The Effect of Talent Management and Perceived Organizational Support on Employee Retention Mediated by Organizational Commitment

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Employee Retention, Talent Management, Perceived Organizational Support, Bank Industry

ABSTRACT
This study examines the effect of talent management and perceived organizational support on the employee retention at Bank Jatim KC Kepanjen through mediating organizational commitment. This study uses saturated sampling. Primary data was obtained by distributing questionnaires to 143 employees. Data analysis used partial least square (SEM-PLS) structural equation modeling with Smart-PLS 3.0 application. The results show that talent management had no significant effect on employee retention and perceived organizational support had a positive and significant effect on employee retention. This study also found that organizational commitment is able to mediate the effect of talent management and perceived organizational support on employee retention. From these findings, it was concluded that talent management is not able to significantly increase employee retention but talent management is able to increase employee retention through increased organizational commitment. Furthermore, increasing perceived organizational support can improve employee retention.

INTRODUCTION
Today globalization makes companies operate in a complex, diverse, dynamic, competitive and unstable environment (Litvaj, Ponisciakova, Stancekova, Svobodova, & Mrazik, 2022). In facing the challenges of globalization, companies need to manage their human resources (HR) (Horak, Farndale, Brannen, & Collings, 2019). HR is a very important organizational element to be managed properly because it functions as a driving force for the organization in an effort to realize its vision and mission (Rahmayanti & Permana, 2022). So a systematic and planned management is needed so that the desired goals in the present and future can be achieved (Poff et al., 2016).

To achieve company goals in the era of globalization, potential and quality human resources are needed (Arifin, Darmawan, Hartanto, & Rahman, 2022). In this context, companies will compete to attract and retain competent, skilled, and talented workers in the labor market and are faced with the challenge of a talent war, a situation in which companies compete in order to obtain the best talent available in the labor market. This situation is experienced by companies in various industries including the banking industry (Omarini, 2018). Another impact caused by globalization on the banking industry is shown by the presence of transformation towards the digitalization era (Shahzad, Ferraz, Nguyen, & Cui, 2022). As a financial service provider, institutions in the banking industry are starting to compete to realize this transformation through human resources with superior competence and competitiveness in the era of digitalization (Winasis, Riyanto, & Ariyanto, 2020).
Bank Jatim is one of the Regional Development Banks in Indonesia engaged in the banking industry (Ratmono & Frendy, 2022). Bank Jatim has a vision to become the number 1 BPD in Indonesia that has a competitive advantage so that it can compete and even outperform other banks, especially Regional Development Banks. Realizing the importance of the role of HR in various efforts to achieve its goals, companies are required to be able to develop an effective retention strategy approach to obtain and retain quality human resources to remain loyal to the company (Sumarni, 2018).

Employee retention has become one of the contemporary issues in human resource management (HRM) in the banking industry and various other industries (Goldemberg, Coelho, & Guardabassi, 2018). Table 1.1 shows that in the past 3 years Bank Jatim has experienced an average decrease in the annual employee retention rate of 0.66%. During 2022, there were 79 employees who stopped working, an increase of 41 people or 48% compared to 2021. This becomes a problem if the employees who leave have expertise, abilities, skills in their fields and occupy vital positions in the company (DuBrin, 2022). The loss of competent employees can potentially reduce company productivity (Litvinenko, 2020). Furthermore, companies need to find strategies to increase employee retention in order to avoid significant losses in the long term in the form of energy and money spent on investing in their human resources (Ansari and Bijalwan, 2017).

Employee retention will decrease when it is not balanced with the implementation of talent management in a well-managed company (Wiradendi Wolor, 2020). Thus it can be concluded that retaining and obtaining the best human resources from the labor market can be achieved by implementing talent management practices (Sepahvand & Bagherzadeh Khodashahri, 2021). In this case, Bank Jatim has developed a HR management strategy through the application of talent management which refers to the understanding that competent and quality human resources are one of the capitals in the competition. According to Gallardo and Thunnissen (2016), talent management can be applied by carrying out organized identification, development, attraction, engagement, retention and deployment of potential and efficient employees, to occupy key positions that have a substantial impact on the sustainable competitive advantage of the organization. The primary objective of talent management practices and activities is to attract, select, recruit, develop, and retain talent (El Dahshan, Keshk, & Dorgham, 2018).

