being can be key to retaining talented employees. When companies successfully reduce technostress and create a supportive environment, employees will feel more motivated and eager to contribute, ultimately improving retention and overall performance.

Fardanty, (2024).) emphasized that continuous training and development programs are an important component in increasing retention and job satisfaction, especially among generations Y and Z. This generation tends to seek opportunities for self-development and career, so an effective employee development strategy not only strengthens their attachment to the organization but also ensures consistent contribution to achieving company goals. In the technology industry, where changes in skills and knowledge occur rapidly, continuous training is essential in retaining talented talent and maintaining employee relevance in the face of technological developments. Organizational culture is important in creating an environment that supports employee growth. In addition, the relationship between organizational culture and leadership quality determines success in improving employee performance and engagement. Supardi and Ansari (2022) explored the influence of transformational leadership, which can inspire and encourage positive change and organizational culture on employee performance. Effective leadership can strengthen a positive organizational culture, ultimately increasing employee motivation, productivity, and performance. Leaders who succeed in creating a clear vision and providing the proper support can encourage employee engagement and increase loyalty to the company. The findings of Supardi and Ansari (2022) align with the research results by (Fahmi et al., 2024), which show that organizational culture, work motivation, and compensation play an important role in determining employee performance. A culture that values individual contributions and provides fair and competitive incentives will increase employee motivation and engagement, strengthening overall performance. A positive work environment also encourages open communication and collaboration, which are key to success in the technology industry and require continuous innovation. Novita and Zahra (2024) highlight the importance of job satisfaction and organizational culture in supporting employee retention. They emphasize that non-financial compensation, such as rewards and recognition, can create a positive work environment and encourage employee engagement. In the technology industry, where challenges and demands for innovation are high, an inclusive culture that values the contributions of each individual is essential. By building a work environment that supports and strengthens employee engagement, companies can retain the best talent and improve performance sustainably.

## 2. RESEARCH METHOD

This study uses a quantitative approach to analyze the relationship between organizational culture, employee retention, and performance in the technology industry. This approach was chosen to obtain objective and measurable data so that the results can be relied upon. This study was designed as a correlational study using survey techniques to obtain primary data from employees in several technology companies in Indonesia (Anisah, 2024). By involving various companies, this study allows for comparisons between organizations to identify the influence of organizational culture on employee retention and performance. The study population included all employees of technology companies in Indonesia with various positions and work experiences. The stratified random sampling technique was used to select a sample of 300 respondents, who were selected proportionally from various job levels and departments such as product development, marketing, and customer service. A sample of this size was determined using the Slovin formula with a 95% confidence level and a 5% margin of error so that the results obtained can be generalized to the technology industry (Imilda et al., 2024). The participation of employees from various backgrounds is expected to provide a comprehensive picture of the dynamics of organizational culture in technology companies. The instrument used in this study was a questionnaire with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) consisting of three parts: organizational culture, employee retention, and employee performance. Organizational culture was measured through managerial support, team collaboration, communication transparency, focus on innovation, and work flexibility. Employee retention was assessed based on employee intention to remain with the company, considering job satisfaction, organizational commitment, and career prospects. Employee performance was measured through self-assessment related to target achievement, work quality, and productivity. This instrument was tested for validity using factor analysis and tested for reliability using Cronbach's Alpha to ensure data consistency. Data was collected online through an anonymous anonymous electronic questionnaire for four weeks. The anonymity of the survey encourages respondents to provide honest and open answers. Periodic reminders were sent to respondents who still needed to complete the questionnaire to increase participation. After the data was collected, a cleaning process was carried out to remove outliers and respondents who still needed to complete the questionnaire. The data obtained were analyzed using statistical techniques. First, descriptive analysis was used to describe the characteristics of respondents based on demographics, job position, and length of service. Next, classical assumption tests were conducted, including normality tests to ensure the data were normally distributed, multicollinearity tests to ensure no high correlation between independent variables, and heteroscedasticity tests to check whether the residual variance was constant. Multiple linear regression techniques were used to measure the effect of organizational culture on employee retention and performance. The regression equation used is.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \epsilon$$