In an effort to retain talented employees, the company is expected to create a positive impression where the company shows concern for them (Younis & Hammad, 2020). The care and support provided by the company can influence employees to feel comfortable with their work (Mihalache & Mihalache, 2022). The support and care felt by these employees is known as perceived organizational support (POS). According to Guchait and Cho in Shumaila et al. (2020), more than 80% of employees want to work in a healthy and supportive environment. High levels of POS within companies that lead to high job satisfaction can reduce turnover rates (Robbins and Coulter, 2009).

Previous research has concluded that employee retention can be achieved by implementing talent management (Al Aina & Atan, 2020). But different results were found in Ekhsan and Taopik’s (2020) study, talent management does not affect employee retention rates. Another study found that employee retention can be obtained through perceived organizational support (Putra and Rahyuda, 2016; Darmika and Sriaith, 2019; Arasanmi and Krishna, 2019). However, different results were found by the study of Tews et al. (2020), perceived organizational support has no effect on employee retention.

Organizational commitment is a sense of attachment that individuals have with their organization (Schmidt, 2016). Positive employee organizational commitment will support the implementation of talent management in the company for the purpose of retaining employees (Pramarta and Netra, 2018; Arocas and Lara, 2020; Arocas et al., 2020). Then research conducted by Kurtesis et al. (2015), Kalidas and Bahron (2015), Putri et al. (2018) found that increasing employees’ sense of shout with the company is considered to be achievable through increasing organizational support felt by employees.

The company's goal to retain employees through the implementation of talent management and the support that the company provides to its employees can be supported by increasing employee organizational commitment (Kaewnaknaew, Siripipathanakul, Phayaphrom, & Limna, 2022). This idea is supported by Rostiana's research, 2017; Saraili et al., 2017; Shumaila et al., 2020; which shows that organizational commitment has a positive and significant influence on employee retention.

The model in this study was developed from a combination of several studies by Pramarta and Netra (2018), Arasanmi and Krishna (2019), and Tews et al. (2020). However, there are differences in the variable indicators used, which are adjusted to the object of research at Bank Jatim (Orbaningsih, Gitaria, & Budi, 2022). Referring to the description of research phenomena and problems described.
above and the research gaps found regarding the relationship between talent management and perceived organizational support to retention, further studies are needed in research entitled "The Effect of Talent Management and Perceived Organizational Support on Employee Retention Mediated by Organizational Commitment" (Study on Bank Jatim Branch Employees).

METHODS

The type of research used in this study is explanatory research with a quantitative research approach to obtain an explanation of the relationship or cause and effect among existing variables through hypothesis testing. Robson (2002) explained that explanatory research is research that seeks to explore situations, to find out what happened, look for new insights, ask questions, and assess new phenomena through hypotheses. Explanatory research is then aimed at providing an explanation of the relationship between phenomena or variables (Sudaryono, 2016). Explanatory research with a quantitative approach is research that relies on collecting and analyzing quantitative data (numeric), using survey strategies and conducting measurements and observations, as well as carrying out theoretical testing with statistical tests (Zulfkar and Budiantara, 2014). Thus, this research is expected to produce new knowledge that is not yet known and can be started by exploring a wide area, concepts, and ideas, then narrowing it down to be more specific through testing and analysis.

RESULTS AND DISCUSSION

After testing the measurement and structural models in the previous section, the test results can be used to test hypotheses (Verhaeghen & Salthouse, 1997). Hypothesis testing is directly carried out to determine the effect of each independent variable on the dependent variable. The reason for using the structural equation modeling partial least square data analysis technique is because it is suitable for using models with small samples and without using normality assumption tests such as in multiple regression testing or path analysis. In the rejection or acceptance of the hypothesis, research uses a reference to t-statistical values compared to t-table values (Goldemberg et al., 2018). If the t-statistic value is greater than the t-table value (1.96) then the relationship of a variable is said to have a significant effect or the hypothesis is accepted.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path Coefficients</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Talent Management (X1) -&gt; Employee retention (Y)</td>
<td>0.092</td>
<td>1.744</td>
<td>0.082</td>
<td>Insignificant</td>
</tr>
<tr>
<td>H2</td>
<td>POS (X2) -&gt; Employee Retention (Y)</td>
<td>0.708</td>
<td>13.371</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H3</td>
<td>Organizational Commitment (Z) -&gt; Employee Retention (Y)</td>
<td>0.213</td>
<td>4.082</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H4</td>
<td>Talent Management (X1) -&gt; Organizational Commitment (Z)</td>
<td>0.382</td>
<td>3.508</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>
The test results in Table 1 are equipped with visualization through model path images by showing the coefficient value of each research hypothesis. The model path is used to provide an overview of the relationship between variables and show the level of significance in hypothesis testing.