In this equation,  $Y$  is the dependent variable (retention or performance),  $X_n$  is an independent variable in the form of organizational culture dimensions,  $\beta_0$  is a constant,  $\beta_n$  is the regression coefficient, and  $\epsilon$  is the error term. The t-test is used to assess the influence of each independent variable, while the F-test is used to evaluate the overall model. The significance level applied is 5%. In addition, the coefficient of determination ( $R^2$ ) calculated to see how much organizational culture affects employee retention and performance. The results of the analysis are presented in the form of tables and graphs to facilitate understanding. Interpretation is based on the value of the regression coefficient, the statistical significance of the test t and test F, and coefficient of determination. These findings are expected to help technology company management in designing effective organizational culture strategies to improve employee performance and reduce turnover, so that the company can operate more optimally.

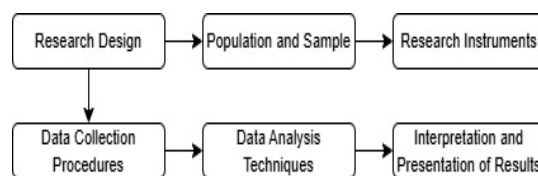


Figure 1. Research Design

The figure above shows the flow of the research method, which consists of six stages. First, the research design determines the type of research and the variables to be analyzed. Second, the population and sample determine the target group and representative sampling techniques. Third, the research instrument is a questionnaire or other tool to collect data tested for validity and reliability. Fourth, the data collection procedure is carried out through surveys or interviews with reminders for respondents. Fifth, data analysis techniques include statistical and classical assumption tests such as normality. Finally, the interpretation and presentation of the results present the findings as graphs or tables to facilitate understanding and conclusion.



### 3. RESULTS AND DISCUSSION

#### 3.1. Results

This study aims to analyze the influence of organizational culture on employee retention and performance in the technology industry, which is known for its high level of competition and highly dynamic work environment. Organizational culture, which includes the values, norms, and practices that apply within a company, plays a significant role in shaping employee behavior, satisfaction, and commitment. In the technology sector, where innovation and rapid adaptation are crucial, organizational culture can determine a company's long-term success. This study involved 300 respondents working in various leading technology companies. Data obtained through surveys and interviews were processed using sophisticated statistical analysis techniques to evaluate the relationship between organizational culture and two main variables: employee retention and performance. The analysis results show that an organizational culture that supports collaboration, innovation, and personal development significantly positively impacts employee job satisfaction and loyalty, which in turn affects retention rates. A culture encouraging employees to continue learning and adapting to technological changes significantly improves individual performance. Companies that implement a strong organizational culture with explicit values and support employee well-being tend to perform better in the long term. The study also found that companies that provide space for creativity and more autonomous decision-making show higher employee retention rates, especially among young professionals with high career development expectations. This study reveals the important role of organizational culture in retaining quality employees and driving high productivity and performance in the technology industry. These findings provide important insights for managers and leaders of technology companies to design cultural strategies that can increase employee loyalty and motivation while strengthening the company's competitiveness in a highly competitive market.