### Figure 1. Direct Influence Path of Structural Model

Based on the results of the path coefficient test in Table 5.13 and visualization through Figure 5.1, the results of hypothesis testing can be described as follows:

**Hypothesis 1:** Talent management has a positive and significant effect on employee retention.

The results of research data analysis based on Table 5.13 showed that the coefficient value of the talent management influence path on employee retention was 0.092 or >0, t-statistic value was 1.744 or >1.96 and p-value was 0.082 or >0.05. Based on these data, it can be concluded that there is no significant influence between the variables of Talent Management (X1) on Employee Retention (Y) or in other words Hypothesis 1 is rejected.

**Hypothesis 2:** Perceived organizational support has a positive and significant effect on employee retention

The results of research data analysis based on Table 5.13 show that the coefficient value of the perceived organizational support influence path on employee retention is 0.708 or >0, t-statistic value is 13.371 or >1.96 and p-value is 0.000 or <0.05. Based on these data, it can be concluded that there is a positive and significant influence between the variables Perceived Organizational Support (X2) on Employee Retention (Y) or in other words **Hypothesis 2 is accepted**.

**Hypothesis 3:** Organizational support commitment has a positive and significant effect on employee retention

The results of research data analysis based on Table 5.13 show that the coefficient value of the path of influence of organizational commitment on employee retention is 0.213 or >0, t-statistical value is 4.082 or >1.96 and p-value is 0.000 or <0.05. Based on these data, it can be concluded that there is a positive and significant influence between the variables Organizational Commitment (Z) on Employee Retention (Y) or in other words **Hypothesis 3 is accepted**.

**Hypothesis 4:** Talent management has a positive and significant effect on employee retention

The results of research data analysis based on Table 5.13 show that the coefficient value of the talent management influence path on employee retention is 0.382 or >0, t-statistic value is 3.508 or >1.96 and p-value is 0.000 or <0.05. Based on these data, it can be concluded that there is a positive and significant influence between the variables of Talent Management (X1) on Organizational Commitment (Z) or in other words **Hypothesis 4 is accepted**.

**Hypothesis 5:** Perceived organizational support has a positive and significant effect on organizational commitment.

<table>
<thead>
<tr>
<th>H5</th>
<th>POS (X2) -&gt; Organizational Commitment (Z)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>POS (X2) -&gt; Organizational Commitment (Z)</td>
</tr>
<tr>
<td>0.371</td>
<td>3.589</td>
</tr>
</tbody>
</table>

Source: SmartPLS output data processed by the author (2023)
The results of research data analysis based on Table 5.13 show that the coefficient value of the perceived organizational support influence path on employee retention is 0.371 or >0, the t-statistic value is 3.589 or >1.96 and the p-value is 0.000 or <0.05. Based on these data, it can be concluded that there is a positive and significant influence between the variables Perceived Organizational Support (X2) on Organizational Commitment (Z) or in other words Hypothesis 5 is accepted.

**Indirect Effect Test Results**

Indirect influence testing or called mediation test has the aim of testing the interval of mediation variables based on theory (Baron and Kenny, 1986). By conducting mediation testing, you can find out whether existing mediation variables include perfect mediation or partial mediation.

**Table 2**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path Coefficients</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6</td>
<td>Talent Management (X1) -&gt; Organizational Commitment (Z) -&gt; Employee Retention (Y)</td>
<td>0.081</td>
<td>2.614</td>
<td>0.009</td>
<td>Significant</td>
</tr>
<tr>
<td>H7</td>
<td>POS (X2) -&gt; Organizational Commitment (Z) -&gt; Employee Retention (Y)</td>
<td>0.079</td>
<td>2.464</td>
<td>0.014</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Based on the results of the indirect influence test Table 5.14, the results of hypothesis testing can be described as follows:

**Hypothesis 6: Organizational commitment mediates the effect of talent management on employee retention**

The results of research data analysis based on Table 5.14 show that the coefficient value of the talent management influence path on employee retention through organizational commitment is 0.081 or >0, t-statistic value is 2.614 or >1.96 and p-value is 0.009 or <0.05. The data show that Organizational Commitment (Z) is able to mediate the effect of Talent Management (X1) on Employee Retention (Y) or in other words Hypothesis 6 is accepted.