##### 3.1.1. Respondent Characteristics

The demographic data obtained in this study shows the diversity of respondents' backgrounds, covering various ages, education levels, and positions and departments in technology companies. Most respondents were between 25 and 35 years old, which covered 67% of the total sample. This age range describes a relatively young and dynamic workforce group, which is often part of innovation and technology development in companies (Hajriyanti & Zahra, 2024). The Influence of Factors Affecting Online Impulsive Purchases of Fashion Products through Live Streaming: A Comparison between Instagram and TikTok. This age group also tends to be more adaptive to technological changes and more open to an organizational culture that supports creativity and self-development. This reflects the characteristics of employees in the technology sector, who are generally dominated by active individuals who want to continue to develop in this challenging world. The respondents' education level also shows a relevant tendency, where 85% of respondents have a minimum educational background of a bachelor's degree. This shows that most employees in the technology industry have high academic qualifications, which allows them to understand better and contribute to an organizational culture based on knowledge and innovation. Higher education also plays a role in shaping professional attitudes, improving technical skills, and broadening horizons in facing the ever-evolving challenges in the world of technology. As many as 40% of respondents work in the product development department, one of the key parts of a technology company. This department plays a vital role in creating and developing new products, which relies heavily on a strong culture of innovation and collaboration. In a highly competitive environment, effective and efficient product development requires an organizational culture that supports rapid decision-making, experimentation, and acceptance of failure as part of the learning process. Most respondents, 25%, work in the marketing department, which also strategically brings products to market and builds customer relationships. The organizational culture implemented in this department often emphasizes effective communication, openness to customer feedback, and the ability to adapt to rapidly changing market trends. Meanwhile, 20% of respondents come from the customer service department, which focuses on meeting customer needs and expectations and providing after-sales support. The organizational culture in this department tends to focus on responsive service and quality interactions with customers, which is also heavily influenced by the company's values related to empathy, integrity, and professionalism. The diversity of respondents' backgrounds provides a broad and in-depth picture of the application of organizational culture across various job levels and functions in the technology industry. With an even distribution of respondents across several departments, this study can examine how organizational culture affects employee retention and performance in various aspects of work and identify differences or similarities in the influence of organizational culture across departments. The results of this study are expected to provide a more holistic insight into the impact of organizational culture on employees in this highly dynamic technology sector.

Table 1. Respondent Characteristics

Characteristics	Percentage	Description	Implications for Research
<b>Age</b>			
25-35 years	67%	The majority of respondents are in the young and dynamic age group, tending to be adaptive to technological changes.	Respondents in this age group are more likely to innovate and support an organizational culture that supports creativity and continuous learning.
<b>Level of education</b>			
Minimum Bachelor Degree	85%	Most respondents had higher education, with many having a bachelor's degree or higher.	Higher education is associated with strong technical skills, increased understanding of technology and a propensity to seek career development.
<b>Department</b>			
Product Development	40%	Respondents work in departments that focus on innovation and product development, often involving research and experimentation.	The organizational culture in this department is oriented towards collaboration, creativity and fast decision-making, which strengthens product competitiveness and innovation.
Marketing	25%	Respondents in this department are more focused on developing and executing marketing strategies and interacting with customers.	Marketing departments need a culture that supports openness, clear communication, and responsiveness to market trends and customer needs.
Customer Service	20%	Respondents work in customer service, dealing directly with clients and resolving the issues they face.	An effective organizational culture in this department focuses on responsive and empathetic service to customers, as well as the quality of interactions that support customer satisfaction.

This table provides demographic characteristics of respondents based on age, education level, and the department in which they work. Most respondents were between 25 and 35 years old (67%) and had at least a bachelor's degree (85%), reflecting the profile of a young and educated workforce in the technology sector. The majority of respondents work in product development (40%), followed by marketing (25%) and customer service (20%). This diversity allows for analysis of the influence of organizational culture across job functions. It provides insight into how culture impacts employee retention and performance across levels and disciplines in the technology industry.

### 3.1.2. Variable Score Description

A descriptive analysis of the data obtained provides a clear picture of respondents' perceptions of the main variables in this study, namely organizational culture, employee retention, and employee performance. The results of this analysis are important to understand how each variable plays a role in shaping the dynamics in the workplace, especially in the highly competitive technology industry. The average score for the organizational culture variable was 4.2 on a scale of 1 to 5. This score indicates a very positive perception from respondents towards the culture in the company where they work. An organizational culture well-received by employees includes various values and norms that support innovation, collaboration, and open communication. Respondents who scored highly on this variable indicated they felt empowered in an environment that encouraged personal and professional development. This indicates that the company has created a culture supporting high job satisfaction and work enthusiasm. For the employee retention variable, the average score obtained was 4.0, reflecting employee satisfaction and loyalty to the company. This score indicates that most employees intend to stay with the company in the long term. High retention indicates that employees feel valued and supported by the company and desire to contribute in the long term. Employees satisfied with the organizational culture and work environment tend to be more stable and loyal to the company. This is especially important in the technology industry, where high turnover can disrupt smooth operations and innovation development. For the employee performance variable, the average score obtained was 4.1. This score indicates that most employees feel productive and able to achieve the targets set by the company. This high performance reflects the effectiveness of organizational culture in supporting employee productivity. Employees who feel appreciated and given space to develop in an environment that supports innovation tend to be better able to achieve their goals. This score also shows that the company has successfully facilitated employees with adequate resources and provided the right incentives, which ultimately increases individual productivity. These descriptive results illustrate a positive relationship between a healthy organizational culture and high retention rates and performance. A culture that supports innovation, employee appreciation, and an inclusive and collaborative work environment appears to impact

employee loyalty and productivity directly. These findings suggest that companies building a strong and positive organizational culture will find it easier to retain their best employees while improving overall performance.

Table 2. Description of Variable Scores

Variables	Average Score	Scale	Description	Implications
Organizational culture	4,2	1–5	Positive perceptions of the existing organizational culture, which includes values such as innovation, collaboration, and open communication. Employees feel encouraged to thrive in a supportive environment.	A strong organizational culture can create an atmosphere that supports job satisfaction, professional development, and collaboration between teams. This contributes to increased employee loyalty and morale in the long run.
Employee Retention	4,0	1–5	The majority of respondents indicated a desire to remain with the company, reflecting a high level of loyalty. Employees feel valued and have clear career prospects within the organization.	A high retention score indicates that the company has succeeded in creating a pleasant working environment and providing room for career development. This reduces turnover and the costs associated with recruiting and training new employees.
Employee performance	4,1	1–5	Employees feel productive and able to achieve the targets that have been set. This reflects the influence of an organizational culture that supports high performance and effectiveness in daily work.	A high-performance score indicates that the company is successfully optimizing the potential of employees by providing the necessary support to achieve goals. Good performance also contributes to the company's long-term success in a competitive market.

This table illustrates the relationship between organizational culture, employee retention, and employee performance in the technology industry. The average score for organizational culture (4.2) reflects positive perceptions of values such as innovation and collaboration, which contribute to an atmosphere that supports employee satisfaction and development. Employee retention (4.0) indicates high loyalty, with employees feeling valued and having clear career prospects, which reduces turnover rates. Meanwhile, the employee performance score (4.1) reflects optimal productivity, thanks to the support of an organizational culture that facilitates target achievement and contributes to the company's success.

### 3.1.3. Classical Assumption Testing

Classical assumption testing is an important step in ensuring that the regression model used meets the criteria of high statistical validity. The regression results can be distorted or produce inaccurate inferences without this test. In this study, three main classical assumption tests were carried out, namely the normality test, the multicollinearity test, and the heteroscedasticity test, to verify the feasibility of the regression model used.

- Normality Test.** The normality test aims to ensure that the data distribution in the regression model follows a typical distribution pattern. This is important because classical regression assumes that the residuals (the difference between predicted and observed values) are typically distributed. In this study, the normality test was carried out using a specific statistical test, and the results showed that the data was normally distributed with a value of  $p > 0,05$ . This means that the residuals of this regression model do not show significant deviations from the normal distribution. Thus, the normality assumption is met, and the regression model used can be considered valid for further analysis.
- Multicollinearity Test.** A multicollinearity test is conducted to identify the presence of a very high correlation between independent variables in the model. High multicollinearity can distort the estimation of regression coefficients, which risks giving inaccurate results or even cannot be interpreted clearly. Calculating the Variance Inflation Factor (VIF) value is one way to measure multicollinearity. In this study, the results of the multicollinearity test show that the VIF values for all independent variables are below the tolerance limit of 10. This low VIF value indicates no very high correlation between independent variables, so distortion in the regression model can be avoided. Thus, this regression model does not experience multicollinearity problems, which strengthens the validity of the analysis results.
- Heteroscedasticity Test.** The heteroscedasticity test aims to check whether the residual variance in the regression model is constant across the range of independent variable values. Heteroscedasticity, which

occurs when the residual variance is not constant, can cause the regression results to be inefficient and biased. Therefore, ensuring that the regression model does not show signs of heteroscedasticity is important. In this study, the results of the heteroscedasticity test indicate that the data meets this assumption with a value of  $p > 0,05$ , which means there is no heteroscedasticity problem. Assuming constant residual variance, this regression model can be considered more reliable and interpreted more accurately.