After obtaining statistical t values in testing direct and indirect influences, then a comparison was made between statistical t values in Table 5.13 and Table 5.14 to see the mediating effect in this research model. The statistical t value of direct testing was 1.744 or <1.96 while after mediation testing the t-statistic value was 2.614 or >1.96, which means that there is an increase in effect when entering mediation. Therefore, it can be concluded that the effect of organizational commitment as a mediating variable of talent management on employee retention is indirect-only mediation.

**Hypothesis 7: Organizational commitment mediates the effect of perceived organizational support on employee retention**

The results of research data analysis based on Table 5.14 show that the coefficient value of the perceived organizational support influence path on employee retention through organizational commitment is 0.079 or >0, t-statistic value is 2.464 or >1.96 and p-value is 0.014 or <0.05. The data show that Organizational Commitment (Z) is able to mediate the effect of Perceived Organizational Support (X2) on Employee Retention (Y) or in other words Hypothesis 7 is accepted.

After obtaining statistical t values in testing direct and indirect influences, then a comparison was made between statistical t values in Table 5.13 and Table 5.14 to see the mediating effect in this research model. The statistical t value of direct testing was 13.371 or >1.96 while after mediation testing the t-statistic value was 2.464 or >1.96, which means that there is a change in significance or change in direction when entering mediation. Therefore, it can be concluded that the effect of organizational commitment as a mediating variable of perceived organizational support on employee retention is complementary mediation.
Discussion of Research Results

The Effect of Talent Management on Employee Retention

The study found that talent management did not have a significant effect on employee retention. Based on the results of data analysis, it can be seen that talent management is not able to increase employee retention or in other words the improvement of talent management is positively in line with employee retention but does not have a significant effect on employee retention. This research is in line with research conducted by Ekhsan and Taopik (2020), where the study found that talent management does not affect employee retention rates.

Proper talent management practices can increase retention to achieve competitive advantage through superior resource management. In line with this, Bank Jatim strives to develop employee capacity and competence, the Company conducts talent management which aims to prepare, develop and retain employees in order to display their best performance. Bank Jatim Kepanjen Branch through the human capital division is considered to be good enough in implementing talent management, but companies still need improvements in their performance management and rewards given by the company to employees to increase retention. The basis for managing talent management used by Bank Jatim consists of two aspects, namely competence measured through the assessment process and employee performance. Competency measurement is carried out regularly to update the latest capabilities of each employee at all levels of position.

This research is not in line with what was researched by Sumarni (2018); Ratnawati and Subudi (2018); Pramarta and Netra (2018); who found that talent management had a significant effect on retention.

The Effect of Perceived Organizational Support on Employee Retention

The study found that perceived organizational support (POS) has a significant influence on employee retention (Huang et al., 2021). Based on the results of data analysis, it can be seen that POS is able to increase employee retention or in other words the increase in the higher the POS variable, the higher the employee retention. This study is not in accordance with the research conducted by Tews et al. (2020) which found perceived organizational support had no effect on employee retention.

The results of this study support other studies conducted by Putra and Rahyuda (2016); Darmika and Sriatih (2019); Arasanmi and Krishna (2019) who found that perceived organizational support can increase employee retention. The more the company values contributions and cares about employee welfare, the greater the influence will be on employees to remain enthusiastic at work and become an employee motivation to remain in the company so that employee retention can be maintained.

The Effect of Organizational Commitment on Employee Retention

The study found that organizational commitment has a significant effect on employee retention. Based on the results of data analysis, it can be seen that organizational commitment can increase employee retention or in other words the increase in the higher the organizational commitment variable, the higher the employee retention.

The results of this study support the research conducted by Rostiana, 2017; Saraiah et al., 2017; Shumaila et al., 2020; which revealed that organizational commitment has a positive and significant influence on employee retention. The more a sense of organizational commitment is formed in employees, the stronger the desire of employees to remain in the company, for that the company must continue to maintain employee commitment to the organization so that employee retention is maintained and even increased.

The Effect of Talent Management on Organizational Commitment

The research found that talent management has a significant influence on organizational commitment (Almaaitah, Alsafadi, Alhath, & Yousfi, 2020). Based on the results of data analysis, it can be seen that talent management is able to increase organizational commitment or in other words, the higher the talent management variable, the higher the organizational commitment.

The results of this study support research conducted by Pramarta and Netra (2018), Arocas and Lara (2020), Arocas et al. (2020); which shows that talent management has a positive and significant influence on organizational commitment. The implementation of talent management by Bank Jatim Kepanjen Branch plays an important role in increasing the organizational commitment of its employees. The results of data analysis in this study show that in general, Bank Jatim Kepanjen Branch employees
have a high emotional attachment to the company. Through various policies provided by the company, such as the existence of employee competency development programs, it is considered able to increase the sense of employee involvement with the company.

The Effect of Perceived Organizational Support on Organizational Commitment

The study found that perceived organizational support (POS) has a significant influence on organizational commitment. Based on the results of data analysis, it can be seen that POS is able to increase organizational commitment or in other words, the higher the POS variable, the higher the organizational commitment.

The results of this study support the research conducted by Kurtesis et al. (2015), Kalidas and Bahron (2015), Putri et al. (2018); which shows that POS has a positive and significant influence on organizational commitment. The support provided by Bank Jatim Kepanjen Branch plays an important role in increasing the organizational commitment of its employees. Companies uphold equality in work is a form of concern for employees, this can be seen through the results of data analysis where the number of male and female employees has no gap. The company's support felt by employees can increase their sense of involvement with the company.

The mediating effect of organizational commitment on the effect of talent management on employee retention

Increasing talent management can improve employee retention through organizational commitment. This research shows that talent management has a positive and significant effect on employee retention through organizational commitment. Based on the results of statistical testing, it is stated that talent management has a positive and significant effect on employee retention through full mediation of organizational commitment, meaning that changes in the value of organizational commitment can mediate the influence between talent management on employee retention.

The mediating effect of organizational commitment on the effect of perceived organizational support on employee retention

Increasing talent management can improve employee retention through organizational commitment. This research shows that talent management has a positive and significant effect on employee retention through organizational commitment. Based on the results of statistical testing, it is stated that talent management has a positive and significant effect on employee retention through full mediation of organizational commitment, meaning that changes in the value of organizational commitment can mediate the influence between talent management on employee retention.

Research Implications

The results of this study provide a new understanding of the theory of efforts in minimizing the turnover intention of health workers. The implications of this research consist of practical and theoretical implications.

Theoretical Implications

The hypotheses proposed in this study exert different influences on talent management and perceived organizational support (POS). Talent management in this research model does not have a significant direct effect on employee retention(Narayanan, Rajithakumar, & Menon, 2019). Meanwhile, POS has a positive and significant influence on employee retention. In addition, the results of this study also show that Organizational Commitment can be used as a full mediation for the effect of talent management on employee retention, and as a partial mediation for the effect of POS on employee retention.

Practical Implications

This research contributes practically to human resource practitioners, which can be used to find out what factors must be maintained, improved, and improved related to talent management variables, perceived organizational support, and organizational commitment in increasing employee retention. The result of this study that can be implied at Bank Jatim Kepanjen Branch is that efforts to increase employee retention can be achieved by paying attention to appropriate talent management practices,
providing support to employees, and paying attention to strategies to increase employee organizational commitment.

**Research Limitations**

Each study has its own limitations that make the research less than perfect. The limitations in the study include:

1. The possibility of respondents' answers being biased, so that the results of the answers may not be objective.
2. The sample was relatively small because the questionnaire returned to the researcher consisted of only 118 respondents.

This research was only conducted at Bank Jatim Kepanjen Branch. So that the results of this study cannot be generalized to other types of banks.

**CONCLUSION**

Based on the results of research and discussion on the influence of talent management and perceived organizational support on employee retention through organizational commitment. So that the following conclusions can be given:

1. Talent management does not have a significant effect on employee retention. This illustrates that high talent management is not able to significantly increase employee retention.
2. Perceived organizational support has a positive and significant effect on employee retention. This illustrates that increasing perceived organizational support can increase employee retention.
3. Organizational commitment has a positive and significant effect on employee retention. This illustrates that increasing organizational commitment can increase employee retention.
4. Talent management has a positive and significant effect on organizational commitment. This illustrates that with the improvement of talent management can increase organizational commitment.
5. Perceived organizational support has a positive and significant effect on organizational commitment. This illustrates that increasing perceived organizational support can increase organizational commitment.
6. Organizational commitment mediates the influence between talent management and employee retention. This illustrates that higher organizational commitment is able to mediate talent management which ultimately affects employee retention.
7. Organizational commitment mediates the influence of perceived organizational support on employee retention. This illustrates that higher organizational commitment is able to mediate perceived organizational support which ultimately affects employee retention.

**REFERENCES**