The results of this classical assumption test indicate that the regression model used in this study meets all the assumptions required for valid statistical analysis. The normality test confirms the normal distribution of residuals, the multicollinearity test ensures that there is no high correlation between independent variables, and the heteroscedasticity test shows a constant residual variance. Thus, the regression model used can be relied on to make precise and in-depth inferences, providing a strong basis for data-based decision making.

### **3.1.4. Multiple Linear Regression Analysis Results**

The results of multiple linear regression analysis revealed that organizational culture significantly influences two main aspects of the company, namely employee retention and employee performance. In employee retention, organizational culture has been shown to have a substantial impact, with two main dimensions influencing the employee's desire to remain working in the long term: managerial support and communication transparency (Riza et al., 2024). Managerial support, with a regression coefficient of 0.35, indicates that the better the support provided by management, the higher the employee retention rate. Employees feel more appreciated and motivated when they receive guidance and recognition for their achievements. The rewards given by management are in the form of constructive feedback and appreciation for employee contributions in achieving company goals. On the other hand, communication transparency, with a regression coefficient of 0.30, also plays an important role in strengthening employees' emotional ties to the company. Employees with access to clear information about the company's vision, goals, and strategies tend to feel more attached to the company, encouraging increased loyalty and commitment. Open and transparent communication reduces uncertainty in the workplace. It increases employees' confidence in the company's direction, influencing their decision to remain working at the company in the long term. Organizational culture also has a significant effect on employee performance. Cultural dimensions that encourage innovation and career development have been shown to have a positive relationship with employee productivity and work quality. A regression coefficient of 0.45 for the innovation variable indicates that companies that encourage employees to innovate and develop new ideas tend to have better-performing employees. This is especially relevant in dynamic industries such as the technology sector, where innovation is key to maintaining competitiveness. Employees who feel encouraged to explore new ideas and are given the freedom to innovate will be more productive, creative, and able to adapt to changes. Employees in a culture that supports innovation feel more satisfied with their jobs and contribute significantly to achieving company goals. Furthermore, career development, with a regression coefficient of 0.40, indicates that companies that provide opportunities for employees to develop skills and grow in their careers will have employees with more optimal performance. Employees who feel they have a clear career path and the opportunity to learn and develop tend to be more committed to their work and strive to deliver the best results. With a structured career development program, companies improve individual competencies, strengthen loyalty, and increase overall productivity. The results of this regression analysis confirm that an organizational culture supporting managerial support, communication transparency, innovation, and career development plays a significant role in increasing employee retention and performance. These dimensions are interrelated and mutually reinforcing, creating a work environment that motivates employees to stay and encourages them to perform at their best. Therefore, companies need to focus on building and maintaining an organizational culture that supports these factors to achieve long-term success, both in terms of employee loyalty and overall organizational goals.

### **3.1.5. Coefficient of Determination ( $R^2$ )**

The coefficient of determination ( $R^2$ ) is an important measure in regression analysis to describe the extent to which the independent variable (in this case, organizational culture) can explain the variation in the dependent variable (employee retention and performance). In the first model measuring the relationship between organizational culture and employee retention, the value  $R^2$  of 0.62 was obtained. This figure shows that organizational culture can explain 62% of the variation in employee retention rates in the technology companies studied. This means that most of the factors that influence employees' decisions to stay in the company can be attributed to the characteristics and practices of the existing organizational culture. In the second model, which measures the influence of organizational culture on employee performance, the value  $R^2$  obtained is 0.68. This means that 68% of the variation in employee performance can be explained by the organizational culture applied in the company. This figure shows that organizational culture significantly influences individual performance in the context of technology companies, where elements such as company values, internal communication, and leadership style can affect employee motivation and productivity. Both models' reasonably high  $R^2$  value confirms that organizational culture is critical in determining employee



retention and performance (Iqbal et al., 2024). A culture that supports collaboration, innovation, and individual development tends to increase employee loyalty to the company and improve the quality and quantity of their performance.

Conversely, an organizational culture that does not support employee growth can reduce retention rates and hinder achieving optimal performance. These results show that the company's efforts to build a positive organizational culture and support employee development significantly impact employee performance and retention. Therefore, technology companies must pay serious attention to cultural elements that can increase employee job satisfaction, engagement, and motivation to retain the best talent and increase competitiveness in an increasingly competitive market.

### 3.2. Discussion

The results of this study clearly show that organizational culture significantly impacts employee retention and performance in the technology sector. An organizational culture that supports collaboration, innovation, and career development has been shown to contribute to increased employee loyalty and individual productivity. In particular, strong managerial support has been shown to positively impact employee retention, with employees who feel valued and recognized for their achievements being more likely to commit to staying in the long term. Furthermore, transparency in communication within the organization also plays a vital role, as employees with access to clear information about the company's goals and strategies feel more connected and confident in the organization's direction. This leads to increased employee emotional attachment and loyalty to the company. The results of this study also confirm that a culture that encourages employee innovation and career development positively impacts performance. Employees who work in an environment that supports creativity and experimentation have higher productivity levels because they feel empowered to develop new ideas and try different approaches. Furthermore, opportunities to develop skills and build a clear career path also significantly improve performance. Employees who feel there is room for professional growth are more committed to their work and strive to deliver optimal results. Therefore, an organizational culture that supports professional growth is a key factor in improving employee performance, especially in the highly dynamic and competitive technology sector. The study also revealed that the impact of organizational culture on employee retention and performance can vary across departments. In the product development department, for example, cultural values supporting collaboration and rapid decision-making play a significant role in maintaining innovation and work effectiveness. Meanwhile, in the marketing and customer service departments, a culture that encourages open communication and responsiveness to customer feedback has significantly impacted individual performance. Employees in both departments perceived the positive impact of a culture that allowed them to interact directly with customers and receive constructive feedback, which improved job satisfaction and enhanced performance. The high coefficient of determination in the regression analysis indicates that organizational culture substantially influences employee retention and performance variation. With  $R^2$  reaching 0.62 for employee retention and 0.68 for employee performance, these results indicate that most of the variation in both variables can be explained by factors related to organizational culture. However, it is important to note that external factors, such as market conditions or government policies, may also influence the observed results and need to be considered in further analysis. The findings of this study underscore the importance of a healthy organizational culture in enhancing employee loyalty and performance. Therefore, companies must build and strengthen a culture that supports collaboration, innovation, and professional development while considering external factors that may influence workplace dynamics. Thus, companies that successfully create a positive organizational culture will be better able to retain the best employees and increase competitiveness in a highly competitive market.

## 4. CONCLUSION

The conclusion of this study confirms that organizational culture plays a vital role in influencing employee retention and performance, especially in the dynamic and competitive technology sector. A culture supporting collaboration, innovation, and career development has been shown to impact employee loyalty and productivity significantly. Strong managerial support and transparent communication are key factors in increasing retention, where employees who feel valued and connected to the company's vision are more likely to commit to staying. In addition, a culture that encourages innovation and provides space for professional development also strengthens individual performance, which is very important in the technology industry that prioritizes creativity and rapid adaptation. The regression analysis results showed that organizational culture was able to explain most of the variation in employee retention (62%) and performance (68%), indicating that these internal factors greatly influence the company's success. However, it should be noted that external factors such as market conditions and government policies also influence these dynamics. Technology companies must build an organizational culture that supports employee growth and development, individually and as a team, to achieve long-term success. Therefore, managers and organizational leaders must continue innovating in designing an inclusive, communicative culture oriented

toward employee well-being. In this way, companies will be able to retain the best employees and increase their competitiveness and productivity in facing increasingly competitive market challenges.

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